Central Union Mission and its Subsidiaries

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

June 30, 2022 and 2021

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Central Union Mission and its Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Central Union Mission and its Subsidiaries

Opinion

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Central Union Mission and its subsidiaries as of June 30, 2022 and 2021, and the change 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Union Mission and its Subsidiaries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Central Union Mission and its Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Central Union Mission and its Subsidiaries' 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Union Mission and its Subsidiaries' 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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information 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.

CohnReznick LLP

Bethesda, Maryland
September 26, 2022

Central Union Mission and its Subsidiaries

Consolidated Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	$ 2,848,283	$ 4,801,232
Accounts and pledges receivable, net	192,518	86,679
Short-term marketable securities	39,622	39,618
Prepaid expenses and other	61,905	98,084
Total current assets	3,142,328	5,025,613
Property and equipment		
Land and site improvements	229,788	229,788
Buildings and improvements	20,032,405	19,957,547
Furniture and equipment	709,978	569,020
Corporate vehicles	426,112	356,859
	21,398,283	21,113,214
Less: Accumulated depreciation	(6,100,270)	(5,478,480)
Property and equipment, net	15,298,013	15,634,734
Other long-term assets		
Marketable securities	6,597,499	2,537,383
Total assets	$ 25,037,840	$ 23,197,730

Central Union Mission and its Subsidiaries

Consolidated Statements of Financial Position
June 30, 2022 and 2021

Liabilities and Net Assets

	2022	2021
Current liabilities		
Accounts payable and accrued expenses	$ 508,158	$ 518,668
Accrued payroll and payroll taxes	176,698	176,698
Accrued leave	91,316	79,602
Current portion of deferred rent and deferred lease incentive	2,251	12,549
Current portion of long-term capital lease obligations	-	12,221
Total current liabilities	778,423	799,738
Long-term liabilities		
Deferred rent and deferred lease incentive, net of current portion	54,596	50,997
Total liabilities	833,019	850,735
Net assets		
Without donor restrictions	23,005,482	21,801,898
With donor restrictions	1,199,339	545,097
Total net assets	24,204,821	22,346,995
Total liabilities and net assets	$ 25,037,840	$ 23,197,730

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiaries

Consolidated Statements of Activities
Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Public support and revenue			
Public support			
Contributions of nonfinancial assets	$ 5,704,891	$ -	$ 5,704,891
Contributions of cash and other financial assets	7,465,354	724,706	8,190,060
Pledges and bequests	360,498	-	360,498
Private and foundation grants	1,044,835	-	1,044,835
Revenue			
Program services	843,447	-	843,447
Investment income	74,703	-	74,703
Lease and rental income	83,559	-	83,559
Miscellaneous income	77,576	-	77,576
Gales School income			
Interest income	-	-	-
Net assets released from restrictions	70,464	(70,464)	-
Total public support and revenue	15,725,327	654,242	16,379,569
Expenses			
Program services			
Family ministry	5,750,940	-	5,750,940
Men's ministry	4,580,650	-	4,580,650
Partners	149,155	-	149,155
Total program services	10,480,745	-	10,480,745
Supporting services			
Management and general	483,244	-	483,244
Fundraising and development	2,919,524	-	2,919,524
Total supporting services	3,402,768	-	3,402,768
Total expenses	13,883,513	-	13,883,513
Other items			
Gain (loss) on sale/write-off of fixed assets	-	-	-
Realized and unrealized gain (loss) on investments	(638,230)	-	(638,230)
Realized gain on unwinding new markets tax credit structure	-	-	-
Change in net assets	$ 1,203,584	$ 654,242	$ 1,857,826

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			
Contributions of nonfinancial assets	$ 6,131,529	$ -	$ 6,131,529
Contributions of cash and other financial assets	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	6,103,903	-	6,103,903
Men's ministry	4,475,781	-	4,475,781
Partners	179,463	-	179,463
Total program services	10,759,147	-	10,759,147
Supporting services			
Management and general	494,998	-	494,998
Fundraising and development	2,397,884	-	2,397,884
Total supporting services	2,892,882	-	2,892,882
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

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2022 and 2021

	Net assets without donor restrictions	Net assets with donor restrictions	Total net assets
Balance, June 30, 2020	$ 13,138,052	$ 648,851	$ 13,786,903
Change in net assets	8,663,846	(103,754)	8,560,092
Balance, June 30, 2021	21,801,898	545,097	22,346,995
Change in net assets	1,203,584	654,242	1,857,826
Balance, June 30, 2022	$ 23,005,482	$ 1,199,339	$ 24,204,821

