

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

**Audited Consolidated
Financial Statements**

June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 \$45,345,342 and \$46,242,920, as of June 30, 2024 and 2023, respectively, and total support and revenue of \$827,732 and \$827,757, 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 41 - 48 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.

Patrick Leary; Smyko, LLC

Lutherville, MD
October 1, 2024

Helping Up Mission, Inc. and Affiliates

Consolidated Statements of Financial Position

June 30,	<u>2024</u>	<u>2023</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,063,991	\$ 1,303,009
Accounts receivable, net of allowance	132,180	338,165
Contributions and grants receivable	575,895	756,810
Investments	13,986,332	12,608,039
Capital campaign pledges receivable	106,646	180,708
Operational pledges receivable	122,892	183,000
Prepaid expenses	44,611	39,120
Total current assets	<u>16,032,547</u>	<u>15,408,851</u>
Property and Equipment:		
Buildings and improvements	60,278,844	59,487,534
Furniture and equipment	6,959,751	7,028,393
Vehicles	489,512	413,023
Total	<u>67,728,107</u>	<u>66,928,950</u>
Less accumulated depreciation	<u>10,758,625</u>	<u>8,422,751</u>
	56,969,482	58,506,199
Land	9,258,843	770,700
Construction in progress	301,223	168,723
Net property and equipment	<u>66,529,548</u>	<u>59,445,622</u>
Other Assets:		
Restricted cash for building construction / operating expenses	1,733,119	3,418,623
Restricted investments for women's program	5,253,059	5,129,644
Fee reserves	225,181	306,188
Capital campaign pledges receivable - noncurrent	21,629	55,224
Operational pledges receivable - noncurrent	23,438	146,330
Right-of-use asset, operating lease, net	329,103	378,160
Other receivables and deposits	2,800	449,845
Note receivable	16,325,500	16,325,500
Total other assets	<u>23,913,829</u>	<u>26,209,514</u>
Total Assets	<u>\$ 106,475,924</u>	<u>\$ 101,063,987</u>

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

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current Liabilities:		
Current maturities of loans payable	\$ 132,323	\$ 127,134
Current maturities of annuities payable	5,922	5,691
Accounts payable	566,994	303,867
Accrued expenses	431,010	368,526
Refundable advance	161,775	161,775
Current maturities of lease liabilities	53,958	33,579
Total current liabilities	<u>1,351,982</u>	<u>1,000,572</u>
Long-Term Liabilities:		
Loans payable, net of current maturities	24,428,644	24,560,956
Annuities payable, net of current maturities	6,164	12,085
Lease liabilities, net of current maturities	361,562	415,520
Total long-term liabilities	<u>24,796,370</u>	<u>24,988,561</u>
Total liabilities	<u>26,148,352</u>	<u>25,989,133</u>
Net Assets:		
Without donor restrictions (Note 13)	72,670,927	64,225,288
With donor restrictions (Note 14)	7,656,645	10,849,566
Total net assets	<u>80,327,572</u>	<u>75,074,854</u>
Total Liabilities and Net Assets	<u>\$ 106,475,924</u>	<u>\$ 101,063,987</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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Support:						
Contributions and gifts	\$ 7,160,023	\$ 9,592,700	\$ 16,752,723	\$ 7,550,035	\$ 2,401,824	\$ 9,951,859
In-kind donations (Note 16)	4,517,105	-	4,517,105	5,069,102	-	5,069,102
Operational pledges	15,546	-	15,546	53,463	-	53,463
Net assets released from restrictions	12,785,621	(12,785,621)	-	5,118,745	(5,118,745)	-
Total support	<u>24,478,295</u>	<u>(3,192,921)</u>	<u>21,285,374</u>	<u>17,791,345</u>	<u>(2,716,921)</u>	<u>15,074,424</u>
Revenue:						
Program fees	1,724,125	-	1,724,125	1,384,781	-	1,384,781
Overnight, day and support services	1,415,049	-	1,415,049	1,789,562	-	1,789,562
Rental income	165,646	-	165,646	136,744	-	136,744
Other income	31,726	-	31,726	249,478	-	249,478
Total revenue	<u>3,336,546</u>	<u>-</u>	<u>3,336,546</u>	<u>3,560,565</u>	<u>-</u>	<u>3,560,565</u>
Total support and revenue	<u>27,814,841</u>	<u>(3,192,921)</u>	<u>24,621,920</u>	<u>21,351,910</u>	<u>(2,716,921)</u>	<u>18,634,989</u>
Functional Expenses:						
Program services	16,734,404	-	16,734,404	17,260,012	-	17,260,012
Administrative and general	1,118,528	-	1,118,528	1,201,720	-	1,201,720
Fundraising	3,316,880	-	3,316,880	3,258,977	-	3,258,977
Total functional expenses	<u>21,169,812</u>	<u>-</u>	<u>21,169,812</u>	<u>21,720,709</u>	<u>-</u>	<u>21,720,709</u>
Increase (decrease) from operations	<u>6,645,029</u>	<u>(3,192,921)</u>	<u>3,452,108</u>	<u>(368,799)</u>	<u>(2,716,921)</u>	<u>(3,085,720)</u>
Other Changes:						
Investment income	1,823,893	-	1,823,893	1,600,120	-	1,600,120
Uncollectible pledges and grants	(22,773)	-	(22,773)	(39,811)	-	(39,811)
Loss on disposal of fixed assets	(510)	-	(510)	(980)	-	(980)
Net assets released from restriction	-	-	-	-	-	-
Total other changes	<u>1,800,610</u>	<u>-</u>	<u>1,800,610</u>	<u>1,559,329</u>	<u>-</u>	<u>1,559,329</u>
Increase (decrease) in net assets	<u>8,445,639</u>	<u>(3,192,921)</u>	<u>5,252,718</u>	<u>1,190,530</u>	<u>(2,716,921)</u>	<u>(1,526,391)</u>
Net assets - beginning of year	<u>64,225,288</u>	<u>10,849,566</u>	<u>75,074,854</u>	<u>63,034,758</u>	<u>13,566,487</u>	<u>76,601,245</u>
Net assets - end of year	<u>\$ 72,670,927</u>	<u>\$ 7,656,645</u>	<u>\$ 80,327,572</u>	<u>\$ 64,225,288</u>	<u>\$ 10,849,566</u>	<u>\$ 75,074,854</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, 2024 (with comparative totals for 2023)

