



The City Mission and Affiliates

Audited Consolidated Financial Statements

As of and for the Years Ended
September 30, 2025 and 2024



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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, 2025 and 2024, 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, 2025 and 2024, 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 audits.
- 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 audits 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 2025 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 2025 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2025 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 2025 consolidated financial statements as a whole.

Rea & Associates, Inc.

Rea & Associates, Inc.
Cleveland, Ohio
December 12, 2025

THE CITY MISSION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025 AND 2024

	<u>ASSETS</u>	
	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,207,803	\$ 8,945,556
Accounts receivable	14,271	19,592
Promises to give	2,634,080	1,137,500
Investments	2,004,590	-
Prepaid expenses	124,656	63,443
Total current assets	13,985,400	10,166,091
PROPERTY AND EQUIPMENT, NET	16,599,600	15,813,185
OTHER ASSETS:		
Restricted cash - capital campaign	-	740,642
Promises to give - long-term	-	77,000
Property held for New Horizons Program	180,000	457,000
Annuity investments	266,429	251,793
Total other assets	446,429	1,526,435
Total assets	<u>\$ 31,031,429</u>	<u>\$ 27,505,711</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 85,533	\$ 745,299
Accrued expenses	26,227	-
Accrued vacation	224,789	221,544
Accrued payroll	222,772	197,997
Annuity payment liability	79,257	64,291
Total current liabilities	638,578	1,229,131
NET ASSETS:		
Without donor restrictions	27,758,771	22,462,087
With donor restrictions	2,634,080	3,814,493
Total net assets	30,392,851	26,276,580
Total liabilities and net assets	<u>\$ 31,031,429</u>	<u>\$ 27,505,711</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, 2025 AND 2024

	2025			2024		
	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	\$ 11,991,974	\$ 2,568,580	\$ 14,560,554	\$ 8,961,779	\$ 671,178	9,632,957
Contributions - donated marketable securities	-	-	-	705,557	-	705,557
Contributions - donated materials and services	732,587	-	732,587	804,554	-	804,554
Investment returns	346,917	-	346,917	472,557	-	472,557
Other income	68,344	-	68,344	39,013	-	39,013
Special events	136,181	-	136,181	460,588	-	460,588
Net assets released from restrictions	74,500	(74,500)	-	291,784	(291,784)	-
Total support and revenues	13,350,503	2,494,080	15,844,583	11,735,832	379,394	12,115,226
FUNCTIONAL EXPENSES:						
Program expenses	9,565,464	-	9,565,464	9,524,431	-	9,524,431
Development	1,448,469	-	1,448,469	940,766	-	940,766
Administrative and general expenses	764,379	-	764,379	824,364	-	824,364
Total functional expenses	11,778,312	-	11,778,312	11,289,561	-	11,289,561
Change in net assets before capital campaign	1,572,191	2,494,080	4,066,271	446,271	379,394	825,665
CAPITAL CAMPAIGN:						
Support and revenues	50,000	-	50,000	-	997,428	997,428
Net assets released from restrictions	3,674,493	(3,674,493)	-	2,179,319	(2,179,319)	-
Total capital campaign	3,724,493	(3,674,493)	50,000	2,179,319	(1,181,891)	997,428
Change in net assets	5,296,684	(1,180,413)	4,116,271	2,625,590	(802,497)	1,823,093
NET ASSETS - beginning of year	22,462,087	3,814,493	26,276,580	19,836,497	4,616,990	24,453,487
NET ASSETS - end of year	\$ 27,758,771	\$ 2,634,080	\$ 30,392,851	\$ 22,462,087	\$ 3,814,493	\$ 26,276,580

