



The City Mission and Affiliates

Audited Consolidated Financial Statements

As of and for the Years Ended
September 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The City Mission and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The City Mission and Affiliates (the Organization), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 2024 audit was 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 rather than to present the financial position, results of operations, and cash flows of the individual entities, 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 2024 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2024 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 2024 consolidated financial statements as a whole.

Rea & Associates, Inc.

Rea & Associates, Inc.
Cleveland, Ohio
January 22, 2025

THE CITY MISSION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024 AND 2023

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,945,556	\$ 6,644,615
Investments	-	700,040
Accounts receivable	19,592	8,522
Promises to give	1,137,500	1,065,000
Prepaid expenses	63,443	77,541
Total current assets	<u>10,166,091</u>	<u>8,495,718</u>
 PROPERTY AND EQUIPMENT, NET	 15,813,185	 14,100,705
 OTHER ASSETS:		
Restricted cash - capital campaign	740,642	930,116
Promises to give - long-term	77,000	904,000
Property held for New Horizons Program	457,000	290,000
Annuity investments	251,793	216,791
Total other assets	<u>1,526,435</u>	<u>2,340,907</u>
 Total assets	 <u>\$ 27,505,711</u>	 <u>\$ 24,937,330</u>
	 <u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 745,299	\$ 95,898
Accrued vacation	221,544	179,725
Accrued expenses	-	23,754
Accrued payroll	197,997	108,761
Annuity payment liability	64,291	75,705
Total current liabilities	<u>1,229,131</u>	<u>483,843</u>
 NET ASSETS:		
Without donor restrictions	22,462,087	19,836,497
With donor restrictions	3,814,493	4,616,990
Total net assets	<u>26,276,580</u>	<u>24,453,487</u>
 Total liabilities and net assets	 <u>\$ 27,505,711</u>	 <u>\$ 24,937,330</u>

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

THE CITY MISSION AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024			2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Consolidated Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Consolidated Total
SUPPORT AND REVENUES:						
Contributions	\$ 8,961,779	\$ 671,178	\$ 9,632,957	\$ 7,256,867	\$ 2,132,671	\$ 9,389,538
Contributions - donated marketable securities	705,557	-	705,557	208,866	-	208,866
Contributions - donated materials and services	804,554	-	804,554	523,616	-	523,616
Investment returns	472,557	-	472,557	308,617	-	308,617
Other income	39,013	-	39,013	67,487	-	67,487
Special events	460,588	-	460,588	456,586	-	456,586
Net assets released from restrictions	291,784	(291,784)	-	301,792	(301,792)	-
Total support and revenues	11,735,832	379,394	12,115,226	9,123,831	1,830,879	10,954,710
FUNCTIONAL EXPENSES:						
Program expenses	9,524,431	-	9,524,431	8,734,738	-	8,734,738
Development	940,766	-	940,766	843,378	-	843,378
Administrative and general expenses	824,364	-	824,364	748,368	-	748,368
Total functional expenses	11,289,561	-	11,289,561	10,326,484	-	10,326,484
Change in net assets before capital campaign	446,271	379,394	825,665	(1,202,653)	1,830,879	628,226
CAPITAL CAMPAIGN:						
Support and revenues	-	997,428	997,428	-	1,989,421	1,989,421
Net assets released from restrictions	2,179,319	(2,179,319)	-	5,803,004	(5,803,004)	-
Total capital campaign	2,179,319	(1,181,891)	997,428	5,803,004	(3,813,583)	1,989,421
Change in net assets	2,625,590	(802,497)	1,823,093	4,600,351	(1,982,704)	2,617,647
NET ASSETS - beginning of year	19,836,497	4,616,990	24,453,487	15,236,146	6,599,694	21,835,840
NET ASSETS - end of year	\$ 22,462,087	\$ 3,814,493	\$ 26,276,580	\$ 19,836,497	\$ 4,616,990	\$ 24,453,487

