

**Helping Up Mission, Inc.
and Affiliates**

**Audited Consolidated
Financial Statements**

June 30, 2023 and 2022

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Independent Auditor's Report

Board of Directors
Helping Up Mission, Inc. and Affiliates
Baltimore, Maryland

Opinion

We have audited the accompanying consolidated financial statements of Helping Up Mission, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Helping Up Mission, Inc. and Affiliates as of June 30, 2023 and 2022, and the results of the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of House of Freedom Support Corporation, an affiliate, which statements reflect total assets of \$46,242,920 and \$49,667,310, as of June 30, 2023 and 2022, respectively, and total support and revenue of \$827,757 and \$5,808,818, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for House of Freedom Support Corporation, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Helping Up Mission, Inc. and Affiliates 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.

(1)

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 Helping Up Mission, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 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 Helping Up Mission, Inc. and Affiliates' 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 Helping Up Mission, Inc. and Affiliates' 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.

Report on Supplementary Information

Our reports were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Statements of Expenses shown on pages 42-49 are presented for the purpose of additional analysis of the consolidated financial statements and they are 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. This 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 Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Statements of Expenses, which insofar as it relates to House of Freedom Support Corporation, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Fitzpatrick, Leary, Smyrko, LLC

Lutherville, MD
September 19, 2023

Helping Up Mission, Inc. and Affiliates

Consolidated Statements of Financial Position

June 30,	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,303,009	\$ 1,496,151
Accounts receivable, net of allowance	338,165	153,721
Contributions and grants receivable	756,810	708,079
Investments	12,608,039	10,613,795
Capital campaign pledges receivable	180,708	836,159
Operational pledges receivable	183,000	1,779,940
Prepaid expenses	<u>39,120</u>	<u>33,124</u>
Total current assets	<u>15,408,851</u>	<u>15,620,969</u>
Property and Equipment:		
Buildings and improvements	59,487,534	57,812,360
Furniture and equipment	7,028,393	6,869,831
Vehicles	<u>413,023</u>	<u>301,699</u>
Total	66,928,950	64,983,890
Less accumulated depreciation	<u>8,422,751</u>	<u>6,083,301</u>
	58,506,199	58,900,589
Land	770,700	770,700
Construction in progress	<u>168,723</u>	<u>647,263</u>
Net property and equipment	<u>59,445,622</u>	<u>60,318,552</u>
Other Assets:		
Restricted cash for building construction / operating expenses	3,418,623	11,379,805
Restricted investments for women's program	5,129,644	-
Fee reserves	306,188	402,599
Capital campaign pledges receivable - noncurrent	55,224	201,211
Operational pledges receivable - noncurrent	146,330	307,997
Right-of-use asset, operating lease, net	378,160	-
Other receivables and deposits	449,845	40,915
Note receivable	<u>16,325,500</u>	<u>16,325,500</u>
Total other assets	<u>26,209,514</u>	<u>28,658,027</u>
Total Assets	<u>\$ 101,063,987</u>	<u>\$ 104,597,548</u>

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

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current Liabilities:		
Current maturities of loans payable	\$ 127,134	\$ 2,500,000
Current maturities of annuities payable	5,691	5,468
Accounts payable	303,867	163,236
Accrued expenses	368,526	288,255
Construction payables	-	2,505,955
Refundable advance	161,775	161,775
Current maturities of lease liabilities	33,579	55,462
Total current liabilities	<u>1,000,572</u>	<u>5,680,151</u>
Long-Term Liabilities:		
Loans payable, net of current maturities	24,560,956	22,298,376
Annuities payable, net of current maturities	12,085	17,776
Lease liabilities, net of current maturities	415,520	-
Total long-term liabilities	<u>24,988,561</u>	<u>22,316,152</u>
Total liabilities	<u>25,989,133</u>	<u>27,996,303</u>
Net Assets:		
Without donor restrictions (Note 13)	64,225,288	63,034,758
With donor restrictions (Note 14)	10,849,566	13,566,487
Total net assets	<u>75,074,854</u>	<u>76,601,245</u>
Total Liabilities and Net Assets	<u>\$ 101,063,987</u>	<u>\$ 104,597,548</u>

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

Helping Up Mission, Inc. and Affiliates

Consolidated Statements of Activities

For the years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Support:						
Contributions and gifts	\$ 7,550,035	\$ 2,401,824	\$ 9,951,859	\$ 7,452,092	\$ 1,356,144	\$ 8,808,236
In-kind donations (Note 16)	5,069,102	-	5,069,102	6,047,651	-	6,047,651
Operational pledges	53,463	-	53,463	61,936	3,534,023	3,595,959
Net assets released from restrictions	5,118,745	(5,118,745)	-	1,697,570	(1,697,570)	-
Total support	17,791,345	(2,716,921)	15,074,424	15,259,249	3,192,597	18,451,846
Revenue:						
Program fees	1,438,531	-	1,438,531	1,463,333	-	1,463,333
Overnight, day and support services	1,735,812	-	1,735,812	1,473,582	-	1,473,582
Rental income	136,744	-	136,744	108,844	-	108,844
Other income	249,478	-	249,478	10,593	-	10,593
Total revenue	3,560,565	-	3,560,565	3,056,352	-	3,056,352
Total support and revenue	21,351,910	(2,716,921)	18,634,989	18,315,601	3,192,597	21,508,198
Functional Expenses:						
Program services	17,260,012	-	17,260,012	16,249,266	-	16,249,266
Administrative and general	1,201,720	-	1,201,720	799,334	-	799,334
Fundraising	3,258,977	-	3,258,977	2,656,653	-	2,656,653
Total functional expenses	21,720,709	-	21,720,709	19,705,253	-	19,705,253
Increase (decrease) from operations	(368,799)	(2,716,921)	(3,085,720)	(1,389,652)	3,192,597	1,802,945
Other Changes:						
Capital campaign pledges and contributions, net	-	-	-	-	4,127,979	4,127,979
Impairment loss on building	-	-	-	(280,415)	-	(280,415)
Investment income (loss)	1,600,120	-	1,600,120	(1,071,961)	-	(1,071,961)
Uncollectible pledges and grants	(39,811)	-	(39,811)	(6,990)	-	(6,990)
Loss on disposal of fixed assets	(980)	-	(980)	(857)	-	(857)
Net assets released from restriction	-	-	-	47,537,103	(47,537,103)	-
Total other changes	1,559,329	-	1,559,329	46,176,880	(43,409,124)	2,767,756
Increase (decrease) in net assets	1,190,530	(2,716,921)	(1,526,391)	44,787,228	(40,216,527)	4,570,701
Net assets - beginning of year	63,034,758	13,566,487	76,601,245	18,247,530	53,783,014	72,030,544
Net assets - end of year	\$ 64,225,288	\$ 10,849,566	\$ 75,074,854	\$ 63,034,758	\$ 13,566,487	\$ 76,601,245

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

Helping Up Mission, Inc. and Affiliates

Consolidated Statements of Functional Expenses

For the year ended June 30, 2023 (with comparative totals for 2022)

	Program Services	Administrative and General	Fundraising	Total	
				2023	2022
Annuity interest	\$ -	\$ 883	\$ -	\$ 883	\$ 1,097
Bank fees	372	71,651	-	72,023	48,856
Camps	36,510	-	-	36,510	34,430
Conference, seminars and meetings	19,323	18,773	3,670	41,766	27,759
Cultivation and acquisition	-	-	1,868,442	1,868,442	1,425,492
Depreciation	2,377,694	14,391	14,391	2,406,476	961,054
Kitchen	994,585	303	3,281	998,169	830,999
Housekeeping	108,302	-	-	108,302	135,682
Insurance	139,245	59,677	-	198,922	156,534
Interest	296,059	101,841	-	397,900	81,808
Memberships and subscriptions	1,431	23,073	7,057	31,561	37,508
Newsletter expenses	207,747	-	-	207,747	167,397
Printing, postage and shipping	24,896	8,715	8,264	41,875	35,925
Professional and contractual services	472,817	228,322	2,487	703,626	1,597,553
Public awareness	238,983	-	453,597	692,580	528,559
Leasing costs	236,611	6,156	10,250	253,017	260,165
Repairs and maintenance - building	306,465	768	-	307,233	249,871
Residents' assistance	372,475	-	-	372,475	323,413
Salaries and related expenses	5,148,048	603,129	771,770	6,522,947	5,630,655
Software licensing	33,597	6,560	73,131	113,288	163,545
Special events	1,586	4,380	532	6,498	54,686
Supplies	48,673	9,743	4,273	62,689	59,340
Telephone and communication	62,630	6,401	8,310	77,341	75,318
Travel and entertainment	7,657	14,081	6,544	28,282	17,419
Utilities	990,966	22,869	22,869	1,036,704	693,601
Vehicles	64,238	4	109	64,351	62,936
Subtotal	<u>12,190,910</u>	<u>1,201,720</u>	<u>3,258,977</u>	<u>16,651,607</u>	<u>13,661,602</u>
Non-cash distributions:					
Donated merchandise distribution	1,787,392	-	-	1,787,392	3,392,089
Donated professional services distribution	2,141,419	-	-	2,141,419	1,953,893
Donated food distribution	1,140,291	-	-	1,140,291	697,669
Subtotal - Non-cash distributions	<u>5,069,102</u>	<u>-</u>	<u>-</u>	<u>5,069,102</u>	<u>6,043,651</u>
Total functional expenses	<u>\$ 17,260,012</u>	<u>\$ 1,201,720</u>	<u>\$ 3,258,977</u>	<u>\$ 21,720,709</u>	<u>\$ 19,705,253</u>