	Program Services	Administrative and General	Fundraising	Total	
				2024	2023
Annuity interest	\$ -	\$ 660	\$ -	\$ 660	\$ 883
Bank fees	238	65,499	-	65,737	72,023
Camps	39,560	-	-	39,560	36,510
Conference, seminars and meetings	32,928	22,241	4,540	59,709	41,766
Cultivation and acquisition	-	16,545	1,889,312	1,905,857	1,868,442
Depreciation	2,496,810	15,685	15,685	2,528,180	2,406,476
Kitchen	1,063,465	286	979	1,064,730	998,169
Housekeeping	101,551	-	-	101,551	108,302
Insurance	153,134	65,569	-	218,703	198,922
Interest	321,148	73,160	-	394,308	397,900
Memberships and subscriptions	8,299	18,384	4,052	30,735	31,561
Newsletter expenses	200,521	-	-	200,521	207,747
Printing, postage and shipping	16,593	7,233	4,624	28,450	41,875
Professional and contractual services	408,027	77,109	2,492	487,628	703,626
Public awareness	-	-	461,035	461,035	692,580
Leasing costs	119,587	10,602	110,094	240,283	253,017
Repairs and maintenance - building	406,451	2,056	210	408,717	307,233
Residents' assistance	371,074	77	-	371,151	372,475
Salaries and related expenses	5,337,471	686,929	788,775	6,813,175	6,522,947
Software licensing	115,704	-	-	115,704	113,288
Special events	-	-	1,212	1,212	6,498
Supplies	74,386	6,506	1,813	82,705	62,689
Telephone and communication	68,868	5,802	8,196	82,866	77,341
Travel and entertainment	19,517	26,080	5,761	51,358	28,282
Utilities	779,187	18,100	18,100	815,387	1,036,704
Vehicles	82,780	5	-	82,785	64,351
Subtotal	<u>12,217,299</u>	<u>1,118,528</u>	<u>3,316,880</u>	<u>16,652,707</u>	<u>16,651,607</u>
Non-cash distributions:					
Donated merchandise distribution	1,048,398	-	-	1,048,398	1,787,392
Donated professional services distribution	2,224,821	-	-	2,224,821	2,141,419
Donated food distribution	1,243,886	-	-	1,243,886	1,140,291
Subtotal - Non-cash distributions	<u>4,517,105</u>	<u>-</u>	<u>-</u>	<u>4,517,105</u>	<u>5,069,102</u>
Total functional expenses	<u>\$ 16,734,404</u>	<u>\$ 1,118,528</u>	<u>\$ 3,316,880</u>	<u>\$ 21,169,812</u>	<u>\$ 21,720,709</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, 2023

