

Central Union Mission and its Subsidiary

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

June 30, 2023 and 2022

Central Union Mission and its Subsidiary

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Independent Auditor's Report

To the Board of Directors
Central Union Mission and its Subsidiary

Opinion

We have audited the consolidated financial statements of Central Union Mission, and its Subsidiary (Mission DC Landlord, LLC), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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 Subsidiary as of June 30, 2023 and 2022, 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 Subsidiary, 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 about Central Union Mission and its Subsidiary's 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 Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the 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 Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our 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.



Bethesda, Maryland
September 21, 2023

Central Union Mission and its Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	<u>Assets</u>	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 1,252,217	\$ 2,848,283
Accounts and pledges receivable, net	230,780	192,518
Short-term marketable securities	39,622	39,622
Prepaid expenses and other	39,759	61,905
Total current assets	1,562,378	3,142,328
Property and equipment		
Land and site improvements	229,788	229,788
Buildings and improvements	20,136,488	20,032,405
Furniture and equipment	762,773	709,978
Corporate vehicles	446,907	426,112
	21,575,956	21,398,283
Less: Accumulated depreciation	(6,680,287)	(6,100,270)
Property and equipment, net	14,895,669	15,298,013
Other long-term assets		
Right-of-use asset	975,803	-
Marketable securities	9,576,575	6,597,499
Total assets	\$ 27,010,425	\$ 25,037,840

Central Union Mission and its Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

Liabilities and Net Assets

	2023	2022
Current liabilities		
Accounts payable and accrued expenses	\$ 480,526	\$ 508,158
Accrued payroll and payroll taxes	145,497	176,698
Accrued leave	72,574	91,316
Current portion of deferred rent and deferred lease incentive	-	2,251
Current portion of right-of-use liability	236,472	-
Total current liabilities	935,069	778,423
Long-term liabilities		
Right-of-use liability, net of current portion	803,315	-
Deferred rent and deferred lease incentive, net of current portion	-	54,596
Total liabilities	1,738,384	833,019
Net assets		
Without donor restrictions	23,869,534	23,005,482
With donor restrictions	1,402,507	1,199,339
Total net assets	25,272,041	24,204,821
Total liabilities and net assets	\$ 27,010,425	\$ 25,037,840

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiary

**Consolidated Statements of Activities
Year Ended June 30, 2023**

	Without donor restrictions	With donor restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Public support and revenue			
Public support			
Contributions of nonfinancial assets	\$ 7,768,366	\$ -	\$ 7,768,366
Contributions of cash and other financial assets	6,998,106	314,451	7,312,557
Pledges and bequests	292,755	-	292,755
Private and foundation grants	942,643	-	942,643
Revenue			
Program services	1,158,697	-	1,158,697
Investment income	188,303	-	188,303
Lease and rental income	128,519	-	128,519
Miscellaneous income	81,655	-	81,655
Net assets released from restrictions	111,283	(111,283)	-
	<u>17,670,327</u>	<u>203,168</u>	<u>17,873,495</u>
Total public support and revenue			
Expenses			
Program services			
Family ministry	7,878,593	-	7,878,593
Men's ministry	5,544,486	-	5,544,486
Partners	120,549	-	120,549
	<u>13,543,628</u>	<u>-</u>	<u>13,543,628</u>
Total program services			
Supporting services			
Management and general	302,793	-	302,793
Fundraising and development	3,103,889	-	3,103,889
	<u>3,406,682</u>	<u>-</u>	<u>3,406,682</u>
Total supporting services			
Total expenses	<u>16,950,310</u>	<u>-</u>	<u>16,950,310</u>
Other items			
(Loss) on sale/write-off of fixed assets	(31,957)	-	(31,957)
Realized and unrealized gain (loss) on investments	175,992	-	175,992
	<u>175,992</u>	<u>-</u>	<u>175,992</u>
Change in net assets	<u>\$ 864,052</u>	<u>\$ 203,168</u>	<u>\$ 1,067,220</u>