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiaries

Consolidated Statements of Functional Expenses
Year Ended June 30, 2022

	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	$ 593,019	$ 1,965,670	$ 76,301	$ 2,634,990	$ 192,621	$ 361,816	$ 554,437	$ 3,189,427
Payroll taxes	40,544	138,783	4,319	183,646	8,375	16,344	24,719	208,365
Services and processing fees	36,794	104,338	3,101	144,233	58,402	222,795	281,197	425,430
Professional expenses	1,710	59,839	1,295	62,844	71,002	807,025	878,027	940,871
Radio advertisement and promotion	-	-	1,599	1,599	4,513	619,937	624,450	626,049
Printing and production	-	870	38,951	39,821	-	493,665	493,665	533,486
Postage and shipping	319	1,864	4,246	6,429	581	297,785	298,366	304,795
Transportation and lodging	7,053	23,446	-	30,499	3,914	2,918	6,832	37,331
Program service expenses	16,241	83,764	1,003	101,008	36,629	7,332	43,961	144,969
Food purchases	8,478	39,358	-	47,836	-	-	-	47,836
Charitable and medical contributions	454	9,038	-	9,492	5,811	-	5,811	15,303
Repairs and maintenance	44,287	170,116	-	214,403	7,912	-	7,912	222,315
Rent and occupancy costs	211,802	16,450	17,331	245,583	53,456	51,633	105,089	350,672
Utilities	90,743	156,115	-	246,858	-	-	-	246,858
Telephone	3,536	19,033	-	22,569	392	653	1,045	23,614
Insurance	24,762	105,398	-	130,160	4,713	3,689	8,402	138,562
Licenses and permits	34,307	18,395	1,009	53,711	3,516	8,897	12,413	66,124
Miscellaneous	200	7,999	-	8,199	1,639	25,035	26,674	34,873
In-kind donations and services	4,536,321	1,134,080	-	5,670,401	-	-	-	5,670,401
Depreciation expense	100,370	526,094	-	626,464	29,768	-	29,768	656,232
Interest expense	-	-	-	-	-	-	-	-
	$ 5,750,940	$ 4,580,650	$ 149,155	$ 10,480,745	$ 483,244	$ 2,919,524	$ 3,402,768	$ 13,883,513

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	118,516	479,458	-	597,974	18,656	-	18,656	616,630
Interest expense	-	12,142	-	12,142	-	-	-	12,142
	$ 6,103,903	$ 4,475,781	$ 179,463	$ 10,759,147	$ 494,998	$ 2,397,884	$ 2,892,882	$ 13,652,029

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 1,857,826	$ 8,560,092
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	656,232	616,630
Loss (gain) on marketable securities	638,230	(325,077)
Gain on sale of Camp Bennett	-	(2,074,943)
Loss on write-off of property and equipment	-	167,053
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	63,738	56,256
Bad debt	-	12,673
Changes in assets and liabilities		
(Increase) decrease in		
Accounts and pledges receivable, net	(105,839)	80,953
Employee advances	-	336
Prepaid expenses and other	36,179	(71,000)
Increase (decrease) in		
Accounts payable, accrued expenses and accrued payroll liabilties	1,204	(58,602)
Deferred rent and deferred lease incentive	(6,699)	(12,571)
Net cash provided by operating activities	3,140,871	3,997,180
Cash flows from investing activities		
Purchases of property and equipment	(319,511)	(593,812)
Proceeds from sale of Camp Bennett land	-	3,340,916
Net change in restricted reserve	-	5,711
Investment in certificate of deposit	(4)	(12)
Proceeds from sales of marketable securities	3,466,181	28,995
Purchases of marketable securities	(8,228,265)	(2,014,956)
Net cash (used in) provided by investing activities	(5,081,599)	766,842

Central Union Mission and its Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from financing activities		
Repayments on notes payable	-	(950,666)
Repayments on promissory note	-	(679,126)
Repayments of capital lease obligations	(12,221)	(33,250)
Net cash used in financing activities	(12,221)	(1,663,042)
Net (decrease) increase in cash and cash equivalents	(1,952,949)	3,100,980
Cash and cash equivalents, beginning	4,801,232	1,700,252
Cash and cash equivalents, end	$ 2,848,283	$ 4,801,232
Supplemental disclosure of cashflow information		
Cash paid for interest, net of amount capitalized	$ -	$ 24,531
Significant noncash investing and financing activities		
Write-off and disposal of fully depreciated property and equipment	$ 34,442	$ 38,024

See Notes to Consolidated Financial Statements.