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

THE CITY MISSION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,823,093	\$ 2,617,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,039,152	855,262
Non-cash stock donations	(705,557)	(208,866)
Realized and unrealized gain on investments	(41,323)	(33,343)
Uncollectible pledge expense	21,159	12,500
Contributions of property held for sale	(167,000)	(50,000)
Contributions restricted for long-term purposes	(997,428)	(1,989,421)
 Changes in assets and liabilities:		
Accounts receivable	(11,070)	(2,416)
Promises to give	1,080,769	179,921
Prepaid expenses	14,098	30,653
Accounts payable	649,401	(216,781)
Accrued vacation	41,819	36,258
Accrued expense	(23,754)	(53,404)
Accrued payroll	89,236	(32,728)
Total adjustments	<u>989,502</u>	<u>(1,472,365)</u>
Net cash provided by operating activities	2,812,595	1,145,282
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	1,400,504	1,500,964
Purchase of investments	-	(206,640)
Purchase of property and equipment	<u>(2,751,632)</u>	<u>(1,345,413)</u>
Net cash used in investing activities	(1,351,128)	(51,089)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes	<u>650,000</u>	<u>224,000</u>
Net cash provided by financing activities	<u>650,000</u>	<u>224,000</u>
Net increase in cash and cash equivalents and restricted cash	2,111,467	1,318,193
 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of year	<u>7,574,731</u>	<u>6,256,538</u>
End of year	<u>\$ 9,686,198</u>	<u>\$ 7,574,731</u>

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

THE CITY MISSION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONAL EXPENSES:	Program Expenses							
	Crossroads				Total Program Expenses	Development	Administrative and General	Total Expenses
	Men's Ministry	New Horizons	Laura's Home	TCMSF				
Employee expenses:								
Gross wages	\$ 1,653,774	\$ 94,058	\$ 2,038,912	\$ -	\$ 3,786,744	\$ 458,214	\$ 326,101	\$ 4,571,059
Payroll taxes	118,378	6,256	137,229	-	261,863	30,630	20,147	312,640
Insurance - medical	370,006	21,788	398,168	-	789,962	114,594	49,544	954,100
Pension expense	64,802	6,764	70,683	-	142,249	33,959	39,192	215,400
Staff development	25,135	2,735	28,704	-	56,574	14,629	15,863	87,066
Other employee expenses	7,852	1,249	7,750	-	16,851	6,491	9,043	32,385
Total employee expenses	2,239,947	132,850	2,681,446	-	5,054,243	658,517	459,890	6,172,650
Client expenses:								
Food	194,999	-	249,769	-	444,768	-	-	444,768
Client programs	103,322	100,000	165,124	-	368,446	-	-	368,446
Total client expenses	298,321	100,000	414,893	-	813,214	-	-	813,214
Utilities:								
Gas	23,797	191	22,057	-	46,045	654	712	47,411
Electric	75,186	373	61,168	-	136,727	1,566	1,706	139,999
Water / sewer	46,590	157	62,688	-	109,435	92	100	109,627
Telephone	8,481	1,212	8,481	-	18,174	110	6,058	24,342
Total utilities	154,054	1,933	154,394	-	310,381	2,422	8,576	321,379
Facility and vehicle expenses:								
Insurance - building	16,892	-	19,067	-	35,959	238	1,192	37,389
Repair and maintenance	134,731	735	101,205	-	236,671	3,778	4,391	244,840
Vehicle expenses	11,517	152	9,420	-	21,089	799	1,408	23,296
Total facility and vehicle expenses	163,140	887	129,692	-	293,719	4,815	6,991	305,525
Organizational expenses:								
Fundraising	378,765	63,127	568,147	-	1,010,039	252,510	59,611	1,322,160
Office and postage	127,517	16,090	133,509	79	277,195	7,037	187,240	471,472
Insurance - liability	21,945	-	24,771	575	47,291	310	1,548	49,149
Professional services	39,592	5,610	39,268	-	84,470	94	50,152	134,716
Contributions	-	-	-	5,000	5,000	-	666	5,666
Taxes	-	5,766	-	-	5,766	-	-	5,766
Total organizational expenses	567,819	90,593	765,695	5,654	1,429,761	259,951	299,217	1,988,929
Total cash expenses	3,423,281	326,263	4,146,120	5,654	7,901,318	925,705	774,674	9,601,697
Donated goods and services expenses:								
Food	40,831	-	56,820	-	97,651	-	-	97,651
Client programs (clothing and misc.)	158,605	-	320,388	-	478,993	-	-	478,993
Professional services	14,630	2,494	21,243	-	38,367	10,310	2,232	50,909
Total donated goods and services expenses	214,066	2,494	398,451	-	615,011	10,310	2,232	627,553
Total expenses before depreciation and uncollectible pledge expense	3,637,347	328,757	4,544,571	5,654	8,516,329	936,015	776,906	10,229,250
Uncollectible pledge expense	-	-	-	-	-	-	21,159	21,159
Depreciation	427,831	-	580,271	-	1,008,102	4,751	26,299	1,039,152
Total functional expenses	\$ 4,065,178	\$ 328,757	\$ 5,124,842	\$ 5,654	\$ 9,524,431	\$ 940,766	\$ 824,364	\$ 11,289,561