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

Helping Up Mission, Inc. and Affiliates

Consolidated Statements of Functional Expenses

For the year ended June 30, 2022

	Program Services	Administrative and General	Fundraising	2022
Annuity interest	\$ -	\$ 1,097	\$ -	\$ 1,097
Bank fees	4,400	44,439	17	48,856
Camps	34,430	-	-	34,430
Conference, seminars and meetings	16,737	8,168	2,854	27,759
Cultivation and acquisition	-	-	1,425,492	1,425,492
Depreciation	941,526	9,764	9,764	961,054
Kitchen	830,954	45	-	830,999
Housekeeping	135,682	-	-	135,682
Insurance	109,574	46,960	-	156,534
Interest	35,436	46,372	-	81,808
Memberships and subscriptions	11,319	18,475	7,714	37,508
Newsletter expenses	167,397	-	-	167,397
Printing, postage and shipping	18,337	8,791	8,797	35,925
Professional and contractual services	1,509,021	87,487	1,045	1,597,553
Public awareness	176,176	-	352,383	528,559
Leasing costs	231,667	18,222	10,276	260,165
Repairs and maintenance - building	249,871	-	-	249,871
Residents' assistance	323,413	-	-	323,413
Salaries and related expenses	4,496,741	463,786	670,128	5,630,655
Software licensing	76,504	7,010	80,031	163,545
Special events	37	1,218	53,431	54,686
Supplies	38,717	10,914	9,709	59,340
Telephone and communication	59,136	7,127	9,055	75,318
Travel and entertainment	4,392	8,259	4,768	17,419
Utilities	671,377	11,112	11,112	693,601
Vehicles	62,771	88	77	62,936
Subtotal	<u>10,205,615</u>	<u>799,334</u>	<u>2,656,653</u>	<u>13,661,602</u>
Non-cash distributions:				
Donated merchandise distribution	3,392,089	-	-	3,392,089
Donated professional services distribution	1,953,893	-	-	1,953,893
Donated food distribution	697,669	-	-	697,669
Subtotal - Non-cash distributions	<u>6,043,651</u>	<u>-</u>	<u>-</u>	<u>6,043,651</u>
Total functional expenses	<u>\$ 16,249,266</u>	<u>\$ 799,334</u>	<u>\$ 2,656,653</u>	<u>\$ 19,705,253</u>

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

Helping Up Mission, Inc. and Affiliates

Consolidated Statements of Cash Flows

For the years ended June 30,	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (1,526,391)	\$ 4,570,701
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Amortization of debt issuance costs included in interest expense	1,624	3,543
Change in discount on pledges receivable	(77,932)	12,092
Depreciation	2,406,476	961,054
Donated securities and other assets	(393,642)	(403,704)
Impairment loss on building	-	280,415
Loss on disposal of property and equipment	980	857
Realized gain on sale of investments	(5,396)	(3,951)
Uncollectible pledges and grants	39,811	6,990
Unrealized (gain) loss on investments	(515,240)	1,923,501
Change in right-of-use assets and lease liabilities, operating leases, net	15,478	15,478
New capital campaign pledges and capital campaign contributions, net	-	(4,073,339)
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(184,444)	(18,012)
Contributions and grants receivable	(63,133)	(634,829)
Operational pledges receivable	1,807,010	(1,733,784)
Prepaid expenses	(5,996)	50,079
Other receivables and deposits	(408,930)	(36,015)
(Decrease) increase in:		
Accounts payable	140,631	74,153
Accrued expenses	80,271	46,792
Construction payables	(2,505,955)	(4,472,828)
Net cash used in operating activities	<u>(1,194,778)</u>	<u>(3,430,807)</u>
Cash flows from investing activities:		
Purchase of investments	(6,608,648)	(3,401,755)
Proceeds from sale of investments	399,038	701,596
Purchase of property, equipment and construction in progress	(1,534,526)	(10,855,913)
Proceeds from sale of property and equipment	-	12,350
Issuance of note receivable	-	(7,353,000)
Net cash used in investing activities	<u>(7,744,136)</u>	<u>(20,896,722)</u>
Cash flows from financing activities:		
Payments received on capital campaign pledges and capital campaign contributions	805,557	5,910,919
Proceeds - long-term debt	-	9,800,000
Principal repayments on loans payable	(111,910)	-
Principal repayments on annuities payable	(5,468)	(5,252)
Net cash provided by financing activities	<u>688,179</u>	<u>15,705,667</u>
Net decrease in cash, cash equivalents and restricted cash	(8,250,735)	(8,621,862)
Cash, cash equivalents and restricted cash, beginning of year	<u>13,278,555</u>	<u>21,900,417</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 5,027,820</u>	<u>\$ 13,278,555</u>

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

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

1. Nature of Operations

Helping Up Mission, Inc. (HUM) is a non-profit organization whose purpose is to educate and engage the public in providing help for those experiencing homelessness, poverty or addiction through programs designed to meet unique physical, psychological, social and spiritual needs. The Organization operates primarily on funds received from the general public and program fees.

House of Freedom, Inc. (HOF) is a non-profit organization whose purpose is to continue the work of Helping Up Mission, Inc. by providing transitional housing, supportive services, and other assistance to those who do not have permanent housing and are victims of substance abuse or the ill-effects of society in general in order to prepare them to become responsible and useful members of the community and society. The Organization operates primarily on funds received from the general public and program fees.

House of Freedom Support Corporation (HOFSC) is a non-profit organization formed on October 22, 2019 to construct a property in the City of Baltimore as a community facility serving homeless and low-income women and children. HOFSC is a Qualified Active Low-Income Community Business in accordance with the terms under the New Markets Tax Credit ("NMTC") program pursuant to Section 45D of the Internal Revenue Code. The Organization is required to comply with the various rules and regulations of the NMTC program and failure to comply with these rules or other requirements could result in recapture of NMTCs already taken by M&T Bank. HOFSC obtained NMTC incentivized financing from two Community Development Entities to rehabilitate, improve and lease a building to HUM (see Note 10).

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of Helping Up Mission, Inc. and Affiliates include the accounts of HUM, HOF and HOFSC, hereinafter collectively referred to as "the Organization". HUM and HOF share the same Board of Directors, with HOF having an additional three independent board members during the year ended June 30, 2023 and 2022. HOFSC shares three of its five board members with HUM, with the other two board members being independent outside members appointed by HUM. All material inter-organization transactions and balances have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). As such, revenue is recorded when earned and expenses are recorded when an obligation is incurred.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be a cash equivalent.

Accounts Receivable, Credit Policies and Allowance for Doubtful Accounts

Accounts receivable are uncollateralized obligations due for program fees related to overnight boarding and transportation services provided to various partner organizations and other amounts billed for services provided to individuals under various programs. Payment is required within 30 days from the invoice date. Follow-up correspondence is made if unpaid accounts receivable go beyond 60 days. Statements for unpaid balances are not generated and delinquency fees are not assessed. Payments of accounts receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, are applied to the oldest unpaid invoices.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that may not be collected. Management individually reviews all accounts receivable balances that exceed the due date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Accounts receivable are deemed fully collectible at June 30, 2023 and 2022, and therefore, the Organization has not established an allowance for doubtful accounts. There was no bad debt expense related to accounts receivable for the years ended June 30, 2023 and 2022.

Contributions and Grants Receivable

Contributions and grants receivable represents unconditional promises to give to be collected within the next year and are recorded in the year the promise is made. Contributions and grants receivable are considered fully collectible at June 30, 2023 and 2022 and accordingly, no allowance for doubtful accounts is required. Bad debt expense related to contributions and grants receivable totaled \$14,401 and \$-0- for the years ended June 30, 2023 and 2022, respectively. The amount is included in "uncollectible pledges and grants" in the accompanying Consolidated Statements of Activities for the years ended June 30, 2023 and 2022, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Property and Equipment and Depreciation

Property and equipment are stated at cost if purchased, or fair market value if obtained through donation. The Organization capitalizes expenditures greater than or equal to \$2,500 that qualify as property and equipment. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	7 - 40 years
Furniture and equipment	3 - 15 years
Vehicles	3 - 10 years

Depreciation expense was \$2,406,476 and \$961,054 for the years ended June 30, 2023 and 2022, respectively.

Impairment of Property

The Organization reviews its land, building and improvements for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value.

During the year ended June 30, 2022, HUM received an appraisal on the building located at 1017 E. Baltimore Street. An impairment loss totaling \$280,415 represents the difference between the carrying value of the building, improvements and land and the market value based on the appraisal received in June 2022. No impairment loss was recognized during the year ended June 30, 2023.

Investments

Investment securities are carried at fair value based on quoted market prices. The change in net unrealized appreciation (depreciation) of marketable securities for the year is reflected in the Statements of Activities in "investment income (loss)." Realized gains and losses on sales of investments are computed on an average cost basis and are recorded on the trade date of the transaction and are also included in "investment income (loss)." Investment expenses, such as custodial, commission, and investment advisory fees, are netted against investment income in the Statements of Activities.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Financial Risk

The Organization invests in a portfolio that contains mutual funds and treasury bills. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Fair Value Measurements

The Organization has characterized its assets and liabilities based on the priority of inputs used to measure fair value, based on a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets and liabilities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

- Level 1 assets and liabilities use quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 assets and liabilities use observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities.
- Level 3 assets and liabilities use unobservable inputs that are supported by little or no market activity.

The Organization's assets and liabilities that are subject to fair value measurements are categorized in one of the three levels above (see Note 7). Fair values are based on the inputs available at the measurement dates, and may rely on certain assumptions that may affect the valuation of fair value for certain assets and liabilities.

The carrying amounts of current receivables and payables approximate fair value due to the short-term nature of these assets.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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.

Net assets without donor restrictions – Net assets without donor restrictions are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes (Note 13).

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 Organization reports contributions and grants as revenue with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. The Organization had net assets with donor restrictions totaling \$10,849,566 and \$13,566,487 at June 30, 2023 and 2022, respectively (see Note 14).

Donated Materials and Services

In-kind donations consist of donated food, supplies, merchandise and professional services. These donations are recorded at their estimated fair value at the date of receipt (see Note 16).

Advertising

The Organization expenses advertising costs the first time the advertising takes place. The amounts charged to advertising expense totaled \$678,757 and \$514,264 for the years ended June 30, 2023 and 2022, respectively. Advertising expense is included in “public awareness” in the Consolidated Statements of Functional Expenses.

Income Taxes

HUM, HOF and HOFSC are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in these financial statements.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization accounts for income tax provisions in accordance with Financial Accounting Standards Board Accounting Standards Concept Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Organization believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, have not recorded any reserves, or related accruals for interest and penalties, at June 30, 2023 and 2022 for uncertain income tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization has adopted a policy under which, if required to be recognized in the future, will classify interest related to the underpayment of income taxes as a component of interest expense, and will classify any related penalties in administrative and general expenses in the Consolidated Statements of Functional Expenses and Consolidated Statements of Activities. The Organization believes they are subject to income tax examinations by tax authorities for the current year and the last three years.

Functional Allocation of Expenses

The Consolidated Statements of Functional Expenses present expenses by function and natural classification. The functional classification of expenses includes the following:

Program activities

Program activities are direct and indirect costs related to providing the Organization's programs and services. These expenses relate directly to the purpose for which the Organization exists. Programs and services include providing transitional housing, supportive services and other assistance to those who do not have permanent housing.

General and Administrative

The supporting service category includes general and administrative costs necessary to secure proper administrative function of the governing board, maintain an adequate working environment, and manage the financial responsibilities of the Organization.