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.

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.

Basis of accounting presentation

These consolidated 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 - represent expendable resources that are used to carry out the operations of the Organization and are not subject to donor-imposed stipulations.

- 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, 2022 and 2021, 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.

The Mission invests in a certificate of deposit and earns interest at 0.01%, which was last renewed on August 19, 2022. The next renewal is February 19, 2023. 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, 2022 and 2021, the allowance for doubtful accounts was $0 and $10,000, respectively.

Pledges receivable
The Mission reports pledges receivable at their estimated net realizable value. The Mission periodically reviews an aging of its pledges receivable for collection and financial reporting purposes. At June 30, 2022 and 2021, the allowance for doubtful accounts was $0.

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.

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 $656,232 and $616,630 during the years ended June 30, 2022 and 2021, 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.

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 recognized its lease incentive on its long-term operating leases on a straight-line basis.

Revenue recognition
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 of cash and financial assets
Contribution revenue is recognized when earned and received. Management analyzes a contribution if it is conditional or unconditional in accordance with Accounting Standard Update No. 2018-08, Not-for-Profit Entities (Topic 958). Unconditional contributions are treated as revenues upon execution of the agreement, while conditional contributions are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met as

the barrier to overcome and the right of return of assets transferred or the right of release are removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Contributions of nonfinancial assets

For the years then ended June 30, 2022 and 2021, contributions of nonfinancial assets recognized within the consolidated statement of activities included:

	2022	2021
Books and publications	$ 982	$ 11,279
Clothing and shoes	206,757	577,268
Food inventory	4,804,719	4,583,009
Household goods	385,208	342,258
Medical supplies	42,585	291,338
Miscellaneous items	29,743	124,484
Toiletries/beauty supplies	178,407	131,893
Vehicles	34,490	-
Legal services	22,000	70,000
	$ 5,704,891	$ 6,131,529

The Organization recognized contributions of nonfinancial assets within revenue, including contributed books and publications, clothing and shoes, food inventory, household goods, medical supplies, miscellaneous items, toiletries/beauty supplies, vehicles and accessories, and legal services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

A contributed vehicle was used for the Men's Ministry Program.

Contributed food, clothing, books, medical supplies, household goods, and miscellaneous items were utilized in Men's Ministry Program. The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed services recognized comprise professional services from attorneys advising the Organization on various administrative legal matters. Contributed services are valued and reported at the estimated fair value in the consolidated financial statements based on current rates for similar legal services.

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 $43,197 and $44,065 of these costs to program services during the years ended June 30, 2022 and 2021, 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

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, 2022 and 2021, 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 2018 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, 2021, the corporation had net operating losses ("NOLs") of approximately $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, 2021, 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 30, 2021.

Mission DC Landlord, LLC and Mission DC Master Tenant, LLC had elected to be treated as pass-through entities for income tax purposes and, as such, were not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits were passed through and were reported by their owners on their respective income tax returns. The District of Columbia did not recognize pass-through entities, and therefore, income earned in the District of Columbia by these two entities was subject to tax with a minimum tax liability of $250. There was no income earned during the year ended June 30, 2021. Mission DC Landlord, LLC and Mission DC Master Tenant, LLC's federal tax status as a pass-through entity was based on their legal status as a limited liability company. Accordingly, Mission DC Landlord, LLC and Mission DC Master Tenant, LLC were 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 were required to file and did file tax returns with the Internal Revenue Service. Accordingly, these consolidated financial statements did not reflect a provision for income taxes and Mission DC Landlord, LLC and Mission DC Master Tenant, LLC had no other tax positions which must be considered for disclosure. Mission DC Master Tenant, LLC was liquidated during the year ended June 30, 2021. As of July 10, 2020, Central Union Mission owns a 100% membership interest of Mission DC Landlord, LLC and Mission DC Landlord, LLC is not required to file a separate tax return as a single member LLC entity.

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 2019 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, FASB issued ASU 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. 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 elected to apply the deferrals provided by ASU 2020-05 and therefore expects to adopt Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis.