Central Union Mission and its Subsidiary

**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
Net assets released from restrictions	70,464	(70,464)	-
Total public support and revenue	<u>15,725,327</u>	<u>654,242</u>	<u>16,379,569</u>
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	<u>10,480,745</u>	<u>-</u>	<u>10,480,745</u>
Supporting services			
Management and general	483,244	-	483,244
Fundraising and development	2,919,524	-	2,919,524
Total supporting services	<u>3,402,768</u>	<u>-</u>	<u>3,402,768</u>
Total expenses	<u>13,883,513</u>	<u>-</u>	<u>13,883,513</u>
Other items			
(Loss) on sale/write-off of fixed assets	-	-	-
Realized and unrealized gain (loss) on investments	(638,230)	-	(638,230)
Change in net assets	<u>\$ 1,203,584</u>	<u>\$ 654,242</u>	<u>\$ 1,857,826</u>

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiary

**Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2023 and 2022**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total net assets</u>
Balance, June 30, 2021	\$ 21,801,898	\$ 545,097	\$ 22,346,995
Change in net assets	<u>1,203,584</u>	<u>654,242</u>	<u>1,857,826</u>
Balance, June 30, 2022	23,005,482	1,199,339	24,204,821
Change in net assets	<u>864,052</u>	<u>203,168</u>	<u>1,067,220</u>
Balance, June 30, 2023	<u>\$ 23,869,534</u>	<u>\$ 1,402,507</u>	<u>\$ 25,272,041</u>

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiary
Consolidated Statements of Functional Expenses
Year Ended June 30, 2023

	Program services				Supporting services			Total
	Family ministry	Men's ministry	Partners	Total program services	Management and general	Fundraising and development	Total supporting services	
Salaries and benefits	\$ 897,617	\$ 2,329,608	\$ 62,176	\$ 3,289,401	\$ 111,719	\$ 412,787	\$ 524,506	\$ 3,813,907
Payroll taxes	64,186	166,949	4,460	235,595	8,014	29,609	37,623	273,218
Services and processing fees	44,765	123,182	3,088	171,035	70,170	200,940	271,110	442,145
Professional expenses	3,158	74,292	-	77,450	8,467	900,274	908,741	986,191
Radio advertisement and promotion	288	-	-	288	-	550,340	550,340	550,628
Printing and production	588	-	16,795	17,383	-	553,926	553,926	571,309
Postage and shipping	199	1,660	12,201	14,060	1,512	352,136	353,648	367,708
Transportation and lodging	7,267	30,845	-	38,112	3,136	3,464	6,600	44,712
Program service expenses	37,672	103,399	573	141,644	32,405	14,796	47,201	188,845
Food purchases	17,114	73,299	-	90,413	37	227	264	90,677
Charitable and medical contributions	5,244	15,704	-	20,948	1,479	-	1,479	22,427
Repairs and maintenance	51,618	170,570	-	222,188	2,449	-	2,449	224,637
Rent and occupancy costs	240,210	21,048	20,389	281,647	49,628	59,313	108,941	390,588
Utilities	98,804	184,398	-	283,202	-	-	-	283,202
Telephone	4,417	16,441	-	20,858	694	503	1,197	22,055
Insurance	31,580	123,779	-	155,359	6,424	6,388	12,812	168,171
Licenses and permits	35,471	14,272	867	50,610	5,599	5,487	11,086	61,696
Miscellaneous	419	16,023	-	16,442	996	10,020	11,016	27,458
In-kind donations and services	6,211,750	1,552,937	-	7,764,687	-	3,679	3,679	7,768,366
Depreciation expense	126,226	526,080	-	652,306	64	-	64	652,370
	<u>\$ 7,878,593</u>	<u>\$ 5,544,486</u>	<u>\$ 120,549</u>	<u>\$ 13,543,628</u>	<u>\$ 302,793</u>	<u>\$ 3,103,889</u>	<u>\$ 3,406,682</u>	<u>\$ 16,950,310</u>

Central Union Mission and its Subsidiary
Consolidated Statements of Functional Expenses
Year Ended June 30, 2022

	Program services				Supporting services			Total
	Family ministry	Men's ministry	Partners	Total program services	Management and general	Fundraising and development	Total supporting services	
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
	<u>\$ 5,750,940</u>	<u>\$ 4,580,650</u>	<u>\$ 149,155</u>	<u>\$ 10,480,745</u>	<u>\$ 483,244</u>	<u>\$ 2,919,524</u>	<u>\$ 3,402,768</u>	<u>\$ 13,883,513</u>