Fundraising

The supporting service category also includes expenditures which provide the structure necessary to encourage and secure outside financial support for the Organization's operations and special projects.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

Expenses are charged to each functional classification based on direct expenditures incurred. Indirect expenses are allocated to the various programs and supporting services based on an allocation formula and in accordance with various grant agreements. Certain costs have been allocated between program and supporting services based on the proportion of program-related salaries and benefits to total salaries and benefits.

Use of Estimates

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

Accounting Pronouncements Adopted

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The revised guidance did not change the accounting recognition or valuation of contributed nonfinancial assets or in-kind donations (GIK), but it does require a more prominent presentation of GIK and enhanced disclosures regarding the valuation and use of the related assets. The Organization adopted the new guidance effective July 1, 2021. The Organization's disclosures under this new standard are described in Note 16.

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued various additional ASUs, which amend and clarify *Topic 842*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for the present value of future minimum lease payments for all long-term operating leases on the Statements of Financial Position.

The Organization elected to adopt *Topic 842* effective July 1, 2022 using the effective date method, which applies *Topic 842* prospectively from the transition date. The Organization utilized all practical expedients available under *Topic 842*, except for the practical expedient allowing the combination of lease and non-lease components. The adoption of *Topic 842* had a material impact on the Organization’s Statement of Financial Position, but did not have a material impact on the Statement of Activities. The most significant impact was the recognition of ROU assets and lease liabilities for long-term operating leases (see Note 12). The adoption of the *Topic 842* had no material impact on beginning of year net assets.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications resulted in no changes to previously reported net assets.

3. Cash, Cash Equivalents and Restricted Cash

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 such amounts on the Consolidated Statements of Cash Flows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,303,009	\$ 1,496,151
Restricted cash	3,418,623	11,379,805
Fee reserves	<u>306,188</u>	<u>402,599</u>
Cash, cash equivalents, and restricted cash shown on in the Consolidated Statements of Cash Flows	<u>\$ 5,027,820</u>	<u>\$ 13,278,555</u>

Restricted Cash

Restricted cash represents cash received with donor-imposed restrictions that limits the use of that cash to the payment of costs for constructing a building used to support a women's and children's program and for operating expenses specifically related to the women's and children's program. Restricted cash totaled \$3,418,623 and \$11,379,805 as of June 30, 2023 and 2022, respectively, related to these items.

Fee Reserves

In accordance with loan agreements, HOFSC was required to establish a fee reserve account in connection with the first NMTC transaction closing. The second NMTC transaction did not require a fee reserve account. Funds from the fee reserve account are to be used to pay ongoing compliance fees. The balance in the fee reserve account totaled \$306,188 and \$402,599 at June 30, 2023 and 2022, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

4. Capital Campaign Pledges Receivable

The Organization conducted a capital campaign to raise funds to support the construction of a building used in operations to support a women's and children's program. The capital campaign pledges are payable over a one to five-year period. The total amount expected to be received at June 30, 2023 and 2022 was recorded at the present value of the expected future cash flows discounted at the Organization's incremental borrowing rate, which was 4.10% and 2.82% at June 30, 2023 and 2022, respectively.

Capital campaign pledges receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Capital campaign pledges receivable	\$ 248,381	\$ 1,074,288
Less: unamortized discount	<u>(12,449)</u>	<u>(36,918)</u>
Total	<u>\$ 235,932</u>	<u>\$ 1,037,370</u>

The total of capital campaign pledges receivable is reflected in the Consolidated Statements of Financial Position as follows at June 30:

	<u>2023</u>	<u>2022</u>
Capital campaign pledges receivables - current	\$ 180,708	\$ 836,159
Capital campaign pledges receivables - noncurrent	<u>55,224</u>	<u>201,211</u>
	<u>\$ 235,932</u>	<u>\$ 1,037,370</u>
Amounts due in:		
Less than one year	\$ 190,381	\$ 865,455
One to five years	<u>58,000</u>	<u>208,833</u>
Total	<u>\$ 248,381</u>	<u>\$ 1,074,288</u>

Management evaluates the collectability of capital campaign pledges receivable based on payment patterns and continued correspondence with donors. During the years ended June 30, 2023 and 2022, there were \$20,350 and \$-0- capital campaign pledges considered uncollectible by management, respectively. This amount is included under other changes as "uncollectible pledges and grants" in the accompanying Consolidated Statements of Activities for the years ended June 30, 2023 and 2022, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

5. Operational Pledges Receivable

From time to time, the Organization receives pledges to support various operational activities. The operational pledges are payable over a one to five-year period. The total amount expected to be received at June 30, 2023 and 2022 was recorded at the present value of the expected future cash flows discounted at the Organization's incremental borrowing rate, which was 4.10% and 2.82% at June 30, 2023 and 2022, respectively.

Operational pledges receivable consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Operational pledges receivable	\$ 351,833	\$ 2,163,902
Less: unamortized discount	<u>(22,503)</u>	<u>(75,965)</u>
Total	<u>\$ 329,330</u>	<u>\$ 2,087,937</u>

The total of operational pledges receivable is reflected in the Consolidated Statements of Financial Position as follows at June 30:

	<u>2023</u>	<u>2022</u>
Operational pledges receivables - current	\$ 183,000	\$ 1,779,940
Operational pledges receivables - noncurrent	<u>146,330</u>	<u>307,997</u>
	<u>\$ 329,330</u>	<u>\$ 2,087,937</u>
Amounts due in:		
Less than one year	\$ 196,503	\$ 1,838,902
One to five years	<u>155,330</u>	<u>325,000</u>
Total	<u>\$ 351,833</u>	<u>\$ 2,163,902</u>

Management evaluates the collectability of operational pledges receivable based on payment patterns and continued correspondence with donors. During the years ended June 30, 2023 and 2022, operational pledges totaling \$5,060 and \$6,990 were considered uncollectible by management, respectively. This amount is included under other changes as "uncollectible pledges and grants" in the accompanying Consolidated Statements of Activities for the years ended June 30, 2023 and 2022, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

6. Investments

Investments are recorded at fair value and consist of the following at June 30:

<u>2023</u>	<u>Cost</u>	Net Unrealized Appreciation (Depreciation)	<u>Fair Value</u>
Mutual Funds	\$12,888,414	\$ (280,375)	\$ 12,608,039
Treasury Bills	<u>4,983,817</u>	<u>145,827</u>	<u>5,129,644</u>
	<u>\$17,872,231</u>	<u>\$ (134,548)</u>	<u>\$ 17,737,683</u>
<u>2022</u>	<u>Cost</u>	Net Unrealized Appreciation (Depreciation)	<u>Fair Value</u>
Mutual Funds	<u>\$11,263,583</u>	<u>\$ (649,788)</u>	<u>\$ 10,613,795</u>

Investments are broken down as follows in the Consolidated Statements of Financial Position at June 30:

	<u>2023</u>	<u>2022</u>
Unrestricted	\$12,608,039	\$ 10,613,795
Restricted for women's and children's program	<u>5,129,644</u>	<u>-</u>
Total investments	<u>\$17,737,683</u>	<u>\$ 10,613,795</u>

The following schedule summarizes investment income (loss) and its classification in the Consolidated Statements of Activities for the years ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2023</u>			
Interest and dividends	\$ 1,079,484	\$ -	\$ 1,079,484
Gain on sale of investments	5,396	-	5,396
Change in unrealized appreciation (depreciation) on investments	<u>515,240</u>	<u>-</u>	<u>515,240</u>
Total investment income (loss)	<u>\$ 1,600,120</u>	<u>\$ -</u>	<u>\$ 1,600,120</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

6. Investments (continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>			
Interest and dividends	\$ 847,589	\$ -	\$ 847,589
Loss on sale of investments	3,951	-	3,951
Change in unrealized appreciation (depreciation) on investments	<u>(1,923,501)</u>	<u>-</u>	<u>(1,923,501)</u>
Total investment income (loss)	<u>\$ (1,071,961)</u>	<u>\$ -</u>	<u>\$ (1,071,961)</u>

Investment fees are netted with interest and dividends for the years ended June 30, 2023 and 2022.

An investment may be considered to be impaired if its cost basis exceeds its fair value thus resulting in unrealized depreciation. Investments are reported at their fair market value; thus, any impairment losses have already been recognized through unrealized gains or losses in the Consolidated Statements of Activities. Management considers any investment portfolio losses to be temporary. Investments included in the portfolio that have been in a continuous loss position are as follows at June 30, 2023:

	<u>Less than 12 months</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual funds	<u>\$ -</u>	<u>\$ -</u>
	<u>More than 12 months</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual funds	<u>\$ 5,644,939</u>	<u>\$ (613,601)</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

7. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Quoted Prices in Inactive Markets (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>2023</u>				
Mutual Funds	\$ 12,608,039	\$ 12,608,039	\$ -	\$ -
Treasury Bills	5,129,644	-	5,129,644	-
Total investments	<u>\$ 17,737,683</u>	<u>\$ 12,608,039</u>	<u>\$ 5,129,644</u>	<u>\$ -</u>
Capital campaign pledges receivable	<u>\$ 235,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,932</u>
Operational pledges receivable	<u>\$ 329,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,330</u>
<u>2022</u>				
Mutual Funds	<u>\$ 10,613,795</u>	<u>\$ 10,613,795</u>	<u>\$ -</u>	<u>\$ -</u>
Capital campaign pledges receivable	<u>\$ 1,037,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,037,370</u>
Operational pledges receivable	<u>\$ 2,087,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,087,937</u>

Capital campaign and operational pledges receivable are recorded at the present value of the expected future cash flows discounted 4.10% and 2.82% for the years ended June 30, 2023 and 2022, respectively. The discount rate is based on the Organization's incremental borrowing rate at June 30, 2023 and 2022.