In September 2020, FASB issued ASU No. 2020-07 - *Not-for-Profit Entities* (Topic 958). The core principle of Topic 958 is to increase transparency about measurement of contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including transparency on how those assets are used and how they are valued.

The provisions of ASU 2020-07 (Topic 958) are effective, on a retrospective basis for the Organization on July 1, 2021.

Reclassifications
Reclassifications have been made to certain prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only and do not restate the prior year's consolidated financial statements.

Note 3 - Availability and Liquidity

The table below represents financial assets available for general expenditures within one year as of June 30, 2022 and 2021, 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:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	$ 2,848,283	$ 4,801,232
Marketable securities	6,637,121	2,577,001
Accounts and pledges receivable	192,518	86,679
Total financial assets	9,677,922	7,464,912
Less amounts not available to be used within one year		
Investments - restricted	37,291	45,097
	37,291	45,097
Financial assets available to meet operating fund expenditures over the next 12 months	$ 9,640,631	$ 7,419,815

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, 2022 and 2021:

	2022	2021
Certificate of deposit (cost)	$ 39,622	$ 39,618
Equities	4,998,722	1,637,626
Fixed income	1,598,777	899,757
	$ 6,637,121	$ 2,577,001

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividend income on marketable securities, net of fees	$ 74,703	$ 31,320
Net realized and unrealized gain (loss)	(638,230)	325,077
Total income related to marketable securities	$ (563,527)	$ 356,397

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, 2022:

	Level 1	Level 2	Level 3
Equities	$ 4,998,722	$ -	$ -
Fixed income	1,598,777	-	-
	$ 6,597,499	$ -	$ -

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	899,757	-	-
	$ 2,537,383	$ -	$ -

Note 6 - Accounts and pledges receivables, net

Accounts and pledges 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, 2022 and 2021:

	2022	2021
Pledges receivable, net	$ 26,000	$ -
Ready to Work program receivable, net	166,518	86,679
	$ 192,518	$ 86,679

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, 2022 and 2021, 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, 2021. 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 the Mission forgave corresponding debt and receivable.

During the year ended June 30, 2021, interest income of $9,226 was recognized and received.

Note 8 - Restricted reserve

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, this reserve balance was $0.

Note 9 - Mortgage and notes payable

The Organization had three secured credit facilities totaling $2,605,481 with a regional financial institution in 2020. 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 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% for the year ended June 30, 2021. 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, 2021. During the year ended June 30, 2021, no interest was incurred or 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% for the year ended June 30, 2021. 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. During the year ended June 30, 2021, interest expense of $1,877 was incurred and paid.

Construction loan

The Mission previously had an unsecured construction loan of $3,300,000 with Truist 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% for the year ended June 30, 2021. 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. During the year ended June 30, 2021, interest expense of $3,812 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, 2021. 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. During the year ended June 30, 2021, interest expense of $4,168 was incurred, which included amortization of debt issuance costs of $0 for the year ended June 30, 2021. During the year ended June 30, 2021, interest of $13,573 was paid.

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, 2021. 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. During the year ended June 30, 2021, interest expense of $1,334 was incurred, which included amortization of debt issuance costs of $0 the year ended June 30, 2021. During the year ended June 30, 2021, interest of $4,318 was paid.

Unsecured note

The Mission entered into an Affordable Housing Program Agreement with Truist Bank (formerly known as "Truist"), as a member of Federal Home Loan Bank of Atlanta ("FHLB"), whereas Truist 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, 2022 and 2021, 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 Truist that portion of the subsidy payment plus interest as determined at Truist'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. Starting December 2021, the lease was continued on a month to month basis. 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, 2022 and 2021:

	2022	2021
Leased corporate vehicles	$ 230,066	$ 230,066
Less: Accumulated depreciation	(230,066)	(228,533)
	$ -	$ 1,533

Interest expense of $0 and $951, respectively, was incurred and paid during the years ended June 30, 2022 and 2021.

In connection with these leases, Mission is responsible for charges and reimbursements on the rental vehicles and trailer. As of June 30, 2022, and 2021, the Mission incurred $28,568 and $5,385, 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 on June 30, 2026. The leases require monthly payments at various times through the year ending June 30, 2026. For the years ended June 30, 2022 and 2021, rent expense of $75,310 and $71,047, 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 was 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 were $12,083, increasing at 3% per annum. The Mission was 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, which was fully amortized through January 31, 2022. 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 are $14,007, increasing at 3% per annum, resulting deferred rent of $4,331 at June 30, 2022. For the years ended June 30, 2022 and 2021, rent expense of $179,252 and $160,999, respectively, was incurred.