	Program Services	Administrative and General	Fundraising	Total 2023
Annuity interest	\$ -	\$ 883	\$ -	\$ 883
Bank fees	372	71,651	-	72,023
Camps	36,510	-	-	36,510
Conference, seminars and meetings	19,323	18,773	3,670	41,766
Cultivation and acquisition	-	-	1,868,442	1,868,442
Depreciation	2,377,694	14,391	14,391	2,406,476
Kitchen	994,585	303	3,281	998,169
Housekeeping	108,302	-	-	108,302
Insurance	139,245	59,677	-	198,922
Interest	296,059	101,841	-	397,900
Memberships and subscriptions	1,431	23,073	7,057	31,561
Newsletter expenses	207,747	-	-	207,747
Printing, postage and shipping	24,896	8,715	8,264	41,875
Professional and contractual services	472,817	228,322	2,487	703,626
Public awareness	238,983	-	453,597	692,580
Leasing costs	236,611	6,156	10,250	253,017
Repairs and maintenance - building	306,465	768	-	307,233
Residents' assistance	372,475	-	-	372,475
Salaries and related expenses	5,148,048	603,129	771,770	6,522,947
Software licensing	33,597	6,560	73,131	113,288
Special events	1,586	4,380	532	6,498
Supplies	48,673	9,743	4,273	62,689
Telephone and communication	62,630	6,401	8,310	77,341
Travel and entertainment	7,657	14,081	6,544	28,282
Utilities	990,966	22,869	22,869	1,036,704
Vehicles	64,238	4	109	64,351
Subtotal	<u>12,190,910</u>	<u>1,201,720</u>	<u>3,258,977</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>5,069,102</u>
Total functional expenses	<u>\$ 17,260,012</u>	<u>\$ 1,201,720</u>	<u>\$ 3,258,977</u>	<u>\$ 21,720,709</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>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 5,252,718	\$ (1,526,391)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Amortization of debt issuance costs included in interest expense	-	1,624
Change in discount on pledges receivable	(21,270)	(77,932)
Depreciation	2,528,180	2,406,476
Donated securities and other assets	(110,914)	(393,642)
Loss on disposal of property and equipment	510	980
Realized gain on sale of investments	(17,415)	(5,396)
Uncollectible pledges and grants	22,773	39,811
Unrealized gain on investments	(869,946)	(515,240)
Change in right-of-use assets and lease liabilities, operating leases, net	15,478	15,478
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	205,985	(184,444)
Contributions and grants receivable	158,142	(63,133)
Operational pledges receivable	198,546	1,807,010
Prepaid expenses	(5,491)	(5,996)
Other receivables and deposits	447,045	(408,930)
(Decrease) increase in:		
Accounts payable	263,127	140,631
Accrued expenses	62,484	80,271
Construction payables	-	(2,505,955)
Net cash provided by (used in) operating activities	<u>8,129,952</u>	<u>(1,194,778)</u>
Cash flows from investing activities:		
Purchase of investments	(15,445,159)	(6,608,648)
Proceeds from sale of investments	14,941,726	399,038
Purchase of property, equipment and construction in progress	(9,612,616)	(1,534,526)
Net cash used in investing activities	<u>(10,116,049)</u>	<u>(7,744,136)</u>
Cash flows from financing activities:		
Payments received on capital campaign pledges and capital campaign contributions	113,381	805,557
Principal repayments on loans payable	(127,123)	(111,910)
Principal repayments on annuities payable	(5,690)	(5,468)
Net cash (used in) provided by financing activities	<u>(19,432)</u>	<u>688,179</u>
Net decrease in cash, cash equivalents and restricted cash	(2,005,529)	(8,250,735)
Cash, cash equivalents and restricted cash, beginning of year	<u>5,027,820</u>	<u>13,278,555</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 3,022,291</u>	<u>\$ 5,027,820</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, 2024 and 2023

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, 2024 and 2023. 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, 2024 and 2023

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 Credit Losses

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.

The allowance for credit losses is management's best estimate of the current expected credit losses from accounts receivable. Losses are estimated collectively for groups of receivables with similar risk characteristics. The allowance for credit losses considers relevant information about past events, current conditions, reasonable and supportable forecasts that affect the collectability of financial assets, portfolio credit quality, and general economic conditions, resulting in recognition of lifetime expected credit losses at initial recognition of the related asset. General economic conditions are forecasted using economic variables which will create volatility and those variables change over time. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for credit losses based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable. Accounts receivable are deemed fully collectible at June 30, 2024 and 2023, and therefore, the Organization has not established an allowance for credit losses. There was no credit loss expense related to accounts receivable for the years ended June 30, 2024 and 2023.

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, 2024 and 2023 and accordingly, no allowance for credit losses is required. Bad debt expense related to contributions and grants receivable totaled \$22,773 and \$14,401 for the years ended June 30, 2024 and 2023, respectively. The amount is included in "uncollectible pledges and grants" in the accompanying Consolidated Statements of Activities for the years ended June 30, 2024 and 2023, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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 \$2,528,180 and \$2,406,476 for the years ended June 30, 2024 and 2023, respectively.

Impairment of Property

The Organization reviews its land, building and improvements for impairment whenever events or changes in circumstances indicate 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 has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during the years ended June 30, 2024 and 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." 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." Investment expenses, such as custodial, commission, and investment advisory fees, are netted against investment income in the Statements of Activities.

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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

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.

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).

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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 \$7,656,645 and \$10,849,566 at June 30, 2024 and 2023, 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 \$347,198 and \$678,757 for the years ended June 30, 2024 and 2023, respectively. Advertising expense is included in “public awareness” in the Consolidated Statements of Functional Expenses.

Income Taxes

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, 2024 and 2023 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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

2. **Summary of Significant Accounting Policies** (continued)

Income Taxes (continued)

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.

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.

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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Adopted

Measurement of Credit Losses on Financial Statements

Effective July 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (Topic 326), which requires entities to use a new impairment model based on current expected credit losses (CECL) rather than incurred losses. Estimated credit losses under CECL consider relevant information about past events, current conditions and reasonable and supportable forecasts that affect the collectability of financial assets, resulting in recognition of lifetime expected credit losses at initial recognition of the related assets. *Topic 326* applies to accounts receivables. The Organization adopted *Topic 326* using the effective date method, which applies *Topic 326* prospectively from the transition date. The adoption of *Topic 326* did not have a significant impact on the Organization's financial statements.

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 ASU's, 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 in the Consolidated 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 of the 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* has a material impact on the Organization's Consolidated Statement of Financial Position, but did not have a material impact on the Consolidated Statements 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 *Topic 842* had no material impact on beginning of year net assets.