The following table presents information about the change in capital campaign and operational pledges receivable (level 3 assets), which are measured at fair value on a recurring basis using significant unobservable inputs:

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

7. Fair Value Measurements (continued)

	Capital Campaign <u>Pledges</u>	Operational <u>Pledges</u>
Balance at June 30, 2021	\$ 4,820,310	\$ 427,875
New pledges	400,000	3,662,689
Receipts from pledges	(4,237,580)	(1,928,905)
Change in discount on pledges	54,640	(66,732)
Uncollectible pledges	<u>-</u>	<u>(6,990)</u>
Balance at June 30, 2022	\$ 1,037,370	\$ 2,087,937
New pledges	-	-
Receipts from pledges	(805,557)	(1,807,010)
Change in discount on pledges	24,469	53,463
Uncollectible pledges	<u>(20,350)</u>	<u>(5,060)</u>
Balance at June 30, 2023	<u>\$ 235,932</u>	<u>\$ 329,330</u>

Estimated fair value amounts have been determined using available market information and the valuation methodologies described above. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts the Organization could realize in a current market. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

8. Notes Receivable

During the year ended June 30, 2020, HUM loaned money totaling \$8,972,500 and issued a promissory note to NMTC Fund House of Freedom, LLC (M&T Bank Fund), an unrelated third party organized as part of the NMTC program. The loan requires payments of interest only at 1.220% annually, through July 1, 2027. Beginning July 1, 2027, payments totaling \$117,576, including interest at 1.220% will be due quarterly through maturity in March 2049. HUM has a priority security interest in the borrower's entire member's equity interest in CAHEC Sub-CDE XIV, LLC, a separate entity organized as part of the NMTC program. The note receivable balance totaled \$8,972,500 at June 30, 2023 and 2022. Interest income related to this note receivable totaled \$109,465 for the years ended June 30, 2023 and 2022. Effective December 31, 2026 through June 30, 2027, if certain conditions are met, HUM can purchase from M&T Bank or M&T Bank can sell the interest to HUM in NMTC Fund House of Freedom, LLC for the greater of any amounts due and owed from any indemnitor to M&T Bank under the QALICB

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

8. Notes Receivable (continued)

NMTC Indemnity for \$1,000. If this were to occur, the note receivable due from NMTC Fund House of Freedom, LLC would be cancelled.

During the year ended June 30, 2022, HOF loaned money totaling \$7,353,000 and issued two promissory notes to Chase NMTC HUM Investment Fund, LLC, an unrelated third party organized as part of a second NMTC transaction. The loans require combined payments of interest only at 1.331% annually, through September 1, 2029. Beginning September 1, 2029, combined payments totaling \$129,568, including interest at 1.331% will be due quarterly through maturity in March 2045. HOF has a priority security interest in the borrower's entire member's equity interest in Harbor Community Fund XXXI, LLC and Harbor Community Fund XXXII LLC, separate entities organized as part of the second NMTC transaction. The note receivable balance totaled \$7,353,000 at June 30, 2023 and 2022. Interest income related to this note receivable totaled \$97,868 and \$49,206 for the years ended June 30, 2023 and 2022, respectively. Effective December 31, 2028 through August 31, 2029, if certain conditions are met, HOF and Chase Bank have a put/call option to purchase/dispose of its interest in the NMTC HUM Investment Fund, LLC for \$1,000 if they so choose. If this were to occur, the note receivable from Chase NMTC Hum Investment Fund, LLC would be cancelled.

9. Line of Credit

During the year ended June 30, 2021, HUM entered into a line of credit agreement authorized up to \$1,000,000, with interest computed based on the lender's prime rate less 1.1%, with a floor of 1.9%. All outstanding principal and accrued interest is due upon maturity of the line of credit in November 2025. The line of credit is collateralized by a security interest in certain investments of HUM. The line of credit contains certain financial covenants which were met at June 30, 2023 and 2022. There was no balance outstanding on the line of credit as of June 30, 2023 and 2022.

10. Long-Term Debt

In December 2017, HUM entered into a loan agreement with a bank for \$2,500,000. The loan required payments of interest only through the maturity date of December 12, 2022, with interest computed on the aggregate unpaid balance based on the LIBOR daily floating rate plus 1.5% (2.824% at June 30, 2022). In July 2022, HUM refinanced this loan. The refinanced loan calls for monthly principal and interest payments of \$18,689 through maturity in July 2027. The loan bears interest at a fixed rate of 4.10%. All unpaid principal and interest are due at maturity. The balance outstanding on the loan was \$2,388,090 and \$2,500,000 at June 30, 2023 and 2022, respectively. The loan is secured by property at 1017 E. Baltimore Street and \$1,200,000 of marketable securities held with the bank are also pledged as collateral. The loan is guaranteed by HOF. The loan also contains certain financial covenants which were met as of June 30, 2023 and 2022, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

10. Long-Term Debt (continued)

In December 2019, HOFSC entered into two loan payables ("CAHEC Loan A" and "CAHEC Loan B") with CAHEC Sub-CDE XVI, LLC, a Community Development Entity, in the amounts of \$8,972,500 and \$3,527,500 respectively. Both loans mature on December 31, 2053, at which time all outstanding principal and any accrued interest shall be due. Each loan bears interest at a fixed rate of 1.00% per annum. The loans are secured by a deed of trust, as defined in the loan agreement, and HOFSC may not prepay the loans prior to December 30, 2026. Commencing on March 1, 2020, quarterly payments of interest only shall be due through and including June 1, 2027, for both loans. Commencing on September 1, 2027, CAHEC Loan A and CAHEC Loan B require quarterly payments of principal and interest in the amount of \$96,462 and \$37,924, respectively, through maturity.

In accordance with the loan agreement, HOFSC pays CAHEC Sub-CDE XVI, LLC an annual management fee in the amount of \$62,500 and reimburses CAHEC Sub-CDE XVI, LLC for professional fees. For the years ended June 30, 2023 and 2022, \$62,500, respectively, was incurred and paid and included in professional fees in the accompanying Consolidated Statements of Functional Expenses. As of June 30, 2023, and 2022, \$-0- and \$15,625, respectively, remain outstanding and are included in accounts payable and accrued expenses.

On December 30, 2021, HOFSC entered into two loans payable ("HCF Note A" and "HCF Note B") with Harbor Community Fund XXXI LLC, a Community Development Entity, in the amounts of \$4,779,450 and \$1,590,550, respectively. Both loans mature on December 31, 2053, at which time all outstanding principal and any accrued interest shall be due. Each loan bears interest at a fixed rate of 1.683% per annum, compounding quarterly. The loans are secured by a deed of trust, as defined in the credit agreement, and HOFSC may not prepay the loans prior to December 30, 2028. Commencing on March 1, 2022, quarterly payments of interest only shall be due at the Pay Rate, defined as 1.0% per annum, through and including June 1, 2029 for both loans. Commencing on September 1, 2029, HCF Loan A and HCF Loan B require quarterly payments of principal and interest in the amount of \$62,746 and \$20,881, respectively, through maturity.

In December 2021, HUM entered into two loan payables ("Harbor Loan A" and "Harbor Loan B") with Harbor Community Fund XXXII, LLC, a Community Development Entity, in the amounts of \$2,573,550 and \$856,450 respectively. Both loans mature on December 31, 2053, at which time all outstanding principal and any accrued interest shall be due. Each loan bears interest at a fixed rate of 1.857% per annum, compounding quarterly. The loans are secured by property and equipment, as defined in the credit agreement, and HUM may not prepay the loans prior to December 30, 2028. Commencing on March 1, 2022, quarterly payments of interest only shall be due at the Pay Rate, defined at 1.00% per annum through and including June 1, 2029, for both loans. Commencing on September 1, 2029, Harbor Loan A and Harbor Loan B require quarterly payments of principal and interest in the amount of \$34,786 and \$11,577, respectively, through maturity.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

10. Long-Term Debt (continued)

A summary of long-term debt at June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Total long-term debt related to above loans	\$ 24,688,090	\$ 24,800,000
Less: Unamortized debt issuance costs	<u>-</u>	<u>1,624</u>
Long-term debt, less unamortized debt issuance costs	24,688,090	24,798,376
Less: current portion of long-term debt	<u>127,134</u>	<u>2,500,000</u>
Total long-term debt, less current portion	<u>\$ 24,560,956</u>	<u>\$ 22,298,376</u>

Future minimum principal payments for long-term debt as follows:

Years Ending June 30,	<u>Amount</u>
2024	\$ 127,134
2025	132,790
2026	138,417
2027	144,281
2028	2,259,559
Thereafter	<u>21,885,909</u>
Total	<u>\$ 24,688,090</u>

Consolidated interest expense incurred on all of the long-term debt above and lines of credit (including amortization of loan issuance costs reported as interest expense) was \$397,900 and \$260,530 for the years ended June 30, 2023 and 2022, respectively on this debt. This includes interest paid and capitalized into construction in progress totaling \$-0- and \$178,901 for the years ended June 30, 2023 and 2022, respectively.

11. Annuities Payable

HUM currently has three agreements to provide periodic payments to one individual during the remainder of her life in return for a charitable gift to HUM. The aggregate annual estimated payments on the annuity obligations at June 30, 2023 and 2022 are \$17,776 and \$23,244, respectively, based on IRS life expectancy tables. HUM reviews the life expectancy tables published by the IRS annually and records any material changes in the projected liability as a charge to the change in value of the annuity payable. At June 30, 2023 and 2022, the liability based on updated IRS life expectancy tables did not differ materially from what was recorded and no adjustment was made. A portion of the gift represents an obligation by HUM to make the annual payments (recorded at present value based on the donor's life expectancy and market interest rates, which are currently 4%) and the remainder represents a contribution. At June 30, 2023 and 2022, HUM has sufficient reserves to fund these obligations.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

11. Annuities Payable (continued)

Interest expense related to annuities payable totaled \$883 and \$1,097 for the years ended June 30, 2023 and 2022, respectively. Future estimated minimum principal payments for the remaining annuities are as follows:

Years Ending	Amount
June 30,	
2024	\$ 5,691
2025	5,922
2026	6,163
Total	<u>\$ 17,776</u>

12. Right-of-Use Assets and Lease Liabilities

The Organization has the following long-term leases as of June 30, 2023:

- HUM has an operating lease agreement for a nearby property to be used for a women's program at 601 E. Chase Street. This lease expires in October 2031. Base monthly rent under this lease agreement is \$4,500 throughout the life of the lease. The lease agreement includes a reimbursement credit for capital improvements paid each month to HUM totaling \$2,380 through October 2024.
- HUM has an operating lease to rent various office equipment. The lease has a five-year term, expiring in November 2027, and provides for base monthly rentals of \$1,797 per month.
- As discussed in Note 17, HUM leases a building from a related party under a long-term lease agreement. The rent expense and related right-of-use asset and lease liability are eliminated in consolidation.