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

THE CITY MISSION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FUNCTIONAL EXPENSES:	Program Expenses					Development	Administrative and General	Total Expenses
	Crossroads Men's Ministry	New Horizons	Laura's Home	TCMSF	Total Program Expenses			
Employee expenses:								
Gross wages	\$ 1,622,057	\$ 76,142	\$ 1,823,810	\$ -	\$ 3,522,009	\$ 367,208	\$ 292,307	\$ 4,181,524
Payroll taxes	114,208	5,370	120,067	-	239,645	26,102	20,696	286,443
Insurance - medical	428,737	21,117	368,468	-	818,322	108,668	57,270	984,260
Pension expense	70,219	4,836	65,350	-	140,405	23,382	33,757	197,544
Staff development	24,725	1,873	37,882	-	64,480	9,596	16,895	90,971
Other employee expenses	6,859	592	5,555	-	13,006	2,989	6,492	22,487
Total employee expenses	2,266,805	109,930	2,421,132	-	4,797,867	537,945	427,417	5,763,229
Client expenses:								
Food	172,059	-	169,495	-	341,554	-	-	341,554
Client programs	126,381	-	184,952	-	311,333	-	-	311,333
Total client expenses	298,440	-	354,447	-	652,887	-	-	652,887
Utilities:								
Gas	19,958	91	14,732	-	34,781	479	683	35,943
Electric	78,799	321	56,060	-	135,180	1,243	1,771	138,194
Water / sewer	48,959	11	52,574	-	101,544	58	83	101,685
Telephone	8,036	1,148	8,156	-	17,340	-	5,740	23,080
Total utilities	155,752	1,571	131,522	-	288,845	1,780	8,277	298,902
Facility and vehicle expenses:								
Insurance - building	14,576	-	16,453	-	31,029	206	1,028	32,263
Repair and maintenance	113,563	3,137	111,986	-	228,686	1,693	2,340	232,719
Vehicle expenses	10,922	143	7,931	-	18,996	622	1,535	21,153
Total facility and vehicle expenses	139,061	3,280	136,370	-	278,711	2,521	4,903	286,135
Organizational expenses:								
Fundraising	395,913	65,985	593,869	-	1,055,767	263,942	69,270	1,388,979
Office postage	104,994	11,287	99,283	80	215,644	24,548	143,283	383,475
Insurance - liability	21,774	-	24,577	2,904	49,255	307	1,536	51,098
Professional services	28,267	4,038	28,438	3,700	64,443	510	39,576	104,529
Contributions	-	-	-	5,000	5,000	-	-	5,000
Taxes	-	772	-	100	872	-	-	872
Total organizational expenses	550,948	82,082	746,167	11,784	1,390,981	289,307	253,665	1,933,953
Total cash expenses	3,411,006	196,863	3,789,638	11,784	7,409,291	831,553	694,262	8,935,106
Donated goods and services expenses:								
Food	35,702	-	54,772	-	90,474	-	-	90,474
Client programs (clothing and misc.)	161,020	-	214,541	-	375,561	-	-	375,561
Professional services	16,266	2,480	25,463	-	44,209	6,669	6,703	57,581
Total donated goods and services expenses	212,988	2,480	294,776	-	510,244	6,669	6,703	523,616
Total expenses before depreciation and uncollectible pledge expense	3,623,994	199,343	4,084,414	11,784	7,919,535	838,222	700,965	9,458,722
Uncollectible pledge expense	-	-	-	-	-	-	12,500	12,500
Depreciation	372,217	-	442,986	-	815,203	5,156	34,903	855,262
Total functional expenses	\$ 3,996,211	\$ 199,343	\$ 4,527,400	\$ 11,784	\$ 8,734,738	\$ 843,378	\$ 748,368	\$ 10,326,484