Reclassifications

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

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,063,991	\$ 1,303,009
Restricted cash	1,733,119	3,418,623
Fee reserves	<u>225,181</u>	<u>306,188</u>
Cash, cash equivalents, and restricted cash shown on in the Consolidated Statements of Cash Flows	<u>\$ 3,022,291</u>	<u>\$ 5,027,820</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 \$1,733,119 and \$3,418,623 as of June 30, 2024 and 2023, 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 \$225,181 and \$306,188 at June 30, 2024 and 2023, respectively.

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, 2024 and 2023 was recorded at the present value of the expected future cash flows discounted at the Organization's incremental borrowing rate, which was 4.10% at June 30, 2024 and 2023.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

4. Capital Campaign Pledges Receivable (continued)

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

	<u>2024</u>	<u>2023</u>
Capital campaign pledges receivable	\$ 135,000	\$ 248,381
Less: unamortized discount	<u>(6,725)</u>	<u>(12,449)</u>
Total	<u>\$ 128,275</u>	<u>\$ 235,932</u>

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

	<u>2024</u>	<u>2023</u>
Capital campaign pledges receivables - current	\$ 106,646	\$ 180,708
Capital campaign pledges receivables - noncurrent	<u>21,629</u>	<u>55,224</u>
	<u>\$ 128,275</u>	<u>\$ 235,932</u>
Amounts due in:		
Less than one year	\$ 112,000	\$ 190,381
One to five years	<u>23,000</u>	<u>58,000</u>
Total	<u>\$ 135,000</u>	<u>\$ 248,381</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, 2024 and 2023, there were \$-0- and \$20,350 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, 2024 and 2023, respectively.

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, 2024 and 2023 was recorded at the present value of the expected future cash flows discounted at the Organization's incremental borrowing rate, which was 4.10% at June 30, 2024 and 2023.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

5. Operational Pledges Receivable (continued)

Operational pledges receivable consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Operational pledges receivable	\$ 153,287	\$ 351,833
Less: unamortized discount	<u>(6,957)</u>	<u>(22,503)</u>
Total	<u>\$ 146,330</u>	<u>\$ 329,330</u>

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

	<u>2024</u>	<u>2023</u>
Operational pledges receivables - current	\$ 122,892	\$ 183,000
Operational pledges receivables - noncurrent	<u>23,438</u>	<u>146,330</u>
	<u>\$ 146,330</u>	<u>\$ 329,330</u>
Amounts due in:		
Less than one year	\$ 129,000	\$ 196,503
One to five years	<u>24,287</u>	<u>155,330</u>
Total	<u>\$ 153,287</u>	<u>\$ 351,833</u>

Management evaluates the collectability of operational pledges receivable based on payment patterns and continued correspondence with donors. During the years ended June 30, 2024 and 2023, operational pledges totaling \$-0- and \$5,060 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, 2024 and 2023, respectively.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

6. Investments

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

<u>2024</u>	<u>Cost</u>	<u>Net Unrealized Appreciation</u>	<u>Fair Value</u>
Mutual Funds	\$11,392,266	\$ 627,966	\$ 12,020,232
Treasury Bills	<u>7,111,727</u>	<u>107,432</u>	<u>7,219,159</u>
Total investments	<u>\$18,503,993</u>	<u>\$ 735,398</u>	<u>\$ 19,239,391</u>

<u>2023</u>	<u>Cost</u>	<u>Net Unrealized Appreciation (Depreciation)</u>	<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>
Total investments	<u>\$17,872,231</u>	<u>\$ (134,548)</u>	<u>\$ 17,737,683</u>

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

	<u>2024</u>	<u>2023</u>
Unrestricted	\$13,986,332	\$ 12,608,039
Restricted for women's and children's program	<u>5,253,059</u>	<u>5,129,644</u>
Total investments	<u>\$19,239,391</u>	<u>\$ 17,737,683</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

6. Investments (continued)

The following schedule summarizes investment income 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>2024</u>			
Interest and dividends	\$ 936,532	\$ -	\$ 936,532
Gain on sale of investments	17,415	-	17,415
Change in unrealized appreciation on investments	<u>869,946</u>	<u>-</u>	<u>869,946</u>
Total investment income	<u>\$ 1,823,893</u>	<u>\$ -</u>	<u>\$ 1,823,893</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 on investments	<u>515,240</u>	<u>-</u>	<u>515,240</u>
Total investment income	<u>\$ 1,600,120</u>	<u>\$ -</u>	<u>\$ 1,600,120</u>

Investment fees are netted with interest and dividends for the years ended June 30, 2024 and 2023.

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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

6. Investments (continued)

Investments included in the portfolio that have been in a continuous loss position are as follows at June 30, 2024:

	Less than 12 months	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual funds	\$ -	\$ -
	More than 12 months	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual funds	\$4,525,199	\$ (351,543)

7. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2024</u>				
Mutual Funds	\$ 12,020,232	\$ 12,020,232	\$ -	\$ -
Treasury Bills	<u>7,219,159</u>	<u>-</u>	<u>7,219,159</u>	<u>-</u>
Total investments	<u>\$ 19,239,391</u>	<u>\$ 12,020,232</u>	<u>\$ 7,219,159</u>	<u>\$ -</u>
Capital campaign pledges receivable	<u>\$ 128,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,275</u>
Operational pledges receivable	<u>\$ 146,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,330</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

7. Fair Value Measurements (continued)

2023

Mutual Funds	\$ 12,608,039	\$ 12,608,039	\$ -	\$ -
Treasury Bills	<u>5,129,644</u>	<u>-</u>	<u>5,129,644</u>	<u>-</u>
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>

Capital campaign and operational pledges receivable are recorded at the present value of the expected future cash flows discounted 4.10% for the years ended June 30, 2024 and 2023. The discount rate is based on the Organization's incremental borrowing rate at June 30, 2024 and 2023.