As disclosed in Note 2, the Organization adopted *Topic 842, Leases* during the year ended June 30, 2023. Under *Topic 842*, the consolidated financial statements include a right-of-use (ROU) asset and a corresponding lease liability for the present value of future lease payments for all long-term leases not eliminated in consolidation. As of June 30, 2023, the ROU asset has a balance of \$378,160, included as a noncurrent asset under other assets in the accompanying Statements of Financial Position. The corresponding lease liability, current portion and long-term portion totaled \$33,579 and \$415,520, respectively as of June 30, 2023. According to the Organization's elected policy, the ROU asset and liability were calculated utilizing the risk-free discount rate at either 1) July 1, 2022 upon implementation of *Topic 842*, 2) or the start date of the lease, whichever is later. In addition, according to the Organization's elected policy, payments made for taxes and other operating costs as defined in lease agreements are not included in the ROU asset or lease liability calculation.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

12. Right-of-Use Assets and Lease Liabilities (continued)

In addition to the long-term leases noted above, the Organization has the following short-term leases. The Organization has elected to apply the practical expedient under Topic 842 to exclude short-term leases with a lease term of twelve months or less from the ROU asset and lease liability calculation. The Organization has the following short-term leases:

- HUM has operating lease agreements for three townhouses in Baltimore City for the “3/4 Housing Program”. The program provides for HUM to lease the townhouse from the landlord and in turn, offer it to program graduates who live independently. The leases are on a month-to-month renewals and require combined base monthly rentals of \$9,755.
- HUM has an operating lease agreement for a nearby office building in Baltimore City for additional office space. The lease expired in May 2023 and converted to month-to-month renewals at base monthly rentals of \$3,151.
- HUM has an operating lease agreement for a nearby delicatessen to be used as an additional kitchen facility. The lease is month-to-month with monthly rentals totaling \$1,000.
- HUM was leasing office equipment under a five-year lease that expired in December 2022. The lease provided for base monthly rentals of \$3,375, with certain provisions for additional amounts due depending on total usage of the associated equipment.

The leases are considered short-term because it is uncertain if they will extend beyond a twelve-month period based on current business operations and future expansion plans.

Additional information about the Organization’s leasing activities for all leases not eliminated in consolidation is as follows:

	<u>2023</u>	<u>2022</u>
<u>Leasing Costs (included in operating expenses):</u>		
Operating lease costs	\$ 53,497	\$ 28,268
Short-term lease costs	191,053	218,757
Variable lease costs	<u>8,467</u>	<u>13,140</u>
Total leasing costs	<u>\$ 253,017</u>	<u>\$ 260,165</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

12. Right-of-Use Assets and Lease Liabilities (continued)

	<u>2023</u>
Other Information:	
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows from operating leases	\$ 204,896
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ 474,210
Weighted-average remaining lease term (years)	6.87
Weighted-average discount rate	3.40%

Future maturities of long-term operating lease liabilities are as follows:

For the years ended	
<u>June 30,</u>	<u>Amount</u>
2024	\$ 47,004
2025	66,044
2026	75,564
2027	75,564
2028	62,985
Thereafter	<u>180,000</u>
Total undiscounted cash flows	507,161
Less: present value discount	<u>(58,062)</u>
Present value of lease liabilities	449,099
Less: current portion	<u>(33,579)</u>
Long-term lease liabilities	<u>\$ 415,520</u>

13. Net Assets Without Donor Restrictions

Net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 63,825,288	\$ 62,634,758
Board designated for capital needs	<u>400,000</u>	<u>400,000</u>
Total net assets without donor restrictions	<u>\$ 64,225,288</u>	<u>\$ 63,034,758</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

14. Net assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Acupuncture	\$ 11,739	\$ -
Baltimore Street outreach	239,300	285,000
Camps	37,886	169,966
Capital improvements	1,177,464	2,978,419
Christmas gifts for client's children	10,197	18,296
Dental services	-	83,304
Education & workforce development	94,471	-
Eye care	-	1,157
Hispanic outreach	65,713	108,290
Women's and children's program - Operating expenses	8,638,544	9,810,613
Library fund	8,437	9,522
OCC grant	115,815	-
Overnight services	-	27,965
Permanent housing	-	25,000
Program retreats	35,000	28,955
Property acquisition	415,000	-
Women's Ministry fund	-	20,000
Total net assets with donor restrictions	<u>\$ 10,849,566</u>	<u>\$ 13,566,487</u>

15. Revenue Recognition

Revenue under ASU 2018-08 (Topic 958): Not-For-Profit Entities

The Organization recognizes nonreciprocal contributions and grants received and made at fair value on the earlier of the date of the receipt of cash or the date an unconditional promise to give is made. Contributions received and made are reported as either revenues without donor restrictions or revenue with donor restrictions. Contributions and grants that are restricted by the awarding agency or individual for certain purposes are recorded as revenue with donor restrictions. Contributions and grants with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and reclassified as net assets released from restrictions in the same year.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

15. Revenue Recognition (continued)

Revenue under ASU 2018-08 (Topic 958): Not-For-Profit Entities (continued)

Contributions and grants may also be considered conditional contributions if both requirements to meet the definition of a condition under ASU 2018-08 are met (i.e. there is a barrier that must be overcome before the Organization is entitled to receive the funds and there is a right of return to the resource provider). Revenue under conditional contributions are recognized when the conditions are satisfied. The Organization has remaining award balances under conditional grants and contributions totaling \$7,905,289 at June 30, 2023. These awards will be recognized as income as conditions are met.

Revenue under ASU No. 2014-09 (Topic 606): Revenue from Contracts with Customers

Contracts with Customers

The Organization identifies a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when obligations under the terms of the contract with the customer are satisfied; generally, this occurs with the transfer of control of the good or service to the customer. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for transferring goods or providing services. If applicable, sales and other taxes collected concurrently with revenue-producing activities are excluded from revenue. The Organization does not incur incremental costs to obtain contracts or costs to fulfill contracts that meet the criteria for capitalization. In addition, the Organization does not have significant material payment terms, as payment is received shortly after the service is performed.

Performance Obligations and Transaction Price

Performance obligations are satisfied over time based on the criteria that the customer receives the benefit of the Organization's performance as the Organization performs the service. The following performance obligations are satisfied over time:

Overnight, day and support services - the Organization has contracts with various government and private vendors to provide overnight beds, and various day and support services to homeless men and women, as well as, COVID isolation lodging services. Support services can include care coordination, employment coaching, and workforce development. The transaction price is typically an agreed upon fee per individual per service provided based on the number of days those services are provided.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

15. Revenue Recognition (continued)

Revenue under ASU No. 2014-09 (Topic 606): Revenue From Contracts with Customers (continued)

Rental income – HUM provides facility space, equipment and administrative services to various vendors (see Note 18). In addition, HOFSC leases property to HUM under a long-term lease agreement (see Note 17). The transaction price under these lease agreements is an agreed upon monthly fee for access to these bundled services. Rental income from these leases is recognized as rents become due using the straight-line method under which contractual rent increases are recognized evenly over the lease term.

Contract Balances and Payment Terms

When the timing of the Organization's services is different from the timing of payments made, the Organization recognizes either a contract asset (performance precedes payment) or a contract liability (payment precedes performance). Services performed associated with the overnight, day and support services typically give rise to contract assets because services are billed monthly in arrears. The Organization has recorded contract assets referred to as "accounts receivable" totaling \$338,165 and \$153,721 as of June 30, 2023 and 2022, respectively on the Consolidated Statements of Financial Position. The Organization has recorded a contract liability referred to as a "refundable advance" related to overpayments associated with the Maryland Network Recovery (MRN) program totaling \$161,775 at June 30, 2023 and 2022 on the Consolidated Statements of Financial Position.

Disaggregation of Revenue

The following table disaggregates contract revenue by type at June 30:

	<u>2023</u>	<u>2022</u>
JHH overnight services	\$ 879,748	\$ 851,048
Next step services	83,000	85,954
VA overnight services	452,186	507,115
COVID isolation lodging fees	280,000	-
Other overnight services	<u>40,878</u>	<u>29,465</u>
Overnight, day and support services	1,735,812	1,473,582
Rental income	<u>136,744</u>	<u>108,844</u>
Total contract revenue	<u>\$ 1,872,556</u>	<u>\$ 1,582,426</u>

The Organization believes disaggregating revenue into these categories achieves the disclosure objective to show how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

15. Revenue Recognition (continued)

Revenue under ASU No. 2014-09 (Topic 606): Revenue From Contracts with Customers (continued)

Other Program fees

HUM has additional sources of revenue that do not meet the definition of a contract with a customer under ASU 2014-09 consisting of voluntary program fees collected from men and women. The future cash flow of these program fees is uncertain because participation in the programs is voluntary, which makes collectability of fees uncertain. Revenue from program fees is recorded monthly as collected from program participants. Program fees consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Lodging	\$ 543,845	\$ 512,775
Food stamps	646,191	611,597
Temporary disability assistance	194,745	320,474
Other miscellaneous program income	<u>53,750</u>	<u>18,487</u>
Total program fees	<u>\$ 1,438,531</u>	<u>\$ 1,463,333</u>

16. Contributed Nonfinancial Assets (In-kind donations)

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. Revenues from contributions of nonfinancial assets were as follows at June 30:

	<u>2023</u>	<u>2022</u>	<u>Monetized or Utilized</u>	<u>Programs Utilized</u>	<u>Donor Imposed Restrictions</u>	<u>Fair value Technique</u>
Merchandise	\$ 1,787,392	\$ 3,396,089	Utilized	Overnight & spiritual recovery programs	None	Fair market value at time of donation
Professional services	2,141,419	1,953,893	Utilized	Overnight & spiritual recovery programs	None	Current hourly rates of professionals that contribute time and resources to the Organization
Food	<u>1,140,291</u>	<u>697,669</u>	Utilized	Overnight & spiritual recovery programs	None	Based on Feeding America Organization's valuation per pound of food in the United States, with adjustments related to the CPI index to capture changes to valuation based on inflation.
Total In-kind donations	<u>\$ 5,069,102</u>	<u>\$ 6,047,651</u>				

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

16. Contributed Nonfinancial Assets (In-kind donations) (continued)

Donated merchandise includes clothing, toiletries, bedding and other supplies for men, women and children. Donated professional services includes legal services, medical services including medical exams, eye exams, hearing tests, mental health and other counseling services provided to the men and women in the program, as well as construction management services.

17. Related Party Transactions

Related Party Lease

Commencing on December 30, 2019, HOFSC leased property to HUM under an operating lease agreement, which expires on December 31, 2057. On December 30, 2019, a one-time rent payment of \$4,000 was due and paid. The original lease agreement calls for quarterly rental payments of \$1,000 from March 1, 2020 through September 30, 2021, and \$37,000 to be paid in December 2021. The lease was amended in December 2021 to accommodate the second NMTC transaction. The amended lease agreement calls for quarterly rental payments of \$54,000 from March 1, 2022 through December 31, 2026, \$83,000 per quarter from March 1, 2027 through June 1, 2027, \$180,000 per quarter from September 1, 2027 through June 30, 2029 and \$248,000 per quarter from July 1, 2029 through expiration on December 1, 2057.

HOFSC recognizes rental income from the lease on a straight-line basis evenly over the lease term. Any difference between straight-line rent and payments made under the lease term is reflected as deferred rent receivable by HOFSC and is eliminated in consolidation. The deferred rent receivable eliminated in consolidation totaled \$2,089,140 at June 30, 2023.