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

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation

The City Mission (TCM), incorporated in Ohio, is a non-profit organization that provides services, benefits, and activities that positively affect human health and welfare. The goal is to meet people at their point of crisis and move them through recovery so that they can successfully integrate into society as fully participating members. TCM provides food, shelter, clothing, and various programs to men, women, and children in order to break the cycle of poverty and homelessness. Its current operations include: Crossroads Men's Crisis Center and Laura's Home Women's Crisis Center (crisis home and recovery program for women and children). The City Mission's support comes primarily through donor contributions, which are considered to be available for unrestricted use, unless otherwise specified by the donor.

The City Mission Support Foundation (TCMSF) was formed effective June 2, 2014, and is referred to as the affiliate in the consolidated financial statements. TCMSF is to be operated exclusively for charitable purposes and is organized under Section 501(c)(3) of the Internal Revenue Code (IRC). This entity owns 100% of New Horizons Programs, LLC (NHP). TCM and TCMSF are under common control, and there is economic interest among the entities, and therefore, the activities of TCMSF have been consolidated in the financial statements. The activity of TCMSF includes NHP accounts. New Horizons Program, LLC (NHP) is 100% owned by TCMSF and is a not-for-profit entity. The collaborative activity identifies families that are prepared for home ownership, renovates homes, and matches eligible families with homes that are appropriate for their needs. TCMSF funds NHP and collects tax deductible donations on behalf of NHP.

Intercompany balances have been eliminated in the consolidated financial statements.

Accounting Method

The consolidated financial statements have been prepared on the accrual basis. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and / or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and / or purpose restrictions.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which (1) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model and (2) provides for recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model.

The guidance is effective for the Organization beginning October 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. All money market funds are treated as cash equivalents. The Organization places its cash and cash equivalents with high-credit quality institutions. At times, balances may exceed Federal Deposit Insurance Corporation insurance limits. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position that sum to the total of the same amounts shown in the consolidated statement of cash flows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$8,945,556	\$6,644,615
Restricted cash - capital campaign	740,642	930,116
	<u>\$ 9,686,198</u>	<u>\$ 7,574,731</u>

Investments

The Organization follows FASB Accounting Standards Codification (ASC) 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities and changes in net assets.

Fair Value Measurement - Definition and Hierarchy

The Organization follows the provisions of FASB ASC 820-10, *Fair Value Measurements*. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches, including market, income, and / or cost approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement - Definition and Hierarchy (Continued)

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs, as follows:

Level 1 - Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Contributions

The Organization reports contributions in accordance with FASB ASC 958-605. Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by a donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions through a release of restriction.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2024 and 2023, the allowance was \$-0-. Uncollectible pledge expense of \$21,159 and \$12,500 for the years ended September 30, 2024 and 2023, respectively, was for direct write-offs.