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:

	Capital Campaign Pledges	Operational Pledges
Balance at June 30, 2022	\$ 1,037,370	\$ 2,087,937
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	\$ 235,932	\$ 329,330
Receipts from pledges	(113,381)	(198,546)
Change in discount on pledges	<u>5,724</u>	<u>15,546</u>
Balance at June 30, 2024	<u>\$ 128,275</u>	<u>\$ 146,330</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

7. Fair Value Measurements (continued)

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, 2024 and 2023. Interest income related to this note receivable totaled \$109,465 for the years ended June 30, 2024 and 2023. 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 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, 2024 and 2023. Interest income related to this note receivable totaled \$97,868 for the years ended June 30, 2024 and 2023. 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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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, 2024 and 2023. There was no balance outstanding on the line of credit as of June 30, 2024 and 2023.

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%. 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 \$2,260,967 and \$2,388,090 at June 30, 2024 and 2023, 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, 2024 and 2023, respectively.

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, 2024 and 2023, \$62,500, respectively, was incurred and paid and included in professional fees in the accompanying Consolidated Statements of Functional Expenses.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

10. Long-Term Debt (continued)

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 1.00% 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.

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

Years Ending June 30,	Amount
2025	\$ 132,323
2026	138,417
2027	144,281
2028	2,260,037
2029	418,247
Thereafter	<u>21,467,662</u>
Total	<u>\$ 24,560,967</u>

Consolidated interest expense incurred on all of the long-term debt above and lines of credit was \$394,308 and \$397,900 for the years ended June 30, 2024 and 2023, respectively on this debt.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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, 2024 and 2023 are \$12,086 and \$17,776, 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, 2024 and 2023, 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, 2024 and 2023, HUM has sufficient reserves to fund these obligations.

Interest expense related to annuities payable totaled \$660 and \$883 for the years ended June 30, 2024 and 2023, respectively. Future estimated minimum principal payments for the remaining annuities are as follows:

Years Ending	Amount
June 30,	
2025	\$ 5,922
2026	6,164
Total	<u>\$ 12,086</u>

12. Right-of-Use Assets and Lease Liabilities

The Organization has the following long-term leases as of June 30, 2024:

- 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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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

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, 2024, the ROU asset has a balance of \$329,103, 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 \$53,958 and \$361,562, respectively as of June 30, 2024. 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.

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 has been running month-to-month since expiring in May 2023 with 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.

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:

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
<u>Leasing Costs (included in operating expenses):</u>		
Operating lease costs	\$ 62,482	\$ 53,497
Short-term lease costs	170,801	191,053
Variable lease costs	<u>7,000</u>	<u>8,467</u>
Total leasing costs	<u>\$ 240,283</u>	<u>\$ 253,017</u>

	<u>2024</u>
Other Information:	
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows from operating leases	\$ 213,881
Weighted-average remaining lease term (years)	5.87
Weighted-average discount rate	3.40%

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

For the years ended	<u>Amount</u>
<u>June 30,</u>	
2025	\$ 66,044
2026	75,564
2027	75,564
2028	62,985
2029	54,000
Thereafter	<u>126,000</u>
Total undiscounted cash flows	460,157
Less: present value discount	<u>(44,637)</u>
Present value of lease liabilities	415,520
Less: current portion	<u>(53,958)</u>
Long-term lease liabilities	<u>\$ 361,562</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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>2024</u>	<u>2023</u>
Undesignated	\$ 71,770,927	\$ 63,825,288
Board designated for capital needs	<u>900,000</u>	<u>400,000</u>
Total net assets without donor restrictions	<u>\$ 72,670,927</u>	<u>\$ 64,225,288</u>

14. Net assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Acupuncture	\$ 7,989	\$ 11,739
Baltimore Street outreach	97,771	239,300
Capital improvements	290,184	1,177,464
Christmas gifts for client's children	6,858	10,197
Education & workforce development	-	94,471
Health access	23,990	-
Hispanic outreach	-	65,713
Women's and children's program - Operating expenses	7,098,758	8,638,544
Library fund - men	12,495	8,437
Library fund - women	3,297	-
Mission leadership	56,070	-
OCC grant	-	115,815
Program retreats	35,645	35,000
Property acquisition	-	415,000
Summer camps	12,615	37,886
Trail team	<u>10,973</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 7,656,645</u>	<u>\$ 10,849,566</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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.

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 does not have any remaining award balances under conditional grants and contributions at June 30, 2024.

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:

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

15. Revenue Recognition (continued)

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

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.

