

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

**Audited Consolidated  
Financial Statements**

**June 30, 2020 and 2019**

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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, 2020 and 2019, 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.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of House of Freedom Support Corporation, an affiliate, which statements reflect total assets of \$31,529,889 and \$-0- as of June 30, 2020 and 2019, respectively, and total support and revenues of \$17,745,993 and \$-0-, respectively (eliminated on consolidation), 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 other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helping Up Mission, Inc. and Affiliates as of June 30, 2020 and 2019, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **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 40-47 is 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. The Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Statements of Expenses have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Statements of Expenses, which insofar as it relates to House of Freedom Support Corporation, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Fitzpatrick, Leary, Smyrko, LLC*

October 2, 2020  
Timonium, MD

## Helping Up Mission, Inc. and Affiliates

### Consolidated Statements of Financial Position

June 30,	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,843,664	\$ 1,113,669
Accounts receivable, net of allowance	83,349	335,614
Contributions receivable	121,250	172,930
Investments	6,006,918	2,259,308
Capital campaign pledges receivable	7,921,717	6,580,510
Operational pledges receivable	458,019	421,582
Prepaid expenses	<u>171,742</u>	<u>69,510</u>
Total current assets	<u>16,606,659</u>	<u>10,953,123</u>
<b>Property and Equipment:</b>		
Buildings and improvements	18,571,873	18,470,901
Furniture and equipment	1,458,111	1,437,300
Vehicles	<u>248,191</u>	<u>218,062</u>
Total	20,278,175	20,126,263
Less accumulated depreciation	<u>6,079,353</u>	<u>5,300,960</u>
	14,198,822	14,825,303
Land	770,700	770,700
Construction in progress	<u>14,093,874</u>	<u>1,630,270</u>
Net property and equipment	<u>29,063,396</u>	<u>17,226,273</u>
<b>Other Assets:</b>		
Restricted cash for building construction	27,083,783	29,093,672
Fee reserves	539,078	-
Capital campaign pledges receivable - noncurrent	1,610,375	8,591,544
Operational pledges receivable - noncurrent	295,773	523,917
Deposits	2,800	2,900
Note receivable	<u>8,972,500</u>	<u>-</u>
Total other assets	<u>38,504,309</u>	<u>38,212,033</u>
<b>Total Assets</b>	<u>\$ 84,174,364</u>	<u>\$ 66,391,429</u>

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

	<u>2020</u>	<u>2019</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Current maturities of annuities payable	\$ 5,048	\$ 4,850
Accounts payable	23,231	393,451
Accrued expenses	213,633	220,093
Construction payables	2,168,890	-
Refundable advance	122,945	4,514
Current lease liabilities	97,841	90,536
Total current liabilities	<u>2,631,588</u>	<u>713,444</u>
<b>Long-Term Liabilities:</b>		
Loans payable, net of current maturities	14,991,290	2,487,747
Annuities payable	28,496	33,543
Lease liabilities, net of current portion	-	65,450
Total long-term liabilities	<u>15,019,786</u>	<u>2,586,740</u>
Total liabilities	<u>17,651,374</u>	<u>3,300,184</u>
<b>Net Assets:</b>		
Without donor restrictions (Note 13)	16,074,495	15,143,719
With donor restrictions (Note 14)	50,448,495	47,947,526
Total net assets	<u>66,522,990</u>	<u>63,091,245</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 84,174,364</u>	<u>\$ 66,391,429</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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Support:						
Contributions and gifts	\$ 5,713,300	\$ 413,311	\$ 6,126,611	\$ 4,762,626	\$ 696,645	\$ 5,459,271
In-kind donations	3,721,310	-	3,721,310	3,809,426	-	3,809,426
Operational pledges	26,275	118,803	145,078	463,894	375,951	839,845
Net assets released from restrictions	933,125	(933,125)	-	956,086	(956,086)	-
Total support	10,394,010	(401,011)	9,992,999	9,992,032	116,510	10,108,542
Revenue:						
Program fees	1,328,116	-	1,328,116	1,300,781	-	1,300,781
Overnight, day and support services	1,627,891	-	1,627,891	1,741,459	-	1,741,459
Rental income	164,155	-	164,155	46,589	-	46,589
Other income	38,621	-	38,621	25,062	-	25,062
Total revenue	3,158,783	-	3,158,783	3,113,891	-	3,113,891
Total support and revenue	13,552,793	(401,011)	13,151,782	13,105,923	116,510	13,222,433
<b>Functional Expenses:</b>						
Program services	11,382,795	-	11,382,795	10,619,438	-	10,619,438
Administrative and general	735,039	-	735,039	584,618	-	584,618
Fundraising	1,838,839	-	1,838,839	1,944,848	-	1,944,848
Total functional expenses	13,956,673	-	13,956,673	13,148,904	-	13,148,904
<b>Increase (decrease) from operations</b>	<b>(403,880)</b>	<b>(401,011)</b>	<b>(804,891)</b>	<b>(42,981)</b>	<b>116,510</b>	<b>73,529</b>
<b>Other Changes:</b>						
Capital campaign pledges and contributions, net	-	2,901,980	2,901,980	-	27,751,392	27,751,392
Investment income	559,215	-	559,215	249,429	301,720	551,149
Gain (loss) on disposal of fixed assets	(19,076)	-	(19,076)	(2,236,434)	-	(2,236,434)
PPP loan proceeds	801,100	-	801,100	-	-	-
Uncollectible pledges	(6,583)	-	(6,583)	(600)	-	(600)
Total other changes	1,334,656	2,901,980	4,236,636	(1,987,605)	28,053,112	26,065,507
<b>Increase (decrease) in net assets</b>	<b>930,776</b>	<b>2,500,969</b>	<b>3,431,745</b>	<b>(2,030,586)</b>	<b>28,169,622</b>	<b>26,139,036</b>
<b>Net assets - beginning of year</b>	<b>15,143,719</b>	<b>47,947,526</b>	<b>63,091,245</b>	<b>17,174,305</b>	<b>19,777,904</b>	<b>36,952,209</b>
<b>Net assets - end of year</b>	<b>\$ 16,074,495</b>	<b>\$ 50,448,495</b>	<b>\$ 66,522,990</b>	<b>\$ 15,143,719</b>	<b>\$ 47,947,526</b>	<b>\$ 63,091,245</b>