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 1,067,220	\$ 1,857,826
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	652,370	656,232
Loss (gain) on marketable securities	(175,992)	638,230
Loss on write-off of property and equipment	31,957	-
Sale of donated securities	12,300	63,738
Bad debt	19,186	-
Changes in assets and liabilities		
(Increase) decrease in		
Accounts and pledges receivable, net	(57,448)	(105,839)
Prepaid expenses and other	22,146	36,179
Right-of-use asset/liability	63,984	-
Increase (decrease) in		
Accounts payable, accrued expenses and accrued payroll liabilities	(77,575)	1,204
Deferred rent and deferred lease incentive	(56,847)	(6,699)
Net cash provided by operating activities	1,501,301	3,140,871
Cash flows from investing activities		
Purchases of property and equipment	(281,983)	(319,511)
Investment in certificate of deposit	-	(4)
Proceeds from sales of marketable securities	5,495,683	3,466,181
Purchases of marketable securities	(8,311,067)	(8,228,265)
Net cash used in investing activities	(3,097,367)	(5,081,599)
Cash flows from financing activities		
Repayments of capital lease obligations	-	(12,221)
Net cash used in financing activities	-	(12,221)
Net decrease in cash and cash equivalents	(1,596,066)	(1,952,949)
Cash and cash equivalents, beginning	2,848,283	4,801,232
Cash and cash equivalents, end	\$ 1,252,217	\$ 2,848,283
Significant noncash investing and financing activities		
Write-off and disposal of fully depreciated property and equipment	\$ 72,353	\$ 34,442

See Notes to Consolidated Financial Statements.

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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 were 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 liquidated 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, and Mission DC Landlord 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.

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

- 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, 2023 and 2022, 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 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, 2023. The next renewal is February 19, 2024. 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, 2023 and 2022, the allowance for doubtful accounts was \$8,436 and \$0, 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, 2023 and 2022, the allowance for doubtful accounts was \$0.

Prepaid expenses and other assets

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

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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 \$652,370 and \$656,232 during the years ended June 30, 2023 and 2022, 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 Comprehensive Family Resource Center lease (see Note 9), 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 right-of-use asset 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.

Deferred rent

Deferred rent liability was recorded and amortized to the extent the total minimum rent payments allocated to the current period on a straight-line basis exceeded or were 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

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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, 2023 and 2022, contributions of nonfinancial assets recognized within the consolidated statement of activities included:

	2023	2022
Books and publications	\$ 2,004	\$ 982
Clothing and shoes	150,731	206,757
Food inventory	6,930,211	4,804,719
Household goods	531,598	385,208
Medical supplies	28,081	42,585
Miscellaneous items	925	29,743
Toiletries/beauty supplies	115,545	178,407
Vehicle	-	34,490
Legal services	9,271	22,000
	<u>\$ 7,768,366</u>	<u>\$ 5,704,891</u>

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.

Contributed vehicle was used for the Ready to Work Program.

Contributed food, clothing, books, medical supplies, household goods, and miscellaneous items were utilized in the 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

Central Union Mission and its Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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 \$31,443 and \$46,250 of these costs to program services during the years ended June 30, 2023 and 2022, 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, 2023 and 2022, 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 2019 remain open.

Mission DC Landlord, LLC is treated as a disregarded entity for income tax purposes. All of its tax attributes are passed through to the Mission and income taxes, if any, are payable by the Mission. Consequently, no provision for income taxes has been made in the accompanying financial statements. Mission DC Landlord, LLC's operations are combined with the Mission's operations and reported on the Mission's income tax return. Since the entity is not required to file income tax returns, its filings are not open to examination by the Internal Revenue Service.

The Mission and its Subsidiary 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.

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

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

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

Effective July 1, 2022, the Mission adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-02 (as amended), Leases ("Topic 842"). Under Topic 842, a lessee determines if an arrangement contains a lease at inception based on whether the lessee has the right to control the asset during the contract period and other facts and circumstances. The Mission has determined that its signed agreements for office space and equipment fit the criteria under Topic 842.