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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,116,271	\$ 1,823,093
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,103,592	1,039,152
Non-cash stock donations	-	(705,557)
Realized and unrealized loss (gain) on investments	1,256	(41,323)
Uncollectible pledge expense	13,292	21,159
Donation (contributions) of property held for sale	177,000	(167,000)
Contributions restricted for long-term purposes	-	(997,428)
Gain on sale of property held for sale	(41,284)	-
Changes in assets and liabilities:		
Accounts receivable	5,321	(11,070)
Promises to give	(2,507,372)	1,080,769
Prepaid expenses	(61,213)	14,098
Accounts payable	(659,766)	649,401
Accrued expenses	26,227	(23,754)
Accrued vacation	3,245	41,819
Accrued payroll	24,775	89,236
Total adjustments	(1,914,927)	989,502
Net cash provided by operating activities	2,201,344	2,812,595
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	1,400,504
Purchase of investments	(2,005,516)	-
Purchase of property and equipment	(1,890,007)	(2,751,632)
Proceeds from sale of property held for sale	141,284	-
Net cash used in investing activities	(3,754,239)	(1,351,128)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes	1,074,500	650,000
Net cash provided by financing activities	1,074,500	650,000
Net (decrease) increase in cash and cash equivalents and restricted cash	(478,395)	2,111,467
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of year	9,686,198	7,574,731
End of year	\$ 9,207,803	\$ 9,686,198

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, 2025

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	\$ 1,823,680	\$ 167,255	\$ 2,046,320	\$ -	\$ 4,037,255	\$ 487,225	\$ 291,478	\$ 4,815,958
Payroll taxes	131,698	11,834	138,171	-	281,703	34,513	19,875	336,091
Insurance - medical	431,052	34,484	403,514	-	869,050	109,211	49,373	1,027,634
Pension expense	68,404	8,981	75,104	-	152,489	31,702	36,047	220,238
Staff development	20,799	2,151	38,323	-	61,273	11,675	13,827	86,775
Other employee expenses	8,313	1,144	8,152	-	17,609	5,943	8,257	31,809
Total employee expenses	2,483,946	225,849	2,709,584	-	5,419,379	680,269	418,857	6,518,505
Client expenses:								
Food	196,965	-	305,512	-	502,477	-	-	502,477
Client programs	51,734	192,391	78,714	15,000	337,839	-	-	337,839
Total client expenses	248,699	192,391	384,226	15,000	840,316	-	-	840,316
Facility and vehicle expenses:								
Utilities	145,609	29,014	175,325	-	349,948	4,477	22,386	376,811
Repair and maintenance	155,692	22,643	143,032	-	321,367	3,541	18,515	343,423
Vehicle expenses	8,230	69	2,834	-	11,133	452	3,330	14,915
Total facility and vehicle expenses	309,531	51,726	321,191	-	682,448	8,470	44,231	735,149
Organizational expenses:								
Education, awareness and fundraising	159,848	40,713	200,561	-	401,122	731,064	-	1,132,186
Office and postage	130,246	17,135	126,118	59	273,558	19,097	213,288	505,943
Insurance - liability	35,131	5,405	35,131	2,716	78,383	5,405	27,024	110,812
Professional services	18,445	2,838	18,445	7,105	46,833	2,838	40,632	90,303
Contributions	-	-	-	3,000	3,000	-	5,085	8,085
Taxes	-	6,806	-	-	6,806	-	-	6,806
Total organizational expenses	343,670	72,897	380,255	12,880	809,702	758,404	286,029	1,854,135
Total cash expenses	3,385,846	542,863	3,795,256	27,880	7,751,845	1,447,143	749,117	9,948,105
Donated goods and services expenses:								
Food	37,169	-	72,986	-	110,155	-	-	110,155
Client programs (clothing and misc.)	192,805	2,285	401,765	-	596,855	-	-	596,855
Professional services	1,383	251	1,383	-	3,017	1,326	1,970	6,313
Total donated goods and services expenses	231,357	2,536	476,134	-	710,027	1,326	1,970	713,323
Total expenses before depreciation and uncollectible pledge expense	3,617,203	545,399	4,271,390	27,880	8,461,872	1,448,469	751,087	10,661,428
Uncollectible pledge expense	-	-	-	-	-	-	13,292	13,292
Depreciation	434,534	74,594	594,464	-	1,103,592	-	-	1,103,592
Total functional expenses	\$ 4,051,737	\$ 619,993	\$ 4,865,854	\$ 27,880	\$ 9,565,464	\$ 1,448,469	\$ 764,379	\$ 11,778,312