As of June 30, 2022, future minimum lease commitments under the noncancelable operating lease agreements are as follows for the years ending June 30:

2023	$	202,323
2024		207,429
2025		212,688
2026		210,140
2027		118,460
Total	$	951,040

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 12th 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. At June 30, 2022, the deferred rent is $52,516.

As of June 30, 2022 and 2021, rent expense of $68,406 and $75,950, respectively, was incurred and future minimum lease commitments under the noncancelable office lease agreement are as follows for the years end June 30:

2023	$	78,282
2024		81,414
2025		84,670
2026		88,057
2027		91,579
Thereafter		46,687
Total	$	470,689

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, 2022 and 2021, 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 was the Mission and its sole purpose was the furtherance of the Mission's exempt purpose. Mission DC Manager, LLC was later liquidated during the year ended June 30, 2021. 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, 2022 and 2021, there were no board designated net assets.

Net assets with donor restrictions as of June 30, 2022 and 2021 are $1,199,339 and $545,097, respectively, which consist of the implied time restrictions on pledges receivables and funds earmarked for educational assistance and scholarship programs and other projects. During the years ended June 30, 2022 and 2021, net assets with donor restrictions of $70,464 and $524,805 were released from restriction, respectively. Net asset with donor restrictions are available for the following purposes or time restrictions:

	2022	2021
Affordable Housing Program funds	$ 500,000	$ 500,000
Kohlmeier loan funds	37,291	45,097
Pledges receivable	26,000	-
John Dickson grant	90,000	-
Comprehensive Family Resource Center funds	546,048	-
	$ 1,199,339	$ 545,097

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, 2022 and 2021, 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

The Mission rented the space at Camp Bennett to various organizations and earned rental income of $83,559 and $48,262 for the years ended June 30, 2022 and 2021, 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 $2,962,721 and $2,397,884 during the fiscal years ended June 30, 2022 and 2021, 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 matching contributions was $35,612 and $29,168 for the fiscal years ended June 30, 2022 and 2021, 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. Ongoing performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be determined at this time.

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, 2022.

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 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 at the time.

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, 2022 and 2022 were $768,414 and $661,549, respectively, and are included in program service revenue on the accompanying consolidated statements of activities. As of June 30, 2022, and 2021, $166,518 and $86,679, 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 26, 2022 (the date the consolidated financial statements were available to be issued), and concluded that the following subsequent event has occurred and requires disclosure:

On August 19, 2022, the Mission renewed the certificate of deposit which earns interest at .01% and matures on February 19, 2023.

Supplementary Information

Central Union Mission and its Subsidiaries

Supplementary Information

Consolidating Statements of Financial Position
June 30, 2022

	Central Union Mission	Mission DC Landlord, LLC	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	$ 2,803,027	$ 45,256	$ 2,848,283	$ -	$ 2,848,283
Accounts and pledges receivable, net	192,518	-	192,518	-	192,518
Intercompany receivable	2,624,700	-	2,624,700	(2,624,700)	-
Short-term marketable securities	39,622	-	39,622	-	39,622
Prepaid expenses and other	61,905	-	61,905	-	61,905
Total current assets	5,721,772	45,256	5,767,028	(2,624,700)	3,142,328
Property and equipment					
Land and site improvements	229,788	-	229,788	-	229,788
Buildings and improvements	3,362,285	19,293,181	22,655,466	(2,623,061)	20,032,405
Furniture and equipment	496,487	213,491	709,978	-	709,978
Corporate vehicles	426,112	-	426,112	-	426,112
	4,514,672	19,506,672	24,021,344	(2,623,061)	21,398,283
Less: Accumulated depreciation	(2,230,014)	(4,447,554)	(6,677,568)	577,298	(6,100,270)
Property and equipment, net	2,284,658	15,059,118	17,343,776	(2,045,763)	15,298,013
Other long-term assets					
Marketable securities	6,597,499	-	6,597,499	-	6,597,499
Total other long-term assets	6,597,499	-	6,597,499	-	6,597,499
Total assets	$ 14,603,929	$ 15,104,374	$ 29,708,303	$ (4,670,463)	$ 25,037,840