Property, Equipment, and Depreciation

Property and equipment are recorded at cost. Donated property and equipment are reflected as non-cash contributions at their estimated fair value at the date of receipt. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Depreciation (Continued)

The Organization follows a policy that all fixed assets acquired in excess of \$3,000 are capitalized and depreciated. Maintenance and repairs that do not significantly increase the useful life of an asset are charged directly to operations as incurred. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts in the year of disposal. Any resulting gain or loss is reflected in the current year change in net assets.

Annuity Liabilities

The Organization has established a gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes for the donor. The difference between the amount provided for the gift annuity and the liability for future payments is reported as contributions at the date of the gift. The annuity liability is based upon computed present values using federal discount and mortality tables. Resulting gain or loss is reported in the consolidated statements of activities and changes in net assets (see Note 3).

Donated Materials and Services

The value of contributed services meeting the requirements of FASB ASC 958-605 has been recorded as non-cash contributions. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these particular services do not meet the criteria of FASB ASC 958-605.

The Organization recognized contributed nonfinancial assets within revenue, including clothing, household goods, food, toiletries, and services. There were no donor imposed restrictions associated with contributed nonfinancial assets. Contributed nonfinancial assets are utilized in the Organization's various programs. In valuing contributed nonfinancial assets, donated materials such as food and clothing are reflected as non-cash contributions at their estimated fair value at the date of receipt. Contributed services recognized comprise professional services from accountants providing auditing, tax, and advisory services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Taxes

TCM, TCMSF, and NHP are non-profit organizations operating under Section 501(c)(3) of the IRC and TCM also qualifies as a church within the meaning of Sections 509 (a)(1) and 170 (b)(1)(a)(1). All are exempt from federal, state, and city income taxes, and accordingly, are not required to file income tax returns. Also, the Organization is not liable for real estate taxes on property used for its exempt purposes.

Uncertain Tax Positions

The FASB provides guidance for how uncertain income tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ended September 30, 2024 and 2023, management has determined there are no uncertain tax positions.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Advertising

The Organization expenses advertising costs as incurred. Informational advertising, which provides the stories of men, women, and children whose lives have been changed through the ministry of TCM, is widely distributed, does not actively solicit donations, and is recorded as fundraising expense in the consolidated statements of functional expenses.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited using various allocation methods which attempt to allocate the cost equitably in relation to the benefits provided.

Reclassification

Certain amounts in the September 30, 2023 financial statements have been reclassified to conform to the September 30, 2024 presentation. These reclassifications had no effect on the changes in net assets as previously reported.

NOTE 2: PROMISES TO GIVE

The Organization recognizes contributions as revenue in the period in which the pledge (promise to give) is received.

	2024	2023
Pledges receivable - current	\$ 74,500	\$ 227,000
Pledges receivable - long term	50,000	50,000
Capital campaign pledges - current	1,063,000	838,000
Capital campaign pledges - long term	27,000	854,000
Total pledges	<u>\$ 1,214,500</u>	<u>\$ 1,969,000</u>

Current pledges receivable represent a collection period of less than one year, while long-term pledges receivable are expected to be collected in full by 2026. Uncollectible pledges for the years ended September 30, 2024 and 2023, was \$0. Management has determined all pledges to be fully collectible, and therefore, no allowance for uncollectible pledges is reflected.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: ANNUITY AND ANNUITY PAYMENT LIABILITY

The Organization receives various donations in the form of gift annuities, for which the Organization receives a beneficial interest in the donated assets (split-interest agreements). The Donor essentially receives an annuity payment for their lifetime from the invested assets. The Organization records the assets at their fair value, with a corresponding liability for the estimated annuity pay-outs due to the donors.