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					Development	Administrative and General	Total Expenses
	Crossroads Men's Ministry	New Horizons	Laura's Home	TCMSF	Total Program Expenses			
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:								
Education, awareness and fundraising	378,765	63,127	568,147	-	1,010,039	252,510	59,611	1,322,160
Office 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	-	612,011	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

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). TCM'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 controls TCMSF through common control, and the entities share an economic interest. Accordingly, the activities of TCMSF have been consolidated in these financial statements. The activity of TCMSF includes NHP accounts. 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)

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 statements of financial position that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	2025	2024
Cash and cash equivalents	\$9,207,803	\$8,945,556
Restricted cash - capital campaign	-	740,642
	<u>\$9,207,803</u>	<u>\$9,686,198</u>

Investments

The Organization follows Financial Accounting Standards Board (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.

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.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 and 2024, the allowance was \$-0-. Uncollectible pledge expense of \$13,292 and \$21,159 for the years ended September 30, 2025 and 2024, 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 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. The resulting gain or loss is reported in the consolidated statements of activities and changes in net assets (see Note 3).

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nonprofit organizations exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code ("IRC"). TCM also qualifies as a church as defined under Sections 509(a)(1) and 170(b)(1)(A)(i) of the IRC. Accordingly, TCM, TCMSF, and NHP are exempt from federal, state, and local income taxes and are not required to file income tax returns. TCMSF and NHP file annual information returns on Form 990, while TCM is exempt from such filing requirements as a church.

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.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: PROMISES TO GIVE

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

	2025	2024
Pledges receivable - current	\$ 2,634,080	\$ 74,500
Pledges receivable - long term	-	50,000
Capital campaign pledges - current	-	1,063,000
Capital campaign pledges - long term	-	27,000
Total pledges	<u>\$ 2,634,080</u>	<u>\$ 1,214,500</u>

Current pledges receivable reflect amounts anticipated to be collected within twelve months. Amounts expected to be collected after twelve months are reported as long-term pledges receivable. Uncollectible pledges for the years ended September 30, 2025 and 2024, was \$0. Management has determined all pledges to be fully collectible, and therefore, no allowance for uncollectible pledges is reflected.

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 rate of 4.8% was used as the discount rate in calculating the present value of the liability as of September 30, 2025 and 2024.

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 tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis as of September 30, 2025 and 2024:

	Level 1	Level 2	Level 3	Total
Annuity investments:				
Equity mutual funds	\$ 84,700	\$ -	\$ -	\$ 84,700
Income mutual funds	181,729	-	-	181,729
Certificates of Deposit	-	2,004,590	-	2,004,590
	<u>\$266,429</u>	<u>\$2,004,590</u>	<u>\$ -</u>	<u>\$2,271,019</u>

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: FAIR VALUE DISCLOSURE AND MEASUREMENT (CONTINUED)

	Level 1	Level 2	Level 3	Total
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>

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.

Certificates of Deposit: The fair value of the certificates of deposit was estimated using market prices for similar instruments. Due to the short-term nature and negligible credit risk, the carrying amount approximates fair value. The CD is classified within Level 2 of the fair value hierarchy. There were no significant changes in valuation techniques during the period.

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 6.74% and 7.46% at September 30, 2025 and 2024, respectively. The outstanding balance as of September 30, 2025, and 2024 was \$-0-. The line of credit expires on March 31, 2026.

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, 2025 and 2024, 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, 2025 and 2024 were \$129,054 and \$120,807, respectively. In addition, the Organization maintains obligations for pension-related payments arising from former severance agreements. The related liabilities totaled \$91,184 and \$94,593 as of September 30, 2025 and 2024, respectively.