Under *Topic 842*, HUM has recorded a ROU asset totaling \$15,532,993 and a corresponding lease liability totaling \$17,622,133 as of June 30, 2023 related to this lease. According to the Organization's elected policy, the ROU asset and liability were calculated utilizing the risk-free discount rate at July 1, 2022 upon implementation of *Topic 842*, which was 3.11%. The deferred rent liability totaling \$1,477,752 at June 30, 2022 was incorporated into the ROU asset balance at July 1, 2022, upon implementation of *Topic 842*. The ROU asset and lease liability of HUM are eliminated in consolidation with the deferred rent receivable of HOFSC as of June 30, 2023.

Rental income and expense eliminated in consolidation totaled \$827,387 and \$684,818 for the years ended June 30, 2023 and 2022, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

17. Related Party Transactions (continued)

Related Party Lease (continued)

Future maturities of this related party long-term leasing obligation which will be eliminated in consolidation are as follows:

For the years ended	
<u>June 30,</u>	<u>Amount</u>
2024	\$ 216,000
2025	216,000
2026	216,000
2027	276,000
2028	720,000
Thereafter	<u>28,990,000</u>
Total undiscounted cash flows	30,634,000
Less: present value discount	<u>(13,011,867)</u>
Present value of lease liabilities	<u>\$ 17,622,133</u>

Other Related Party Information

During the year ended June 30, 2022, HUM contributed cash of \$5,124,000 to HOFSC, the Organization formed under the NMTC program for the purpose of building the new Women's and Children's Center. During the year ended June 30, 2022, HOFSC contributed \$4,779,450 to HOF to pay off a day loan associated with the closing of the second NMTC transaction. During the year ended June 30, 2022, HOFSC contributed \$1,138,797 to HUM for construction costs reimbursed and to assist with collateral related to the NMTC loans. During the year ended June 30, 2022, HUM contributed \$2,524,616 to HOF related to capital campaign funds collected in preparation for the closing of the second NMTC transaction.

All expenses of HOF are incurred and paid by HUM and recorded as a contribution from HUM to HOF. During the years ended June 30, 2023 and 2022, HUM contributed \$1,850,597 and \$1,078,537, respectively, of expenses paid by HUM on behalf of HOF.

All related party transactions are eliminated in consolidation.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

18. Rental Income

In October 2019, HUM entered into a lease agreement to provide certain facilities, equipment and administrative services for the operation of a behavioral health clinic in 1029 E. Baltimore Street. The lease has a term of two years and provides for base monthly rentals to be received in the amount of \$2,079 throughout the term of the lease. The lease was renewed for an additional one-year period through September 2023, at base monthly rentals of \$2,079. The lease is subject to yearly renewal for an additional one-year period.

HUM provides certain facilities, equipment and administrative services for the operation of a primary care medical center in 1017 E. Baltimore Street under a lease agreement. The lease is currently in effect through June 30, 2023 at base monthly rentals of \$6,217.

HUM provides certain facilities, equipment and administrative services at 601 E. Chase Street to an unrelated third party under a lease agreement. The lease has a term of one year and provides for base monthly rentals to be received in the amount of \$3,100. This lease expired in April 2023. The lease was renewed for an additional one-year period through April 2024 at base monthly rentals of \$3,100.

Rental income totaled \$136,744 and \$108,844 for the years ended June 30, 2023 and 2022, respectively under lease agreements not eliminated in consolidation. The cost of the buildings owned by HUM was \$9,124,510 and \$8,217,176 at June 30, 2023 and 2022, respectively and accumulated depreciation totaled \$2,389,898 and \$2,169,001 at June 30, 2023 and 2022, respectively. The portion of these buildings being rented is diminutive.

19. Commitments

Accumulated Vacation

Employees of HUM earn a vested right to compensation for unused vacation. Accordingly, HUM has made an accrual for vacation compensation that employees have earned but not taken. Accrued vacation totaled \$290,810 and \$261,181 at June 30, 2023 and 2022, respectively, and is included in the balance of “accrued expenses” on the Consolidated Statements of Financial Position.

Grant Commitments

In December 2006, HUM was awarded a grant from the State of Maryland, Board of Public Works for an amount not to exceed \$200,000, provided HUM meets certain matching requirements. The grant was recognized as revenue in full in years prior to June 30, 2023 and 2022. The grant is to be used for the construction, repair and renovation of 1031 East Baltimore Street. Under the terms of the agreement, HUM may not sell, lease, exchange or give away any interest in the real or personal property acquired with the grant funds without prior written consent of the Board of Public Works. If the Board of Public Works permits the transfer or disposition, HUM may be required to repay the State the percentage of the proceeds allocable to the grant.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

19. Commitments (continued)

Grant Commitments (continued)

In August 2007, HUM was awarded a conditional promise to give from The Harry and Jeanette Weinberg Foundation in the amount of \$1,500,000. The grant is to be used to support capital costs for the renovations to buildings which serve as emergency shelter, transitional housing, and school for homeless men in Baltimore City. All conditions were met and the entire amount of the grant was recognized as revenue in years prior to June 30, 2023 and 2022. Under the terms of the grant agreement, HUM must have prior approval from The Harry and Jeanette Weinberg Foundation to sell or transfer ownership of the property through the year 2031. The proceeds received from any sale must be used for the construction or purchase of a replacement property.

In December 2008, HUM was awarded a conditional promise to give from FHLBank Atlanta, a Federal Home Loan Bank, in the amount of \$1,000,000. The grant was to be used to support capital costs for the renovations to 1029 East Baltimore Street which will house a new chapel, overnight emergency services with beds for 60 men, classrooms and a library for homeless men in Baltimore City. The grant provides for payment in full on the conditions that the Organization complete construction at 1029 E. Baltimore Street and that 100% of ownership units and 75% of the assisted rental units must be occupied. HUM met all the requirements under this grant agreement and the grant was recognized as revenue in years prior to June 30, 2023 and 2022. The grant must be repaid if HUM is not in compliance with the terms of the application, which includes the use of the building for the services noted above for a period of fifteen years, expiring in 2026.

In December 2010, HUM was awarded a conditional promise to give from FHLBank Atlanta in the amount of \$1,000,000. The grant is to be used to support capital costs for the renovations to 1031 East Baltimore Street. The grant provides for payment in full on the conditions that the Organization complete construction at 1031 E. Baltimore Street and that 100% of ownership units and 75% of the assisted rental units must be occupied. HUM met all the requirements under this grant agreement and the grant was recognized as revenue in years prior to June 30, 2023 and 2022. The grant must be repaid if HUM is not in compliance with the terms of the application, which includes the use of the building for the services noted above for a period of fifteen years, expiring in 2028.

In September 2011, HOF was awarded a grant from The Department of Housing and Community Development in the amount of \$740,838. The grant was recognized as revenue in full in years prior to June 30, 2023 and 2022. The grant is to be used for the construction, repair, renovation and capital equipping of 1031 East Baltimore Street. The Organization must use this building as a shelter, transitional or other housing facility for the homeless, for a period of not less than fifteen years, expiring in 2027. If the properties are sold, transferred, or not used for the specified purpose prior to the year 2027, HOF must repay the grant in full.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

19. Commitments (continued)

Grant Commitments (continued)

In July 2017, HOF was awarded a grant from The Maryland Department of Housing and Community Development in the amount of \$1,400,000. The grant was recognized as revenue in full in years prior to June 30, 2023 and 2022. The grant is to be used for the rehabilitation of the commercial kitchen and dining hall located at 1023 E. Baltimore Street. The Organization must use this building as a shelter, transitional or other housing facility for the homeless, for a period of not less than fifteen years, expiring in 2032. If the properties are sold, transferred, or not used for the specified purpose prior to the year 2032, HOF must repay the grant in full.

In December 2019, HUM was awarded a conditional promise to give from Federal Home Loan Bank of New York in the amount of \$2,000,000. All conditions were met and the grant was recognized as revenue in full during the year ended June 30, 2022. The grant must be repaid if HUM is not in compliance with the terms of the agreement, which includes operating the building at 1216 E. Baltimore Street as an affordable housing initiative for 15 years beginning on the 2nd anniversary of project completion, expiring in 2038.

Women's and Children's Center

The Organization entered into a guaranteed maximum price construction contract totaling \$41,312,147 (including change orders) with The Whiting-Turner Contracting Company to build a new women's and children's facility. The total price of the Women's and Children's Center was \$44,561,039. The sources of funding included incoming funds from the capital campaign, proceeds from the NMTC transaction, and grant funding from the Federal Home Loan Bank of New York. The facility became operational in December 2021. As of June 30, 2023, all construction costs have been incurred and paid in connection with this facility. As of June 30, 2022, \$2,504,448 remained payable and was included in construction payables in the accompanying Statements of Financial Position.

Letters of Credit

During the year ended June 30, 2020, the Organization obtained letters of credit with a bank totaling \$79,762 and \$146,652, with expiration dates of March 10, 2024 and November 1, 2023, respectively. The letters of credit are required by Baltimore City in connection with sewer work/storm water management and street improvements related to the Women's and Children's Center. The letters of credit bear interest at LIBOR plus 2% per annum, require payment on demand and are collateralized by certain money market accounts of HUM. The letters of credit were not used at June 30, 2023 or 2022.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

19. Commitments (continued)

Property Acquisition

In October 2022, HOF entered into a purchase and sale agreement with a third party for the purchase of certain property located in Baltimore City. HOF has the right to terminate this agreement under certain conditions during the due diligence period. As of June 30, 2023, HOF is pursuing approval for the demolition of the building by the Baltimore City Commission for Historic and Architectural Preservation. In addition, HOF and the seller are seeking approval for the sale of the property under a Land Disposition Agreement with the Baltimore Development Corporation, subject to approval through Baltimore City Board of Estimates. The purchase price of the building is \$8,300,000, of which a \$415,000 refundable deposit had been paid as of June 30, 2023. This deposit is included in other assets as "Other receivables and deposits" on the Consolidated Statements of Financial Position as of June 30, 2023. Settlement has not occurred as of June 30, 2023.

20. Concentrations

Support

During the year ended June 30, 2022, two donors contributed a combined \$3,000,000 to the "Inspiring Hope" capital campaign fund - women's and children's program. These contributions represent approximately 73% of the capital campaign pledges and contributions recognized for the year ended June 30, 2022.