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 \$132,180 and \$338,165 as of June 30, 2024 and 2023, 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, 2024 and 2023 on the Consolidated Statements of Financial Position.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

15. Revenue Recognition (continued)

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

Disaggregation of Revenue

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

	<u>2024</u>	<u>2023</u>
JHH overnight services	\$ 927,141	\$ 879,748
Next step services	47,500	83,000
VA overnight services	289,464	452,186
COVID isolation lodging fees	-	280,000
Other program services	<u>150,944</u>	<u>94,628</u>
Overnight, day and support services	1,415,049	1,789,562
Rental income	<u>165,646</u>	<u>136,744</u>
Total contract revenue	<u>\$ 1,580,695</u>	<u>\$ 1,926,306</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.

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>2024</u>	<u>2023</u>
Lodging	\$ 675,656	\$ 543,845
Food stamps	757,229	646,191
Temporary disability assistance	<u>291,240</u>	<u>194,745</u>
Total program fees	<u>\$ 1,724,125</u>	<u>\$ 1,384,781</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

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>2024</u>	<u>2023</u>	<u>Monetized or Utilized</u>	<u>Programs Utilized</u>	<u>Donor Imposed Restrictions</u>	<u>Fair value Technique</u>
Merchandise	\$1,048,398	\$1,787,392	Utilized	Overnight & spiritual recovery programs	None	Fair market value at time of donation
Professional services	2,224,821	2,141,419	Utilized	Overnight & spiritual recovery programs	None	Current hourly rates of professionals that contribute time and resources to the Organization
Food	<u>1,243,886</u>	<u>1,140,291</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>\$4,517,105</u>	<u>\$5,069,102</u>				

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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

17. Related Party Transactions (continued)

Related Party Lease (continued)

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 \$2,700,527 at June 30, 2024.

Under *Topic 842*, HUM has recorded a ROU asset totaling \$15,257,547 and a corresponding lease liability totaling \$17,958,074 as of June 30, 2024 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, 2024.

Rental income and expense eliminated in consolidation totaled \$827,387 for the years ended June 30, 2024 and 2023.

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>
2025	\$ 216,000
2026	216,000
2027	276,000
2028	720,000
2029	720,000
Thereafter	<u>28,270,000</u>
Total undiscounted cash flows	30,418,000
Less: present value discount	<u>(12,459,926)</u>
Present value of lease liabilities	<u>\$ 17,958,074</u>

Other Related Party Information

All expenses and certain capital improvements of HOF are incurred and paid by HUM and recorded as a contribution from HUM to HOF. During the years ended June 30, 2024 and 2023, HUM contributed \$1,689,295 and \$1,850,597, respectively, of expenses and capital improvements 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, 2024 and 2023

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 had a term of two years and provided for base monthly rentals to be received in the amount of \$2,079 throughout the term of the lease. Upon expiration of the original agreement, the lease is subject to annual renewals. The current lease expiration is September 2024. Base monthly rentals to be received are \$2,079 and \$3,483 for the years ended June 30, 2024 and 2023, respectively.

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, 2024 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 is subject to annual renewals and provides for base monthly rentals to be received in the amount of \$3,100 through April 2024. Upon expiration in April 2024, this lease was renewed for an additional one-year period through April 2025 at base monthly rentals of \$4,542.

HUM provides certain facilities, equipment and administrative services at 1216 E. Baltimore 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 \$647 through January 2025.

Rental income totaled \$165,646 and \$136,744 for the years ended June 30, 2024 and 2023, respectively under lease agreements not eliminated in consolidation. The cost of the buildings owned by HUM was \$49,751,767 and \$9,124,510 at June 30, 2024 and 2023, respectively and accumulated depreciation totaled \$4,812,214 and \$2,389,898 at June 30, 2024 and 2023, 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 \$345,170 and \$290,810 at June 30, 2024 and 2023, respectively, and is included in the balance of "accrued expenses" on the Consolidated Statements of Financial Position.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

19. Commitments (continued)

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, 2024 and 2023. 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.

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, 2024 and 2023. 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, 2024 and 2023. 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, 2024 and 2023. 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.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

19. Commitments (continued)

Grant Commitments (continued)

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, 2024 and 2023. 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.

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, 2024 and 2023. 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. The grant was recognized as revenue in full in years prior to June 30, 2024 and 2023. 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.

Land and Disposition Agreement Related to Property Acquisition

In May 2024, HOF purchased property at 1100 E. Baltimore Street. The property is subject to a Land Disposition Agreement with the City of Baltimore. Under the Land Disposition Agreement, the Organization has twenty-four months from settlement to complete the project, consisting of demolition of the remaining building structure on the property, clean-up of all demolition debris, landscaping, installation of ancillary improvements and equipment to permit the property to be used for outdoor recreation and installation of a historical marker. Upon completion of the project, a Certificate of Completion will be recorded among the Land Records of Baltimore City. No transfer or disposition of the property is allowed prior to the Certificate of Completion without prior consent from the City of Baltimore.

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

20. Concentrations

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, 2024 and 2023 was \$2,665,746 and \$4,749,402, respectively.

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>2024</u>	<u>2023</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 1,063,991	\$ 1,303,009
Accounts receivable, net of allowance	132,180	338,165
Contributions and grants receivable	575,895	756,810
Investments	13,986,332	12,608,039
Capital campaign pledges receivable	106,646	180,708
Operational pledges receivable	<u>122,892</u>	<u>183,000</u>
Total financial assets available within one year	15,987,936	15,369,731
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	557,887	2,211,022
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>900,000</u>	<u>400,000</u>
Total financial assets available to management for general expenditures within one year	<u>\$13,330,049</u>	<u>\$ 11,558,709</u>

Helping Up Mission, Inc. and Affiliates

Notes to Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

21. **Liquidity and Availability of Resources** (continued)

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.