In addition, there is also an estimated amount recorded with contributions that represent the Organization's estimated charitable gift value at the date of the financial statements. The annuity payment liabilities are recorded at the estimated present value, and assumptions are used to derive an age factor and the discount rate, such as internal revenue service (IRS) tables for the age factor and applicable federal rate of interest (AFR) to derive the discount rate. The AFR rates of 4.8% and 5.0% were used as the discount rates in calculating the present value of the liability as of September 30, 2024 and 2023, respectively.

NOTE 4: FAIR VALUE DISCLOSURE AND MEASUREMENT

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820-10. See Note 1 for a discussion of the Organization's policies regarding this hierarchy.

The following fair value hierarchy table presents information about the Organization's assets and liabilities measured at fair value on a recurring basis as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Annuity investments:				
Equity mutual funds	\$ 166,768	\$ -	\$ -	\$ 166,768
Income mutual funds	85,025	-	-	85,025
	<u>\$251,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,793</u>

The following fair value hierarchy table presents information about the Organization's assets and liabilities measured at fair value on a recurring basis as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Annuity investments:				
Equity mutual funds	\$ 118,902	\$ -	\$ -	\$ 118,902
Income mutual funds	97,889	-	-	97,889
Government obligations	-	700,040	-	700,040
	<u>\$216,791</u>	<u>\$ 700,040</u>	<u>\$ -</u>	<u>\$ 916,831</u>

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded.

Government obligations: Valued using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: LINE OF CREDIT

The Organization has a demand line of credit agreement with a commercial bank that provides borrowings up to a maximum of \$1,000,000, at an interest rate at 2.50% over the Secured Overnight Financing Rate (SOFR). The interest rate was 7.46% and 7.81% at September 30, 2024 and 2023. The outstanding balance as of September 30, 2024, and 2023 was \$-0-. The line of credit expires on March 31, 2025.

NOTE 6: DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution retirement plan under Section 403(b) of the IRC, which covers full-time employees with three months or more of service, with matching contributions beginning after six months of service. Eligible participants may make contributions to the maximum allowed by the IRC.

During the years ended September 30, 2024 and 2023, the Organization made discretionary matching contributions equal to 100% of the first 4% of the salary contributions of eligible participants. Total contributions for the years ended September 30, 2024 and 2023 were \$120,807 and \$119,337, respectively.

NOTE 7: DONATED MATERIALS AND SERVICES

During the year ended September 30, 2024, The City Mission received a donated home worth \$177,000, clothes of \$172,334, household goods of \$107,783, food of \$97,651, material goods for client use of \$242,968, and donated services of \$6,818. The estimated value of volunteer efforts that did not require specialized skills was \$529,039.

During the year ended September 30, 2023, The City Mission received donated clothes of \$142,104, household goods \$183,844, food \$90,474, toiletries of \$77,591, and donated services of \$29,603. The estimated value of volunteer efforts that did not require specialized skills was \$344,414.

NOTE 8: PROPERTY AND EQUIPMENT

Major classifications of property and equipment, their respective costs, and depreciable lives are summarized below:

	2024	2023	Depreciable Lives
Land	\$ 1,607,029	\$ 1,607,029	N/A
Land improvements	496,527	496,527	2 - 20 years
Buildings	16,943,005	16,943,005	5 - 40 years
Building improvements	4,019,768	3,456,835	5 - 40 years
Furniture and equipment	1,369,000	1,256,907	3 - 10 years
Vehicles	148,929	148,929	3 - 5 years
Construction in process - Capital Campaign	2,332,388	255,782	
Total at cost	<u>26,916,646</u>	<u>24,165,014</u>	
Less: accumulated depreciation	(11,103,461)	(10,064,309)	
Net property and equipment	<u>\$ 15,813,185</u>	<u>\$ 14,100,705</u>	