Under Topic 842, right-of-use assets and lease liabilities are recognized based on the present value of lease payments over the lease term, where the initial term of the lease exceeds twelve months, using an appropriate discount rate. As the rate implicit in the lease is generally not readily determinable, the Mission estimates its incremental borrowing rate as the discount rate. The Mission's incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment.

The lease liability is reduced as cash payments are made under the terms of the leases. Interest is charged to rent expense for the difference. The operating lease right-of-use asset is amortized over the lease term and reflected as rent expense in the accompanying financial statements. Lease expense is recognized on a straight-line basis over the term of the leases. Unless the Mission determines that it is reasonably certain that the term of a lease will be terminated early or extended through a renewal option, the term of a lease spans for the duration of the minimum noncancellable contractual term. There are no residual value guarantees.

The Mission has elected not to restate comparative periods and has elected the practical expedient to apply the provisions of Topic 842 at the adoption date instead of applying them to the earliest comparative period presented in the financial statements. The Mission elected to apply the package of practical expedients available upon adoption of ASC 842. The Mission will not reassess whether any expired or existing contracts are or contain leases or the classification of the identified leases. All existing agreements classified as operating or capital leases as of the effective date are in scope of ASC 842 and meet the definition of a lease.

The adoption of Topic 842 has been applied effective July 1, 2022. On July 1, 2022, The Mission recognized an operating lease right-of-use asset of \$1,113,992 and an operating lease liability of \$1,170,839 in connection with transitioning to Topic 842. The adoption of Topic 842 also resulted in a decrease of \$56,847 in deferred rent liability, which was reclassified to the operating lease right-of-use asset upon adoption. The adoption of Topic 842 did not have a material impact on the Mission's results of operations or cash flows. See Note 9 - Lease Commitments for details on future minimum lease payments.

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.

Central Union Mission and its Subsidiary

**Notes to Consolidated Financial Statements
June 30, 2023 and 2022**

Note 3 - Availability and Liquidity

The table below represents financial assets available for general expenditures within one year as of June 30, 2023 and 2022, 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:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	\$ 1,252,217	\$ 2,848,283
Marketable securities	9,616,197	6,637,121
Accounts and pledges receivable	230,780	192,518
	11,099,194	9,677,922
Less amounts not available to be used within one year		
Investments - restricted	35,297	37,291
	35,297	37,291
Financial assets available to meet operating fund expenditures over the next 12 months	\$ 11,063,897	\$ 9,640,631

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, 2023 and 2022:

	2023	2022
Certificate of deposit (cost)	\$ 39,622	\$ 39,622
Equities	2,172,704	1,930,846
Fixed income	7,403,871	4,666,653
	\$ 9,616,197	\$ 6,637,121

Central Union Mission and its Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividend income on marketable securities, net of fees	\$ 188,303	\$ 74,703
Net realized and unrealized gain (loss)	175,992	(638,230)
Total income related to marketable securities	\$ 364,295	\$ (563,527)

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, 2023:

	Level 1	Level 2	Level 3
Equities	\$ 2,172,704	\$ -	\$ -
Fixed income	7,403,871	-	-
	\$ 9,576,575	\$ -	\$ -

Central Union Mission and its Subsidiary

**Notes to Consolidated Financial Statements
June 30, 2023 and 2022**

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	\$ 1,930,846	\$ -	\$ -
Fixed income	4,666,653	-	-
	\$ 6,597,499	\$ -	\$ -

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, 2023 and 2022:

	2023	2022
Pledges receivable, net	\$ 4,000	\$ 26,000
Ready to Work program receivable, net	226,780	166,518
	\$ 230,780	\$ 192,518

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, 2023 and 2022, the balance of loans receivable was \$0, net of allowance for doubtful accounts in the amounts of \$16,714.

Note 8 - Notes payable

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, 2023 and 2022, 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.

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

Note 9 - Lease commitments

Comprehensive Family Resource Center (CFRC) lease

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 Comprehensive Family Resource Center (CFRC). 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 term of the lease was renewed and extended to January 31, 2027. Effective February 1, 2022, the monthly lease payments are \$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 12th Street to 6811 Kenilworth Avenue. The 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).

Equipment leases

The Mission leases equipment including digital copiers, a mailing system, and dishwashers under several noncancelable operating lease agreements that expire at various times through the year ending on June 30, 2028. The leases require biweekly, monthly or quarterly payments at various times through the year ending June 30, 2028.