22. **Retirement Plan**

HUM sponsors and contributes to an employee SIMPLE IRA plan. Contributions to this Plan totaled \$100,143 and \$93,466 for the years ended June 30, 2024 and 2023, respectively.

23. **Supplemental Disclosure of Cash Flow Information**

Cash paid for interest totaled \$365,805 and \$368,290 for the years ended June 30, 2024 and 2023, respectively.

24. **Subsequent Events**

Subsequent events were evaluated for disclosure through October 1, 2024, the date the financial statements were available to be issued. There were no subsequent events required to be disclosed.

Supplementary Information

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Financial Position

June 30, 2024

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,022,243	\$ 41,748	\$ -	\$ -	\$ 1,063,991
Accounts receivable, net of allowance	132,180	-	-	-	132,180
Contributions and grants receivable	575,895	-	-	-	575,895
Investments	13,986,332	-	-	-	13,986,332
Capital campaign pledges receivable	106,646	-	-	-	106,646
Operational pledges receivable	122,892	-	-	-	122,892
Prepaid expenses	41,373	3,238	-	-	44,611
Total current assets	<u>15,987,561</u>	<u>44,986</u>	<u>-</u>	<u>-</u>	<u>16,032,547</u>
Property and Equipment:					
Buildings and improvements	577,271	19,597,913	40,207,961	(104,301)	60,278,844
Furniture and equipment	1,641,479	598,793	4,719,479	-	6,959,751
Vehicles	489,512	-	-	-	489,512
Total	<u>2,708,262</u>	<u>20,196,706</u>	<u>44,927,440</u>	<u>(104,301)</u>	<u>67,728,107</u>
Less accumulated depreciation	<u>1,153,995</u>	<u>6,638,963</u>	<u>2,944,763</u>	<u>20,904</u>	<u>10,758,625</u>
	1,554,267	13,557,743	41,982,677	(125,205)	56,969,482
Land	-	8,954,543	304,300	-	9,258,843
Construction in progress	-	301,223	-	-	301,223
Net property and equipment	<u>1,554,267</u>	<u>22,813,509</u>	<u>42,286,977</u>	<u>(125,205)</u>	<u>66,529,548</u>
Other Assets:					
Restricted cash for building construction / operating expenses	1,600,462	-	132,657	-	1,733,119
Restricted investments for women's program	5,253,059	-	-	-	5,253,059
Fee reserves	-	-	225,181	-	225,181
Capital campaign pledges receivable - noncurrent	21,629	-	-	-	21,629
Operational pledges receivable - noncurrent	23,438	-	-	-	23,438
Deferred rent receivable	-	-	2,700,527	(2,700,527)	-
Right-of-use asset, operating lease, net	15,586,650	-	-	(15,257,547)	329,103
Other receivables and deposits	2,800	-	-	-	2,800
Note receivable	8,972,500	7,353,000	-	-	16,325,500
Total other assets	<u>31,460,538</u>	<u>7,353,000</u>	<u>3,058,365</u>	<u>(17,958,074)</u>	<u>23,913,829</u>
Total Assets	<u>\$ 49,002,366</u>	<u>\$ 30,211,495</u>	<u>\$ 45,345,342</u>	<u>\$ (18,083,279)</u>	<u>\$ 106,475,924</u>

Helping Up Mission, Inc. and Affiliates

Consolidating Statement of Financial Position

June 30, 2024

	<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	\$ 132,323	\$ -	\$ -	\$ -	\$ 132,323
Current maturities of annuities payable	5,922	-	-	-	5,922
Accounts payable	252,160	205,187	109,647	-	566,994
Accrued expenses	431,010	-	-	-	431,010
Refundable advance	161,775	-	-	-	161,775
Current maturities of lease liabilities	53,958	-	-	-	53,958
Total current liabilities	<u>1,037,148</u>	<u>205,187</u>	<u>109,647</u>	<u>-</u>	<u>1,351,982</u>
Long-Term Liabilities:					
Loans payable, net of current maturities	5,558,644	-	18,870,000	-	24,428,644
Annuities payable, net of current maturities	6,164	-	-	-	6,164
Lease liabilities, net of current maturities	18,319,636	-	-	(17,958,074)	361,562
Total long-term liabilities	<u>23,884,444</u>	<u>-</u>	<u>18,870,000</u>	<u>(17,958,074)</u>	<u>24,796,370</u>
Total liabilities	<u>24,921,592</u>	<u>205,187</u>	<u>18,979,647</u>	<u>(17,958,074)</u>	<u>26,148,352</u>
Net Assets:					
Without donor restrictions (Note 13)	16,781,967	30,006,308	26,007,857	(125,205)	72,670,927
With donor restrictions (Note 14)	7,298,807	-	357,838	-	7,656,645
Total net assets	<u>24,080,774</u>	<u>30,006,308</u>	<u>26,365,695</u>	<u>(125,205)</u>	<u>80,327,572</u>
Total Liabilities and Net Assets	<u>\$ 49,002,366</u>	<u>\$ 30,211,495</u>	<u>\$ 45,345,342</u>	<u>\$ (18,083,279)</u>	<u>\$ 106,475,924</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>
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>
Land	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	<u>33,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,579</u>
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	<u>18,037,653</u>	<u>-</u>	<u>-</u>	<u>(17,622,133)</u>	<u>415,520</u>
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)	<u>9,896,125</u>	<u>415,000</u>	<u>538,441</u>	<u>-</u>	<u>10,849,566</u>
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 Activities