Depreciation expense for the years ended September 30, 2024 and 2023 was \$1,039,152 and \$855,262, respectively.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are summarized as follows:

	2024	2023
Capital campaign	\$ 3,689,993	\$ 4,266,740
Time restriction	124,500	277,000
New Horizon homes	-	35,000
Other	-	38,250
	\$ 3,814,493	\$ 4,616,990

Net assets with donor restrictions were released by incurring expenses that satisfied the restricted purposes, or by occurrence of other events specified by donors during the year, with \$2,471,103 and \$6,104,796 released during 2024 and 2023, respectively. As of September 30, 2024 and 2023, the Organization has \$2,332,388 and \$255,782, respectively, in construction in process - capital campaign. These donor restricted net assets will be released when the asset is placed in service. Subsequent to year end, the Capital Campaign asset was placed into service.

NOTE 10: CAPITAL CAMPAIGN

The Organization has a capital campaign for transitional housing to serve individuals and families in crisis. The campaign funds will also be used to renovate and improve existing facilities at both Laura's Home and Crossroads. Capital campaign contributions amounted to \$997,428 and \$1,989,421 during the years ended September 30, 2024 and 2023, respectively.

The contributions are recorded as net assets with donor restrictions and are released from restriction when the funds are spent and related assets are placed in service. Included in ending net assets with donor restrictions are capital campaign contributions of \$3,689,993 and \$4,266,740 as of September 30, 2024 and 2023, respectively. Included in those amounts are gross outstanding pledges of \$1,090,000 and \$1,692,000 as of September 30, 2024 and 2023, respectively, of which \$1,063,000 and \$838,000 is classified as current and \$27,000 and \$854,000 is classified as long-term, respectively.

NOTE 11: RELATED PARTY

The Organization receives a donation annually from the TCM Endowment Foundation, a related party. The Endowment Foundation is not controlled by the Organization and the only transaction between the two parties is the receipt of the annual donation. For the years ended September 30, 2024 and 2023, the Organization received \$-0- and \$90,000 from the Endowment Foundation.

NOTE 12: LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of September 30, 2024 and 2023 because of contractually imposed or internal designations. Amounts not available include restricted assets and amounts set aside by the Board for growth and sustainability of the Organization that could be drawn upon if the Board approves the action.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: LIQUIDITY AND FUNDS AVAILABLE (CONTINUED)

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2024	2023
Cash	\$ 9,686,198	\$ 7,574,731
Investments	-	700,040
Receivables	19,592	8,522
Promises to give	1,214,500	1,969,000
Financial assets, at year-end	<u>10,920,290</u>	<u>10,252,293</u>
Less amounts available to be used for the capital campaign:		
Cash - capital campaign	740,642	930,116
Promises to give - current - capital campaign	1,063,000	838,000
Promises to give - long-term - capital campaign, net	27,000	854,000
Promises to give - long-term	50,000	50,000
	<u>1,880,642</u>	<u>2,672,116</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 9,039,648</u>	<u>\$ 7,580,177</u>

NOTE 13: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the statement of financial position date through January 22, 2025, the date these consolidated financial statements were available to be issued.

In January 2025, the Organization placed its construction in progress into service by opening the Rothstein Village Transitional Housing for Families. Placing this into service resulted in the release of approximately \$3,160,000 of net assets with donor restrictions.