As of June 30, 2023 and 2022, rent expense of \$390,587 and \$350,671, respectively, inclusive of real estate taxes and other operating costs, was incurred for CFRC, Office and Equipment leases.

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, 2023 and 2022, 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. 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.

Central Union Mission and its Subsidiary

**Notes to Consolidated Financial Statements
June 30, 2023 and 2022**

Future minimum lease payments under these noncancellable operating leases for the CFRC, Office and Equipment and other leases are as follows:

	<u>CFRC lease</u>	<u>Office lease</u>	<u>Equipment and other lease</u>	<u>Total</u>
2024	\$ 175,735	\$ 81,680	\$ 59,889	\$ 317,304
2025	181,006	84,947	51,923	317,876
2026	186,437	88,345	43,282	318,064
2027	94,596	91,879	21,855	208,330
2028 and thereafter	-	38,906	9,352	48,258
Total	<u>\$ 637,774</u>	<u>\$ 385,757</u>	<u>\$ 186,301</u>	<u>\$ 1,209,832</u>
			Less: Imputed interest at weighted rate of 8.5%	<u>(170,045)</u>
			Present value of net minimum lease payment	<u>\$ 1,039,787</u>
			Current portion of right-of-use liability	<u>\$ 236,472</u>
			Long-term portion of right-of-use liability	<u>\$ 803,315</u>

Note 10 - 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, 2023 and 2022, there were no board designated net assets.

Net assets with donor restrictions as of June 30, 2023 and 2022 are \$1,421,796 and \$1,199,339, 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, 2023 and 2022, net assets with donor restrictions of \$91,994 and \$70,464 were released from restriction, respectively. Net asset with donor restrictions are available for the following purposes or time restrictions:

	<u>2023</u>	<u>2022</u>
Affordable Housing Program funds	\$ 500,000	\$ 500,000
Kohlmeier loan funds	37,008	37,291
Pledges receivable	4,000	26,000
John Dickson grant	-	90,000
Comprehensive Family Resource Center funds	808,599	546,048
Barnabas Journey - Alumni Program	7,900	-
Molina Family Foundation	25,000	-
Fourth Presbyterian Church	20,000	-
	<u>\$ 1,402,507</u>	<u>\$ 1,199,339</u>

Central Union Mission and its Subsidiary
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note 11 - 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, 2023 and 2022, 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 12 - Lease and rental income

The Mission rented the space at Camp Bennett to various organizations and earned rental income of \$128,519 and \$83,559 for the years ended June 30, 2023 and 2022, respectively.

Note 13 - 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 \$3,103,889 and \$2,919,524 during the fiscal years ended June 30, 2023 and 2022, respectively.

Note 14 - 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 \$43,551 and \$35,612 for the fiscal years ended June 30, 2023 and 2022, respectively.

Note 15 - Contingency

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.

FHLB loan forgiveness

As of June 30, 2023, the Mission evaluated its financial obligations and determined that it has a contingent liability related a \$300,000 Federal Home Loan Bank (FHLB) loan, which is deemed remote, as the Mission anticipates forgiveness of this loan on December 7, 2023. The FHLB loan, along with requirements to make regular reports to FHLB, was originally assumed by the Mission in connection with its agreement to accept transfer of the Lambert House at 1733 T Street, S.E., Washington, D.C. from the Gospel Rescue Ministries of Washington, D.C. on October 21, 2013. Management believes that the forgiveness of the loan is likely. In accordance with GAAP, the

Central Union Mission and its Subsidiary

Notes to Consolidated Financial Statements June 30, 2023 and 2022

Mission has not recorded any provision or accrual for this contingent liability, as repayment is considered remote.

Note 16 - 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, 2023.

Note 17 - 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, 2023 and 2022 were \$1,053,599 and \$768,414, respectively, and are included in program service revenue on the accompanying consolidated statements of activities. As of June 30, 2023 and 2022, \$226,780 and \$166,518, respectively, remains receivable.

Note 18 - 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, 2023 (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, 2023, the Mission renewed the certificate of deposit which earns interest at .01% and matures on February 19, 2024.