Concentration of Credit Risk

The Organization, at times throughout the year, may have funds on deposit with financial institutions in excess of federally insured amounts. The Organization has not experienced any losses on cash accounts and management believes they are not exposed to significant credit risk on cash. Total cash and cash equivalents that were not covered by Federal Deposit Insurance Corporation insurance at June 30, 2023 and 2022 was \$4,749,402 and \$13,086,574, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

21. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 1,303,009	\$ 1,496,151
Accounts receivable, net of allowance	338,165	153,721
Contributions receivable	756,810	708,079
Investments	12,608,039	10,613,795
Capital campaign pledges receivable	180,708	836,159
Operational pledges receivable	<u>183,000</u>	<u>1,779,940</u>
Total financial assets available within one year	15,369,731	15,587,845
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	2,211,022	3,176,786
Investments pledged as collateral	1,200,000	1,200,000
Less: Amounts unavailable to management without Board's approval:		
Board designated for capital needs	<u>400,000</u>	<u>400,000</u>
Total financial assets available to management for general expenditures within one year	<u>\$11,558,709</u>	<u>\$ 10,811,059</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has Board Designated net assets without donor restrictions, that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary. To help manage unanticipated liquidity needs, the Organization also has a committed line of credit of \$1,000,000 which it could draw upon as needed.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

22. Retirement Plan

HUM sponsors and contributes to an employee SIMPLE IRA plan. Contributions to this Plan totaled \$93,466 and \$79,892 for the years ended June 30, 2023 and 2022, respectively.

23. Supplemental Disclosure of Cash Flow Information

Cash paid for interest totaled \$397,159 and \$258,263 for the years ended June 30, 2023 and 2022, respectively. The cost of property and equipment acquired includes construction payables of \$-0- and \$2,505,955 for the years ended June 30, 2023 and 2022, respectively.

24. Subsequent Events

Subsequent events were evaluated for disclosure through September 19, 2023, the date the financial statements were available to be issued.

Subsequent to June 30, 2023, the requirements related to the letter of credit totaling \$146,652 were deemed satisfied and the funds were released.

There were no other subsequent events required to be disclosed.

Supplementary Information

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Financial Position

June 30, 2023

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,301,186	\$ 1,823	\$ -	\$ -	\$ 1,303,009
Accounts receivable, net of allowance	338,165	-	-	-	338,165
Contributions and grants receivable	756,810	-	-	-	756,810
Investments	12,608,039	-	-	-	12,608,039
Capital campaign pledges receivable	180,708	-	-	-	180,708
Operational pledges receivable	183,000	-	-	-	183,000
Prepaid expenses	39,120	-	-	-	39,120
Total current assets	<u>15,407,028</u>	<u>1,823</u>	<u>-</u>	<u>-</u>	<u>15,408,851</u>
Property and Equipment:					
Buildings and improvements	577,271	18,806,603	40,207,961	(104,301)	59,487,534
Furniture and equipment	1,639,680	669,234	4,719,479	-	7,028,393
Vehicles	413,023	-	-	-	413,023
Total	<u>2,629,974</u>	<u>19,475,837</u>	<u>44,927,440</u>	<u>(104,301)</u>	<u>66,928,950</u>
Less accumulated depreciation	<u>958,574</u>	<u>5,919,790</u>	<u>1,523,483</u>	<u>20,904</u>	<u>8,422,751</u>
	1,671,400	13,556,047	43,403,957	(125,205)	58,506,199
Land	-	466,400	304,300	-	770,700
Construction in progress	168,723	-	-	-	168,723
Net property and equipment	<u>1,840,123</u>	<u>14,022,447</u>	<u>43,708,257</u>	<u>(125,205)</u>	<u>59,445,622</u>
Other Assets:					
Restricted cash for building construction / operating expenses	3,279,288	-	139,335	-	3,418,623
Restricted investments for women's program	5,129,644	-	-	-	5,129,644
Fee reserves	-	-	306,188	-	306,188
Capital campaign pledges receivable - noncurrent	55,224	-	-	-	55,224
Operational pledges receivable - noncurrent	146,330	-	-	-	146,330
Deferred rent receivable	-	-	2,089,140	(2,089,140)	-
Right-of-use asset, operating lease, net	15,911,153	-	-	(15,532,993)	378,160
Other receivables and deposits	34,845	415,000	-	-	449,845
Note receivable	8,972,500	7,353,000	-	-	16,325,500
Total other assets	<u>33,528,984</u>	<u>7,768,000</u>	<u>2,534,663</u>	<u>(17,622,133)</u>	<u>26,209,514</u>
Total Assets	<u>\$ 50,776,135</u>	<u>\$ 21,792,270</u>	<u>\$ 46,242,920</u>	<u>\$ (17,747,338)</u>	<u>\$ 101,063,987</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Financial Position

June 30, 2023

	<u>Helping Up Mission, Inc.</u>	<u>House of Freedom, Inc.</u>	<u>House of Freedom Support Corporation</u>	<u>Eliminating Entries</u>	<u>Total</u>
Liabilities and Net Assets					
Current Liabilities:					
Current maturities of loans payable	\$ 127,134	\$ -	\$ -	\$ -	\$ 127,134
Current maturities of annuities payable	5,691	-	-	-	5,691
Accounts payable	238,288	-	65,579	-	303,867
Accrued expenses	368,526	-	-	-	368,526
Refundable advance	161,775	-	-	-	161,775
Current maturities of lease liabilities	33,579	-	-	-	33,579
Total current liabilities	<u>934,993</u>	<u>-</u>	<u>65,579</u>	<u>-</u>	<u>1,000,572</u>
Long-Term Liabilities:					
Loans payable, net of current maturities	5,690,956	-	18,870,000	-	24,560,956
Annuities payable, net of current maturities	12,085	-	-	-	12,085
Lease liabilities, net of current maturities	18,037,653	-	-	(17,622,133)	415,520
Total long-term liabilities	<u>23,740,694</u>	<u>-</u>	<u>18,870,000</u>	<u>(17,622,133)</u>	<u>24,988,561</u>
Total liabilities	<u>24,675,687</u>	<u>-</u>	<u>18,935,579</u>	<u>(17,622,133)</u>	<u>25,989,133</u>
Net Assets:					
Without donor restrictions (Note 13)	16,204,323	21,377,270	26,768,900	(125,205)	64,225,288
With donor restrictions (Note 14)	9,896,125	415,000	538,441	-	10,849,566
Total net assets	<u>26,100,448</u>	<u>21,792,270</u>	<u>27,307,341</u>	<u>(125,205)</u>	<u>75,074,854</u>
Total Liabilities and Net Assets	<u>\$ 50,776,135</u>	<u>\$ 21,792,270</u>	<u>\$ 46,242,920</u>	<u>\$ (17,747,338)</u>	<u>\$ 101,063,987</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Financial Position

June 30, 2022

	<u>Helping Up Mission, Inc.</u>	<u>House of Freedom, Inc.</u>	<u>House of Freedom Support Corporation</u>	<u>Eliminating Entries</u>	<u>Total</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,494,119	\$ 2,032	\$ -	\$ -	\$ 1,496,151
Accounts receivable, net of allowance	153,721	-	-	-	153,721
Contributions and grants receivable	708,079	-	-	-	708,079
Investments	10,613,795	-	-	-	10,613,795
Capital campaign pledges receivable	836,159	-	-	-	836,159
Operational pledges receivable	1,779,940	-	-	-	1,779,940
Prepaid expenses	33,124	-	-	-	33,124
Total current assets	<u>15,618,937</u>	<u>2,032</u>	<u>-</u>	<u>-</u>	<u>15,620,969</u>
Property and Equipment:					
Buildings and improvements	577,271	17,131,429	40,207,961	(104,301)	57,812,360
Furniture and equipment	1,466,155	684,197	4,719,479	-	6,869,831
Vehicles	301,699	-	-	-	301,699
Total	<u>2,345,125</u>	<u>17,815,626</u>	<u>44,927,440</u>	<u>(104,301)</u>	<u>64,983,890</u>
Less accumulated depreciation	<u>706,936</u>	<u>5,253,258</u>	<u>102,203</u>	<u>20,904</u>	<u>6,083,301</u>
	1,638,189	12,562,368	44,825,237	(125,205)	58,900,589
Land	-	466,400	304,300	-	770,700
Construction in progress	647,263	-	-	-	647,263
Net property and equipment	<u>2,285,452</u>	<u>13,028,768</u>	<u>45,129,537</u>	<u>(125,205)</u>	<u>60,318,552</u>
Other Assets:					
Restricted cash for building construction / operating expenses	8,722,383	-	2,657,422	-	11,379,805
Fee reserves	-	-	402,599	-	402,599
Capital campaign pledges receivable - noncurrent	201,211	-	-	-	201,211
Operational pledges receivable - noncurrent	307,997	-	-	-	307,997
Deferred rent receivable	-	-	1,477,752	(1,477,752)	-
Other receivables and deposits	40,915	-	-	-	40,915
Note receivable	8,972,500	7,353,000	-	-	16,325,500
Total other assets	<u>18,245,006</u>	<u>7,353,000</u>	<u>4,537,773</u>	<u>(1,477,752)</u>	<u>28,658,027</u>
Total Assets	<u>\$ 36,149,395</u>	<u>\$ 20,383,800</u>	<u>\$ 49,667,310</u>	<u>\$ (1,602,957)</u>	<u>\$ 104,597,548</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Financial Position

June 30, 2022

	<u>Helping Up Mission, Inc.</u>	<u>House of Freedom, Inc.</u>	<u>House of Freedom Support Corporation</u>	<u>Eliminating Entries</u>	<u>Total</u>
Liabilities and Net Assets					
Current Liabilities:					
Current maturities of loans payable	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000
Current maturities of annuities payable	5,468	-	-	-	5,468
Accounts payable	125,587	-	37,649	-	163,236
Accrued expenses	288,255	-	-	-	288,255
Construction payables	-	-	2,505,955	-	2,505,955
Refundable advance	161,775	-	-	-	161,775
Current maturities of lease liabilities	<u>55,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,462</u>
Total current liabilities	<u>3,136,547</u>	<u>-</u>	<u>2,543,604</u>	<u>-</u>	<u>5,680,151</u>
Long-Term Liabilities:					
Loans payable, net of current maturities	3,428,376	-	18,870,000	-	22,298,376
Annuities payable, net of current maturities	17,776	-	-	-	17,776
Lease liabilities, net of current maturities	<u>1,477,752</u>	<u>-</u>	<u>-</u>	<u>(1,477,752)</u>	<u>-</u>
Total long-term liabilities	<u>4,923,904</u>	<u>-</u>	<u>18,870,000</u>	<u>(1,477,752)</u>	<u>22,316,152</u>
Total liabilities	<u>8,060,451</u>	<u>-</u>	<u>21,413,604</u>	<u>(1,477,752)</u>	<u>27,996,303</u>
Net Assets:					
Without donor restrictions (Note 13)	15,060,898	20,383,800	27,715,265	(125,205)	63,034,758
With donor restrictions (Note 14)	<u>13,028,046</u>	<u>-</u>	<u>538,441</u>	<u>-</u>	<u>13,566,487</u>
Total net assets	<u>28,088,944</u>	<u>20,383,800</u>	<u>28,253,706</u>	<u>(125,205)</u>	<u>76,601,245</u>
Total Liabilities and Net Assets	<u>\$ 36,149,395</u>	<u>\$ 20,383,800</u>	<u>\$ 49,667,310</u>	<u>\$ (1,602,957)</u>	<u>\$ 104,597,548</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Activities