Central Union Mission and its Subsidiaries

Supplementary Information

Consolidating Statements of Financial Position
June 30, 2022

	Central Union Mission	Mission DC Landlord, LLC	Total	Eliminations	Consolidated
Current liabilities					
Accounts payable and accrued expenses	$ 508,158	$ -	$ 508,158	$ -	$ 508,158
Accrued payroll and payroll taxes	176,698	-	176,698	-	176,698
Accrued leave	91,316	-	91,316	-	91,316
Current portion of deferred rent and deferred lease incentive	2,251	-	2,251	-	2,251
Intercompany payable	-	2,624,700	2,624,700	(2,624,700)	-
Current portion of long-term capital lease obligations	-	-	-	-	-
Total current liabilities	778,423	2,624,700	3,403,123	(2,624,700)	778,423
Long-term liabilities					
Deferred rent and deferred lease incentive, net of current portion	54,596	-	54,596	-	54,596
Total liabilities	833,019	2,624,700	3,457,719	(2,624,700)	833,019
Net assets					
Without donor restrictions	12,571,571	12,479,674	25,051,245	(2,045,763)	23,005,482
With donor restrictions	1,199,339	-	1,199,339	-	1,199,339
Total net assets	13,770,910	12,479,674	26,250,584	(2,045,763)	24,204,821
Total liabilities and net assets	$ 14,603,929	$ 15,104,374	$ 29,708,303	$ (4,670,463)	$ 25,037,840

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
Current assets							
Cash and cash equivalents	$ 4,793,656	$ -	$ 7,576	$ -	$ 4,801,232	$ -	$ 4,801,232
Accounts and pledges 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
Prepaid expenses and other	98,084	-	-	-	98,084	-	98,084
Total current assets	7,642,737	-	7,576	-	7,650,313	(2,624,700)	5,025,613
Property and equipment							
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)
Property and equipment, net	2,161,654	-	15,586,101	-	17,747,755	(2,113,021)	15,634,734
Marketable securities	2,537,383	-	-	-	2,537,383	-	2,537,383
Total other long-term assets	2,537,383	-	-	-	2,537,383	-	2,537,383
Total assets	$ 12,341,774	$ -	$ 15,593,677	$ -	$ 27,935,451	$ (4,737,721)	$ 23,197,730

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
Current liabilities							
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 long-term capital lease obligations	12,221	-	-	-	12,221	-	12,221
Total current liabilities	799,738	-	2,624,700	-	3,424,438	(2,624,700)	799,738
Long-term liabilities							
Deferred rent and deferred lease incentive, net of current portion	50,997	-	-	-	50,997	-	50,997
Total liabilities	850,735	-	2,624,700	-	3,475,435	(2,624,700)	850,735
Net assets							
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
Total net assets	11,491,039	-	12,968,977	-	24,460,016	(2,113,021)	22,346,995
Total liabilities and net assets	$ 12,341,774	$ -	$ 15,593,677	$ -	$ 27,935,451	$ (4,737,721)	$ 23,197,730

See Independent Auditor's Report.

Central Union Mission and its Subsidiaries

Supplementary Information

Consolidating Statements of Activities
Year Ended June 30, 2022

	Central Union Mission	Mission DC Landlord, LLC	Total	Eliminations	Consolidated
Public support and revenue					
Public support					
Contribution of nonfinancial assets	$ 5,704,891	$ -	$ 5,704,891	$ -	$ 5,704,891
Contribution of cash and other financial assets	8,190,060	-	8,190,060	-	8,190,060
Pledges and bequests	360,498	-	360,498	-	360,498
Private and foundation grants	1,044,835	-	1,044,835	-	1,044,835
Revenue					
Program services	843,447	-	843,447	-	843,447
Investment income	74,703	-	74,703	-	74,703
Lease and rental income	83,559	50,000	133,559	(50,000)	83,559
Miscellaneous income	77,576	-	77,576	-	77,576
Total public support and revenue	16,379,569	50,000	16,429,569	(50,000)	16,379,569
Expenses					
Program services					
Family ministry	5,750,940	-	5,750,940	-	5,750,940
Men's ministry	4,091,347	539,303	4,630,650	(50,000)	4,580,650
Partners	149,155	-	149,155	-	149,155
Total program services	9,991,442	539,303	10,530,745	(50,000)	10,480,745
Supporting services					
Management and general	550,502	-	550,502	(67,258)	483,244
Fundraising and development	2,919,524	-	2,919,524	-	2,919,524
Total supporting services	3,470,026	-	3,470,026	(67,258)	3,402,768
Total expenses	13,461,468	539,303	14,000,771	(117,258)	13,883,513
Other items					
Gain (loss) on sale/write-off of fixed assets	-	-	-	-	-
Realized and unrealized gain (loss) on investments	(638,230)	-	(638,230)	-	(638,230)
Realized gain (loss) on unwinding new markets tax credit structure	-	-	-	-	-
Total other items	(638,230)	-	(638,230)	-	(638,230)
Change in net assets	$ 2,279,871	$ (489,303)	$ 1,790,568	$ 67,258	$ 1,857,826