THE CITY MISSION AND AFFILIATES

SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024

ASSETS

	<u>TCM</u>	<u>TCMSF</u>	<u>NHP</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
CURRENT ASSETS:					
Cash and cash equivalents	\$ 8,721,404	\$ 218,405	\$ 5,747	\$ -	\$ 8,945,556
Accounts receivable	19,592	-	-	-	19,592
Promises to give	1,137,500	-	-	-	1,137,500
Investments in affiliates	-	94,000	-	(94,000)	-
Prepaid expenses	63,443	-	-	-	63,443
Total current assets	<u>9,941,939</u>	<u>312,405</u>	<u>5,747</u>	<u>(94,000)</u>	<u>10,166,091</u>
PROPERTY AND EQUIPMENT, NET	15,813,185	-	-	-	15,813,185
OTHER ASSETS:					
Restricted cash - capital campaign	740,642	-	-	-	740,642
Promises to give - long-term	77,000	-	-	-	77,000
Property held for New Horizons Program	-	-	457,000	-	457,000
Annuity investments	251,793	-	-	-	251,793
Total other assets	<u>1,069,435</u>	<u>-</u>	<u>457,000</u>	<u>-</u>	<u>1,526,435</u>
Total assets	<u>\$ 26,824,559</u>	<u>\$ 312,405</u>	<u>\$ 462,747</u>	<u>\$ (94,000)</u>	<u>\$ 27,505,711</u>

See independent auditor's report.

THE CITY MISSION AND AFFILIATES

SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF SEPTEMBER 30, 2024

LIABILITIES AND NET ASSETS

	<u>TCM</u>	<u>TCMSF</u>	<u>NHP</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
CURRENT LIABILITIES:					
Accounts payable	\$ 745,299	\$ -	\$ -	\$ -	\$ 745,299
Accrued vacation	221,544	-	-	-	221,544
Accrued payroll	197,997	-	-	-	197,997
Annuity payment liability	64,291	-	-	-	64,291
Total current liabilities	1,229,131	-	-	-	1,229,131
NET ASSETS:					
Without donor restrictions	21,780,935	312,405	462,747	(94,000)	22,462,087
With donor restrictions	3,814,493	-	-	-	3,814,493
Total net assets	25,595,428	312,405	462,747	(94,000)	26,276,580
Total liabilities and net assets	<u>\$ 26,824,559</u>	<u>\$ 312,405</u>	<u>\$ 462,747</u>	<u>\$ (94,000)</u>	<u>\$ 27,505,711</u>

See independent auditor's report.

THE CITY MISSION AND AFFILIATES

SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	TCM		TCMSF		NHP	Eliminations	Consolidated Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions		
SUPPORT AND REVENUES:							
Contributions	\$ 8,947,425	\$ 671,178	\$ 14,329	\$ 25	\$ -	\$ -	\$ 9,632,957
Contributions - donated marketable securities	705,557	-	-	-	-	-	705,557
Contributions - donated materials and services	804,554	-	-	-	-	-	804,554
Investment returns	472,557	-	-	-	-	-	472,557
Other income	39,013	-	-	-	-	-	39,013
Special events	460,588	-	-	-	-	-	460,588
Net assets released from restrictions	291,784	(291,784)	-	-	-	-	-
Total support and revenues	11,721,478	379,394	14,329	25	-	-	12,115,226
FUNCTIONAL EXPENSES:							
Program expenses	9,418,737	-	5,654	100,040	-	-	9,524,431
Development	940,766	-	-	-	-	-	940,766
Administrative and general expenses	824,364	-	-	-	-	-	824,364
Total functional expenses	11,183,867	-	5,654	100,040	-	-	11,289,561
Change in net assets before capital campaign	537,611	379,394	8,675	(100,015)	-	-	825,665
CAPITAL CAMPAIGN:							
Support and revenues	-	997,428	-	-	-	-	997,428
Net assets released from restrictions	2,179,319	(2,179,319)	-	-	-	-	-
Total capital campaign	2,179,319	(1,181,891)	-	-	-	-	997,428
Change in net assets	2,716,930	(802,497)	8,675	(100,015)	-	-	1,823,093
NET ASSETS - beginning of year	19,064,005	4,616,990	303,730	562,762	(94,000)	-	24,453,487
NET ASSETS - end of year	\$ 21,780,935	\$ 3,814,493	\$ 312,405	\$ 462,747	\$ (94,000)	\$ -	\$ 26,276,580

See independent auditor's report.