Supplementary Information

Central Union Mission and its Subsidiary
Supplementary Information
Consolidating Statements of Financial Position
June 30, 2023

	Central Union Mission	Mission DC Landlord, LLC	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	\$ 1,156,961	\$ 95,256	\$ 1,252,217	\$ -	\$ 1,252,217
Accounts and pledges receivable, net	230,780	-	230,780	-	230,780
Intercompany receivable	2,677,659	-	2,677,659	(2,677,659)	-
Short-term marketable securities	39,622	-	39,622	-	39,622
Prepaid expenses and other	39,759	-	39,759	-	39,759
Total current assets	<u>4,144,781</u>	<u>95,256</u>	<u>4,240,037</u>	<u>(2,677,659)</u>	<u>1,562,378</u>
Property and equipment					
Land and site improvements	229,788	-	229,788	-	229,788
Buildings and improvements	3,360,450	19,399,099	22,759,549	(2,623,061)	20,136,488
Furniture and equipment	549,282	213,491	762,773	-	762,773
Corporate vehicles	446,907	-	446,907	-	446,907
	4,586,427	19,612,590	24,199,017	(2,623,061)	21,575,956
Less: Accumulated depreciation	<u>(2,345,442)</u>	<u>(4,979,401)</u>	<u>(7,324,843)</u>	<u>644,556</u>	<u>(6,680,287)</u>
Property and equipment, net	<u>2,240,985</u>	<u>14,633,189</u>	<u>16,874,174</u>	<u>(1,978,505)</u>	<u>14,895,669</u>
Other long-term assets					
Right-of-use asset	975,803	-	975,803	-	975,803
Marketable securities	9,576,575	-	9,576,575	-	9,576,575
Total other long-term assets	<u>10,552,378</u>	<u>-</u>	<u>10,552,378</u>	<u>-</u>	<u>10,552,378</u>
Total assets	<u>\$ 16,938,144</u>	<u>\$ 14,728,445</u>	<u>\$ 31,666,589</u>	<u>\$ (4,656,164)</u>	<u>\$ 27,010,425</u>

Central Union Mission and its Subsidiary
Supplementary Information
Consolidating Statements of Financial Position
June 30, 2023

	Central Union Mission	Mission DC Landlord, LLC	Total	Eliminations	Consolidated
Current liabilities					
Accounts payable and accrued expenses	\$ 427,567	\$ 52,959	\$ 480,526	\$ -	\$ 480,526
Accrued payroll and payroll taxes	145,497	-	145,497	-	145,497
Accrued leave	72,574	-	72,574	-	72,574
Current portion of deferred rent and deferred lease incentive	-	-	-	-	-
Intercompany payable	-	2,677,659	2,677,659	(2,677,659)	-
Right-of-use liability, current	236,472	-	236,472	-	236,472
Total current liabilities	882,110	2,730,618	3,612,728	(2,677,659)	935,069
Long-term liabilities					
Right-of-use liability, net of current portion	803,315	-	803,315	-	803,315
Deferred rent and deferred lease incentive, net of current portion	-	-	-	-	-
Total liabilities	1,685,425	2,730,618	4,416,043	(2,677,659)	1,738,384
Net assets					
Without donor restrictions	13,850,212	11,997,827	25,848,039	(1,978,505)	23,869,534
With donor restrictions	1,402,507	-	1,402,507	-	1,402,507
Total net assets	15,252,719	11,997,827	27,250,546	(1,978,505)	25,272,041
Total liabilities and net assets	\$ 16,938,144	\$ 14,728,445	\$ 31,666,589	\$ (4,656,164)	\$ 27,010,425

Central Union Mission and its Subsidiary
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					
Right-of-use asset	-	-	-	-	-
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 Subsidiary
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)	-
Right-of-use liability, current	-	-	-	-	-
Total current liabilities	778,423	2,624,700	3,403,123	(2,624,700)	778,423
Long-term liabilities					
Right-of-use liability, net of current portion	-	-	-	-	-
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

See Independent Auditor's Report.