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							
Contribution of nonfinancial assets	$ 6,131,529	$ -	$ -	$ -	$ 6,131,529	$ -	$ 6,131,529
Contribution of cash and other financial assets	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	6,103,903	-	-	-	6,103,903	-	6,103,903
Men's ministry	4,024,674	2,335	522,978	27,029	4,577,016	(101,235)	4,475,781
Partners	179,463	-	-	-	179,463	-	179,463
					-		-
Total program services	10,308,040	2,335	522,978	27,029	10,860,382	(101,235)	10,759,147
					-		-
Supporting services					-		-
Management and general	562,256	-	-	-	562,256	(67,258)	494,998
Fundraising and development	2,397,884	-	-	-	2,397,884	-	2,397,884
					-		-
Total supporting services	2,960,140	-	-	-	2,960,140	(67,258)	2,892,882
					-		-
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 (loss) 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

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, 2022 and 2021

Central Union Mission	Net assets without donor restrictions	Net assets with donor restrictions	Total net assets prior to consolidating eliminations	Eliminations	Total net assets
Balance, June 30, 2020	$ 16,864,292	$ 648,851	$ 17,513,143	$ (486,609)	$ 17,026,534
Transfer of assets	-	-	-	972,288	972,288
Change in net assets, June 30, 2021	(5,918,350)	(103,754)	(6,022,104)	12,227,084	6,204,980
Balance, June 30, 2021	10,945,942	545,097	11,491,039	12,712,763	24,203,802
Change in net assets, June 30, 2022	1,625,629	654,242	2,279,871	50,000	2,329,871
Balance, June 30, 2022	$ 12,571,571	$ 1,199,339	$ 13,770,910	$ 12,762,763	$ 26,533,673

Mission DC Landlord, LLC	Net assets without donor restrictions	Net assets with donor restrictions	Total net assets prior to consolidating eliminations	Eliminations	Total net deficit
Balance, June 30, 2020	$ (515,164)	$ -	$ (515,164)	$ (3,774,593)	$ (4,289,757)
Transfer of assets	73,641	-	73,641	-	73,641
Change in net assets, June 30, 2021	13,410,500	-	13,410,500	(11,051,191)	2,359,309
Balance, June 30, 2021	12,968,977	-	12,968,977	(14,825,784)	(1,856,807)
Change in net assets, June 30, 2022	(489,303)	-	(489,303)	17,258	(472,045)
Balance, June 30, 2022	$ 12,479,674	$ -	$ 12,479,674	$ (14,808,526)	$ (2,328,852)

Central Union Mission and its Subsidiaries

Supplementary Information

Consolidating Statements of Changes in Net Assets (Net Deficit)
Years Ended June 30, 2022 and 2021

Mission DC Manager, LLC	Net assets without donor restrictions	Net assets with donor restrictions	Total net assets prior to consolidating eliminations	Eliminations	Total net deficit
Balance, June 30, 2020	$ 1,098,661	$ -	$ 1,098,661	$ (1,133,028)	$ (34,367)
Transfer of assets	-	-	-	36,702	36,702
Change in net assets, June 30, 2021	(1,098,661)	-	(1,098,661)	1,096,326	(2,335)
Balance, June 30, 2021	$ -	$ -	$ -	$ -	$ -

Mission DC Master Tenant, LLC	Net assets without donor restrictions	Net assets with donor restrictions	Total net assets prior to consolidating eliminations	Eliminations	Total net assets
Balance, June 30, 2020	$ 1,282,493	$ -	$ 1,282,493	$ (198,000)	$ 1,084,493
Transfer of assets	(73,641)	-	(73,641)	(1,008,990)	(1,082,631)
Change in net assets, June 30, 2021	(1,208,852)	-	(1,208,852)	1,206,990	(1,862)
Balance, June 30, 2021	$ -	$ -	$ -	$ -	$ -

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