For the year ended June 30, 2024

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Support and Revenue:					
Support:					
Contributions and gifts	\$ 8,867,723	\$ 7,885,000	\$ -	\$ -	\$ 16,752,723
In-kind donations (Note 16)	4,517,105	-	-	-	4,517,105
Operational pledges	15,546	-	-	-	15,546
Total support	<u>13,400,374</u>	<u>7,885,000</u>	<u>-</u>	<u>-</u>	<u>21,285,374</u>
Revenue:					
Program fees	1,724,125	-	-	-	1,724,125
Overnight, day and support services	1,415,049	-	-	-	1,415,049
Rental income	165,646	-	827,387	(827,387)	165,646
Other income	31,726	-	-	-	31,726
Total revenue	<u>3,336,546</u>	<u>-</u>	<u>827,387</u>	<u>(827,387)</u>	<u>3,336,546</u>
 Total support and revenue	<u>16,736,920</u>	<u>7,885,000</u>	<u>827,387</u>	<u>(827,387)</u>	<u>24,621,920</u>
Functional Expenses:					
Program services	14,336,871	1,455,920	1,769,000	(827,387)	16,734,404
Administrative and general	1,108,350	9,800	378	-	1,118,528
Fundraising	3,316,880	-	-	-	3,316,880
Total functional expenses	<u>18,762,101</u>	<u>1,465,720</u>	<u>1,769,378</u>	<u>(827,387)</u>	<u>21,169,812</u>
Increase (decrease) from operations	<u>(2,025,181)</u>	<u>6,419,280</u>	<u>(941,991)</u>	<u>-</u>	<u>3,452,108</u>
Other Changes:					
Contributions (to) from related parties	(1,689,295)	1,689,295	-	-	-
Investment income	1,717,831	105,717	345	-	1,823,893
Uncollectible pledges and grants	(22,773)	-	-	-	(22,773)
Loss on disposal of fixed assets	(256)	(254)	-	-	(510)
Total other changes	<u>5,507</u>	<u>1,794,758</u>	<u>345</u>	<u>-</u>	<u>1,800,610</u>
Increase (decrease) in net assets	<u>(2,019,674)</u>	<u>8,214,038</u>	<u>(941,646)</u>	<u>-</u>	<u>5,252,718</u>
Net assets - beginning 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>
Net assets - end of year	<u>\$ 24,080,774</u>	<u>\$ 30,006,308</u>	<u>\$ 26,365,695</u>	<u>\$ (125,205)</u>	<u>\$ 80,327,572</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	1,384,781	-	-	-	1,384,781
Overnight, day and support services	1,789,562	-	-	-	1,789,562
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 Expenses

For the year ended June 30, 2024

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Annuity interest	\$ 660	\$ -	\$ -	\$ -	\$ 660
Bank fees	65,499	238	-	-	65,737
Camps	39,560	-	-	-	39,560
Conference, seminars and meetings	59,709	-	-	-	59,709
Cultivation and acquisition	1,905,857	-	-	-	1,905,857
Depreciation	313,691	793,209	1,421,280	-	2,528,180
Kitchen	1,062,750	1,980	-	-	1,064,730
Housekeeping	101,551	-	-	-	101,551
Insurance	218,562	141	-	-	218,703
Interest	160,719	-	233,589	-	394,308
Memberships and subscriptions	30,435	300	-	-	30,735
Newsletter expenses	200,521	-	-	-	200,521
Printing, postage and shipping	28,450	-	-	-	28,450
Professional and contractual services	365,997	7,500	114,131	-	487,628
Public awareness	461,035	-	-	-	461,035
Leasing costs	1,067,670	-	-	(827,387)	240,283
Repairs and maintenance - building	205,148	203,569	-	-	408,717
Residents' assistance	371,151	-	-	-	371,151
Salaries and related expenses	6,813,175	-	-	-	6,813,175
Software licensing	115,704	-	-	-	115,704
Special events	1,212	-	-	-	1,212
Supplies	82,327	-	378	-	82,705
Telephone and communication	77,480	5,386	-	-	82,866
Travel and entertainment	51,358	-	-	-	51,358
Utilities	361,990	453,397	-	-	815,387
Vehicles	82,785	-	-	-	82,785
Subtotal	<u>14,244,996</u>	<u>1,465,720</u>	<u>1,769,378</u>	<u>(827,387)</u>	<u>16,652,707</u>
Non-cash distributions:					
Donated merchandise distribution	1,048,398	-	-	-	1,048,398
Donated professional services distribution	2,224,821	-	-	-	2,224,821
Donated food distribution	1,243,886	-	-	-	1,243,886
Subtotal - Non-cash distributions	<u>4,517,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,517,105</u>
Total expenses	<u>\$ 18,762,101</u>	<u>\$ 1,465,720</u>	<u>\$ 1,769,378</u>	<u>\$ (827,387)</u>	<u>\$ 21,169,812</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>