For the year ended June 30, 2023

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Support and Revenue:					
Support:					
Contributions and gifts	\$ 9,036,859	\$ 915,000	\$ -	\$ -	\$ 9,951,859
In-kind donations (Note 16)	5,069,102	-	-	-	5,069,102
Operational pledges	53,463	-	-	-	53,463
Total support	<u>14,159,424</u>	<u>915,000</u>	<u>-</u>	<u>-</u>	<u>15,074,424</u>
Revenue:					
Program fees	1,438,531	-	-	-	1,438,531
Overnight, day and support services	1,735,812	-	-	-	1,735,812
Rental income	136,744	-	827,387	(827,387)	136,744
Other income	249,478	-	-	-	249,478
Total revenue	<u>3,560,565</u>	<u>-</u>	<u>827,387</u>	<u>(827,387)</u>	<u>3,560,565</u>
 Total support and revenue	<u>17,719,989</u>	<u>915,000</u>	<u>827,387</u>	<u>(827,387)</u>	<u>18,634,989</u>
Functional Expenses:					
Program services	14,862,867	1,454,970	1,769,562	(827,387)	17,260,012
Administrative and general	1,197,135	25	4,560	-	1,201,720
Fundraising	3,258,977	-	-	-	3,258,977
Total functional expenses	<u>19,318,979</u>	<u>1,454,995</u>	<u>1,774,122</u>	<u>(827,387)</u>	<u>21,720,709</u>
Increase (decrease) from operations	<u>(1,598,990)</u>	<u>(539,995)</u>	<u>(946,735)</u>	<u>-</u>	<u>(3,085,720)</u>
Other Changes:					
Contributions (to) from related parties	(1,850,597)	1,850,597	-	-	-
Investment income	1,501,882	97,868	370	-	1,600,120
Uncollectible pledges and grants	(39,811)	-	-	-	(39,811)
Loss on disposal of fixed assets	(980)	-	-	-	(980)
Total other changes	<u>(389,506)</u>	<u>1,948,465</u>	<u>370</u>	<u>-</u>	<u>1,559,329</u>
Increase (decrease) in net assets	<u>(1,988,496)</u>	<u>1,408,470</u>	<u>(946,365)</u>	<u>-</u>	<u>(1,526,391)</u>
Net assets - beginning of year	<u>28,088,944</u>	<u>20,383,800</u>	<u>28,253,706</u>	<u>(125,205)</u>	<u>76,601,245</u>
Net assets - end of year	<u>\$ 26,100,448</u>	<u>\$ 21,792,270</u>	<u>\$ 27,307,341</u>	<u>\$ (125,205)</u>	<u>\$ 75,074,854</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Activities

For the year ended June 30, 2022

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	<u>Total</u>
Support and Revenue:					
Support:					
Contributions and gifts	\$ 8,808,236	\$ 8,382,603	\$ 5,124,000	\$ (13,506,603)	\$ 8,808,236
In-kind donations (Note 16)	6,047,651	-	-	-	6,047,651
Operational pledges	3,595,959	-	-	-	3,595,959
Total support	<u>18,451,846</u>	<u>8,382,603</u>	<u>5,124,000</u>	<u>(13,506,603)</u>	<u>18,451,846</u>
Revenue:					
Program fees	1,463,333	-	-	-	1,463,333
Overnight, day and support services	1,473,582	-	-	-	1,473,582
Rental income	108,844	-	684,818	(684,818)	108,844
Other income	10,593	-	-	-	10,593
Total revenue	<u>3,056,352</u>	<u>-</u>	<u>684,818</u>	<u>(684,818)</u>	<u>3,056,352</u>
Total support and revenue	<u>21,508,198</u>	<u>8,382,603</u>	<u>5,808,818</u>	<u>(14,191,421)</u>	<u>21,508,198</u>
Functional Expenses:					
Program services	14,706,882	1,305,675	921,527	(684,818)	16,249,266
Administrative and general	799,188	146	-	-	799,334
Fundraising	2,656,653	-	-	-	2,656,653
Total functional expenses	<u>18,162,723</u>	<u>1,305,821</u>	<u>921,527</u>	<u>(684,818)</u>	<u>19,705,253</u>
Increase (decrease) from operations	<u>3,345,475</u>	<u>7,076,782</u>	<u>4,887,291</u>	<u>(13,506,603)</u>	<u>1,802,945</u>
Other Changes:					
Capital campaign pledges and contributions, net	4,127,979	-	-	-	4,127,979
Contributions to related parties	(7,588,356)	-	(5,918,247)	13,506,603	-
Impairment loss on building	-	(280,415)	-	-	(280,415)
Investment income (loss)	(1,122,578)	49,206	1,411	-	(1,071,961)
Uncollectible pledges and grants	(6,990)	-	-	-	(6,990)
Loss on disposal of fixed assets	(857)	-	-	-	(857)
Total other changes	<u>(4,590,802)</u>	<u>(231,209)</u>	<u>(5,916,836)</u>	<u>13,506,603</u>	<u>2,767,756</u>
Increase (decrease) in net assets	<u>(1,245,327)</u>	<u>6,845,573</u>	<u>(1,029,545)</u>	<u>-</u>	<u>4,570,701</u>
Net assets - beginning of year	<u>29,334,271</u>	<u>13,538,227</u>	<u>29,283,251</u>	<u>(125,205)</u>	<u>72,030,544</u>
Net assets - end of year	<u>\$ 28,088,944</u>	<u>\$ 20,383,800</u>	<u>\$ 28,253,706</u>	<u>\$ (125,205)</u>	<u>\$ 76,601,245</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Expenses

For the year ended June 30, 2023

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Annuity interest	\$ 883	\$ -	\$ -	\$ -	\$ 883
Bank fees	69,041	183	2,799	-	72,023
Camps	36,510	-	-	-	36,510
Conference, seminars and meetings	41,766	-	-	-	41,766
Cultivation and acquisition	1,868,442	-	-	-	1,868,442
Depreciation	287,821	697,375	1,421,280	-	2,406,476
Kitchen	998,169	-	-	-	998,169
Housekeeping	108,302	-	-	-	108,302
Insurance	198,922	-	-	-	198,922
Interest	165,263	-	232,637	-	397,900
Memberships and subscriptions	31,561	-	-	-	31,561
Newsletter expenses	207,747	-	-	-	207,747
Printing, postage and shipping	41,875	-	-	-	41,875
Professional and contractual services	587,956	25	115,645	-	703,626
Public awareness	692,580	-	-	-	692,580
Leasing costs	1,080,404	-	-	(827,387)	253,017
Repairs and maintenance - building	132,811	174,422	-	-	307,233
Residents' assistance	372,475	-	-	-	372,475
Salaries and related expenses	6,522,947	-	-	-	6,522,947
Software licensing	113,288	-	-	-	113,288
Special events	6,498	-	-	-	6,498
Supplies	60,928	-	1,761	-	62,689
Telephone and communication	73,685	3,656	-	-	77,341
Travel and entertainment	28,282	-	-	-	28,282
Utilities	457,370	579,334	-	-	1,036,704
Vehicles	64,351	-	-	-	64,351
Subtotal	<u>14,249,877</u>	<u>1,454,995</u>	<u>1,774,122</u>	<u>(827,387)</u>	<u>16,651,607</u>
Non-cash distributions:					
Donated merchandise distribution	1,787,392	-	-	-	1,787,392
Donated professional services distribution	2,141,419	-	-	-	2,141,419
Donated food distribution	1,140,291	-	-	-	1,140,291
Subtotal - Non-cash distributions	<u>5,069,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,069,102</u>
Total expenses	<u>\$ 19,318,979</u>	<u>\$ 1,454,995</u>	<u>\$ 1,774,122</u>	<u>\$ (827,387)</u>	<u>\$ 21,720,709</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Expenses

For the year ended June 30, 2022

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Annuity interest	\$ 1,097	\$ -	\$ -	\$ -	\$ 1,097
Bank fees	44,310	146	4,400	-	48,856
Camps	34,430	-	-	-	34,430
Conference, seminars and meetings	27,759	-	-	-	27,759
Cultivation and acquisition	1,425,492	-	-	-	1,425,492
Depreciation	195,280	663,571	102,203	-	961,054
Kitchen	830,999	-	-	-	830,999
Housekeeping	135,682	-	-	-	135,682
Insurance	156,534	-	-	-	156,534
Interest	81,629	-	179	-	81,808
Memberships and subscriptions	37,508	-	-	-	37,508
Newsletter expenses	167,397	-	-	-	167,397
Printing, postage and shipping	35,925	-	-	-	35,925
Professional and contractual services	782,808	-	814,745	-	1,597,553
Public awareness	528,559	-	-	-	528,559
Leasing costs	944,983	-	-	(684,818)	260,165
Repairs and maintenance - building	82,078	167,793	-	-	249,871
Residents' assistance	323,413	-	-	-	323,413
Salaries and related expenses	5,630,655	-	-	-	5,630,655
Software licensing	163,545	-	-	-	163,545
Special events	54,686	-	-	-	54,686
Supplies	59,340	-	-	-	59,340
Telephone and communication	72,373	2,945	-	-	75,318
Travel and entertainment	17,419	-	-	-	17,419
Utilities	222,235	471,366	-	-	693,601
Vehicles	62,936	-	-	-	62,936
Subtotal	<u>12,119,072</u>	<u>1,305,821</u>	<u>921,527</u>	<u>(684,818)</u>	<u>13,661,602</u>
Non-cash distributions:					
Donated merchandise distribution	3,392,089	-	-	-	3,392,089
Donated professional services distribution	1,953,893	-	-	-	1,953,893
Donated food distribution	697,669	-	-	-	697,669
Subtotal - Non-cash distributions	<u>6,043,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,043,651</u>
Total expenses	<u>\$ 18,162,723</u>	<u>\$ 1,305,821</u>	<u>\$ 921,527</u>	<u>\$ (684,818)</u>	<u>\$ 19,705,253</u>