Central Union Mission and its Subsidiary

Supplementary Information

**Consolidating Statements of Activities
Year Ended June 30, 2023**

	Central Union Mission	Mission DC Landlord, LLC	Total	Eliminations	Consolidated
Public support and revenue					
Public support					
Contribution of nonfinancial assets	\$ 7,768,366	\$ -	\$ 7,768,366	\$ -	\$ 7,768,366
Contribution of cash and other financial assets	7,312,557	-	7,312,557	-	7,312,557
Pledges and bequests	292,755	-	292,755	-	292,755
Private and foundation grants	942,643	-	942,643	-	942,643
Revenue					
Program services	1,158,697	-	1,158,697	-	1,158,697
Investment income	188,303	-	188,303	-	188,303
Lease and rental income	128,519	50,000	178,519	(50,000)	128,519
Miscellaneous income	81,655	-	81,655	-	81,655
Total public support and revenue	<u>17,873,495</u>	<u>50,000</u>	<u>17,923,495</u>	<u>(50,000)</u>	<u>17,873,495</u>
Expenses					
Program services					
Family ministry	7,878,593	-	7,878,593	-	7,878,593
Men's ministry	5,062,639	531,847	5,594,486	(50,000)	5,544,486
Partners	120,549	-	120,549	-	120,549
Total program services	<u>13,061,781</u>	<u>531,847</u>	<u>13,593,628</u>	<u>(50,000)</u>	<u>13,543,628</u>
Supporting services					
Management and general	370,051	-	370,051	(67,258)	302,793
Fundraising and development	3,103,889	-	3,103,889	-	3,103,889
Total supporting services	<u>3,473,940</u>	<u>-</u>	<u>3,473,940</u>	<u>(67,258)</u>	<u>3,406,682</u>
Total expenses	<u>16,535,721</u>	<u>531,847</u>	<u>17,067,568</u>	<u>(117,258)</u>	<u>16,950,310</u>
Other items					
(Loss) on sale/write-off of fixed assets	(31,957)	-	(31,957)	-	(31,957)
Realized and unrealized gain (loss) on investments	175,992	-	175,992	-	175,992
Total other items	<u>144,035</u>	<u>-</u>	<u>144,035</u>	<u>-</u>	<u>144,035</u>
Change in net assets	<u>\$ 1,481,809</u>	<u>\$ (481,847)</u>	<u>\$ 999,962</u>	<u>\$ 67,258</u>	<u>\$ 1,067,220</u>

Central Union Mission and its Subsidiary

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	<u>16,379,569</u>	<u>50,000</u>	<u>16,429,569</u>	<u>(50,000)</u>	<u>16,379,569</u>
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	<u>9,991,442</u>	<u>539,303</u>	<u>10,530,745</u>	<u>(50,000)</u>	<u>10,480,745</u>
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	<u>3,470,026</u>	<u>-</u>	<u>3,470,026</u>	<u>(67,258)</u>	<u>3,402,768</u>
Total expenses	<u>13,461,468</u>	<u>539,303</u>	<u>14,000,771</u>	<u>(117,258)</u>	<u>13,883,513</u>
Other items					
(Loss) on sale/write-off of fixed assets	-	-	-	-	-
Realized and unrealized gain (loss) on investments	(638,230)	-	(638,230)	-	(638,230)
Total other items	<u>(638,230)</u>	<u>-</u>	<u>(638,230)</u>	<u>-</u>	<u>(638,230)</u>
Change in net assets	<u>\$ 2,279,871</u>	<u>\$ (489,303)</u>	<u>\$ 1,790,568</u>	<u>\$ 67,258</u>	<u>\$ 1,857,826</u>

See Independent Auditor's Report.

Central Union Mission and its Subsidiary

Supplementary Information

**Consolidating Statements of Changes in Net Assets (Net Deficit)
Years Ended June 30, 2023 and 2022**

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, 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
Change in net assets, June 30, 2023	1,278,641	203,168	1,481,809	50,000	1,531,809
Balance, June 30, 2023	<u>\$ 13,850,212</u>	<u>\$ 1,402,507</u>	<u>\$ 15,252,719</u>	<u>\$ 12,812,763</u>	<u>\$ 28,065,482</u>
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, 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)
Change in net assets, June 30, 2023	(481,847)	-	(481,847)	17,258	(464,589)
Balance, June 30, 2023	<u>\$ 11,997,827</u>	<u>\$ -</u>	<u>\$ 11,997,827</u>	<u>\$ (14,791,268)</u>	<u>\$ (2,793,441)</u>

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