NOTE 7: DONATED MATERIALS AND SERVICES

During the year ended September 30, 2025, TCM received a donated vehicle worth \$19,264, clothes of \$276,049, household goods of \$110,095, food of \$110,155, material goods for client use of \$210,712, and donated services of \$6,312. The estimated value of volunteer efforts that did not require specialized skills was \$472,549.

During the year ended September 30, 2024, TCM 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.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: PROPERTY AND EQUIPMENT

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

	2025	2024	Depreciable Lives
Land	\$ 1,607,029	\$ 1,607,029	N/A
Land improvements	564,210	496,527	2 - 20 years
Buildings	20,558,675	16,943,005	5 - 40 years
Building improvements	4,050,333	4,019,768	5 - 40 years
Furniture and equipment	1,544,363	1,369,000	3 - 10 years
Vehicles	168,193	148,929	3 - 5 years
Construction in process	184,215	-	n/a
Construction in process - Capital Campaign	-	2,332,387	n/a
Total at cost	28,677,018	26,916,645	
Less: accumulated depreciation	(12,077,418)	(11,103,460)	
Net property and equipment	<u>\$ 16,599,600</u>	<u>\$ 15,813,185</u>	

Depreciation expense for the years ended September 30, 2025 and 2024 was \$1,103,592 and \$1,039,152, respectively.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are summarized as follows:

	2025	2024
Capital campaign	\$ -	\$ 3,689,993
Time restriction	2,634,080	124,500
	<u>\$ 2,634,080</u>	<u>\$ 3,814,493</u>

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 \$3,748,993 and \$2,471,103 released during 2025 and 2024, respectively. As of September 30, 2024, the Organization had \$2,332,388 in construction in process - capital campaign. These donor restricted net assets were released when the asset was placed in service in 2025.

NOTE 10: CAPITAL CAMPAIGN

The Organization had a capital campaign for transitional housing to serve individuals and families in crisis. The campaign funds were used to renovate and improve existing facilities at both Laura's Home and Crossroads. Capital campaign contributions amounted to \$50,000 and \$997,428 during the years ended September 30, 2025 and 2024, respectively.

THE CITY MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10: CAPITAL CAMPAIGN (CONTINUED)

The contributions were recorded as net assets with donor restrictions and were released from restriction when the funds were spent and related assets were placed in service. Included in ending net assets with donor restrictions are capital campaign contributions of \$-0- and \$3,689,993 as of September 30, 2025 and 2024, respectively. Included in those amounts are gross outstanding pledges of \$-0- and \$1,090,000 as of September 30, 2025 and 2024, respectively, of which \$-0- and \$1,063,000 is classified as current and \$-0- and \$27,000 is classified as long-term, respectively.

NOTE 11: RELATED PARTY

The Organization periodically receives donations from the TCM Endowment Foundation, a related party. The Endowment Foundation is not controlled by the Organization, and the receipt of donations represents the only transactions between the Organization and the Endowment Foundation. For the years ended September 30, 2025 and 2024, the Organization received no donations 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, 2025 and 2024 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 Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2025	2024
Cash	\$ 9,207,803	\$ 9,686,198
Receivables	14,271	19,592
Promises to give	2,634,080	1,214,500
Investments	2,004,590	-
Financial assets, at year-end	13,860,744	10,920,290
Less amounts available to be used for the capital campaign:		
Cash - capital campaign	-	740,642
Promises to give - current - capital campaign	-	1,063,000
Promises to give - long-term - capital campaign, net	-	27,000
Promises to give - long-term	-	50,000
	-	1,880,642
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 13,860,744</u>	<u>\$ 9,039,648</u>

NOTE 13: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the statement of financial position date through December 12, 2025, the date these consolidated financial statements were available to be issued.

THE CITY MISSION AND AFFILIATES

SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025

ASSETS

	TCM	TCMSF	NHP	Eliminations	Consolidated Total
CURRENT ASSETS:					
Cash and cash equivalents	\$ 8,855,217	\$ 205,526	\$ 147,060	\$ -	\$ 9,207,803
Accounts receivable	14,271	-	-	-	14,271
Promises to give	2,634,080	-	-	-	2,634,080
Investments	2,004,590	-	-	-	2,004,590
Investments in affiliates	-	94,000	-	(94,000)	-
Prepaid expenses	124,656	-	-	-	124,656
Total current assets	13,632,814	299,526	147,060	(94,000)	13,985,400
PROPERTY AND EQUIPMENT, NET	16,599,600	-	-	-	16,599,600
OTHER ASSETS:					
Property held for New Horizons Program	-	-	180,000	-	180,000
Annuity investments	266,429	-	-	-	266,429
Total other assets	266,429	-	180,000	-	446,429
Total assets	<u>\$ 30,498,843</u>	<u>\$ 299,526</u>	<u>\$ 327,060</u>	<u>\$ (94,000)</u>	<u>\$ 31,031,429</u>

See independent auditor's report.

THE CITY MISSION AND AFFILIATES

SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF SEPTEMBER 30, 2025

LIABILITIES AND NET ASSETS

	TCM	TCMSF	NHP	Eliminations	Consolidated Total
CURRENT LIABILITIES:					
Accounts payable	\$ 84,165	\$ 1,068	\$ 300	\$ -	\$ 85,533
Accrued expenses	26,227	-	-	-	26,227
Accrued vacation	224,789	-	-	-	224,789
Accrued payroll	222,772	-	-	-	222,772
Annuity payment liability	79,257	-	-	-	79,257
Total current liabilities	637,210	1,068	300	-	638,578
NET ASSETS:					
Without donor restrictions	27,227,553	298,458	326,760	(94,000)	27,758,771
With donor restrictions	2,634,080	-	-	-	2,634,080
Total net assets	29,861,633	298,458	326,760	(94,000)	30,392,851
Total liabilities and net assets	<u>\$ 30,498,843</u>	<u>\$ 299,526</u>	<u>\$ 327,060</u>	<u>\$ (94,000)</u>	<u>\$ 31,031,429</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, 2025

	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			
SUPPORT AND REVENUES:							
Contributions	\$ 11,977,991	\$ 2,568,580	\$ 13,933	\$ 50	\$ -	\$ -	\$ 14,560,554
Contributions - donated materials and services	732,587	-	-	-	-	-	732,587
Investment returns	346,917	-	-	-	-	-	346,917
Other income	27,060	-	-	41,284	-	-	68,344
Special events	136,181	-	-	-	-	-	136,181
Net assets released from restrictions	74,500	(74,500)	-	-	-	-	-
Total support and revenues	13,295,236	2,494,080	13,933	41,334	-	-	15,844,583
FUNCTIONAL EXPENSES:							
Program expenses	9,360,263	-	27,880	177,321	-	-	9,565,464
Development	1,448,469	-	-	-	-	-	1,448,469
Administrative and general expenses	764,379	-	-	-	-	-	764,379
Total functional expenses	11,573,111	-	27,880	177,321	-	-	11,778,312
Change in net assets before capital campaign	1,722,125	2,494,080	(13,947)	(135,987)	-	-	4,066,271
CAPITAL CAMPAIGN:							
Support and revenues	50,000	-	-	-	-	-	50,000
Net assets released from restrictions	3,674,493	(3,674,493)	-	-	-	-	-
Total capital campaign	3,724,493	(3,674,493)	-	-	-	-	50,000
Change in net assets	5,446,618	(1,180,413)	(13,947)	(135,987)	-	-	4,116,271
NET ASSETS - beginning of year	21,780,935	3,814,493	312,405	462,747	(94,000)	-	26,276,580
NET ASSETS - end of year	\$ 27,227,553	\$ 2,634,080	\$ 298,458	\$ 326,760	\$ (94,000)	\$ -	\$ 30,392,851

See independent auditor's report.