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, 2020 (with comparative totals for 2019)

	Program Services	Administrative and General	Fundraising	Total	
				2020	2019
Annuity interest	\$ -	\$ 1,500	\$ -	\$ 1,500	\$ 1,690
Bank fees	5,833	46,340	1,432	53,605	42,984
Banquet	18,183	-	-	18,183	130,709
Camps	71,610	-	-	71,610	86,027
Conference, seminars and meetings	18,383	14,092	3,970	36,445	47,686
Cultivation and acquisition	-	36,702	1,077,948	1,114,650	1,057,126
Depreciation	766,417	5,988	5,988	778,393	789,402
Equipment lease and maintenance	78,095	12,487	27,240	117,822	106,830
Kitchen	618,210	329	516	619,055	560,411
Housekeeping	91,892	-	-	91,892	84,027
Insurance	102,050	43,736	-	145,786	139,586
Interest	78,741	-	-	78,741	133,306
Memberships and subscriptions	7,439	10,561	3,143	21,143	22,477
MRN assistance to individuals	108,523	-	-	108,523	186,540
Newsletter expenses	113,874	-	-	113,874	118,357
Printing, postage and shipping	2,383	2,557	1,203	6,143	10,501
Professional and contractual services	1,234,356	105,763	62,320	1,402,439	366,679
Public awareness	-	-	95,846	95,846	65,273
Occupancy cost	177,105	20,105	-	197,210	174,633
Repairs and maintenance - building	203,042	206	-	203,248	216,221
Residents' assistance	223,171	281	-	223,452	253,090
Salaries and related expenses	3,317,299	412,894	541,596	4,271,789	4,072,485
Special events	-	893	2,771	3,664	17,660
Supplies	38,277	6,644	2,388	47,309	30,705
Telephone and communication	44,169	7,538	8,223	59,930	61,781
Travel and entertainment	1,745	3,324	1,201	6,270	17,896
Utilities	438,714	3,054	3,054	444,822	482,975
Vehicles	46,974	45	-	47,019	62,421
Subtotal	<u>7,806,485</u>	<u>735,039</u>	<u>1,838,839</u>	<u>10,380,363</u>	<u>9,339,478</u>
Non-cash distributions:					
Donated merchandise distribution	1,226,629	-	-	1,226,629	1,735,998
Donated professional services distribution	1,338,921	-	-	1,338,921	953,748
Donated food distribution	1,010,760	-	-	1,010,760	1,119,680
Subtotal - Non-cash distributions	<u>3,576,310</u>	<u>-</u>	<u>-</u>	<u>3,576,310</u>	<u>3,809,426</u>
Total functional expenses	<u>\$ 11,382,795</u>	<u>\$ 735,039</u>	<u>\$ 1,838,839</u>	<u>\$ 13,956,673</u>	<u>\$ 13,148,904</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, 2019

	Program Services	Administrative and General	Fundraising	2019
Annuity interest	\$ -	\$ 1,690	\$ -	\$ 1,690
Bank and investment fees	233	42,751	-	42,984
Banquet	130,709	-	-	130,709
Camps	86,027	-	-	86,027
Conference, seminars and meetings	12,601	19,713	15,372	47,686
Cultivation and acquisition	-	3,362	1,053,764	1,057,126
Depreciation	779,310	5,046	5,046	789,402
Equipment lease and maintenance	79,437	12,543	14,850	106,830
Kitchen	558,909	579	923	560,411
Housekeeping	84,027	-	-	84,027
Insurance	97,389	42,197	-	139,586
Interest	133,115	191	-	133,306
Memberships and subscriptions	6,513	10,853	5,111	22,477
MRN assistance to individuals	186,540	-	-	186,540
Newsletter expenses	118,357	-	-	118,357
Printing, postage and shipping	4,464	5,388	649	10,501
Professional and contractual services	172,181	75,318	119,180	366,679
Public awareness	1,689	-	63,584	65,273
Occupancy cost	169,306	5,327	-	174,633
Repairs and maintenance - building	214,558	85	1,578	216,221
Residents' assistance	253,090	-	-	253,090
Salaries and related expenses	3,104,012	336,985	631,488	4,072,485
Special events	-	3,434	14,226	17,660
Supplies	21,777	5,919	3,009	30,705
Telephone and communication	46,923	7,305	7,553	61,781
Travel and entertainment	8,371	3,500	6,025	17,896
Utilities	478,193	2,391	2,391	482,975
Vehicles	62,281	41	99	62,421
Subtotal	<u>6,810,012</u>	<u>584,618</u>	<u>1,944,848</u>	<u>9,339,478</u>
Non-cash distributions:				
Donated merchandise distribution	1,735,998	-	-	1,735,998
Donated professional services distribution	953,748	-	-	953,748
Donated food distribution	1,119,680	-	-	1,119,680
Subtotal - Non-cash distributions	<u>3,809,426</u>	<u>-</u>	<u>-</u>	<u>3,809,426</u>
Total functional expenses	<u>\$ 10,619,438</u>	<u>\$ 584,618</u>	<u>\$ 1,944,848</u>	<u>\$ 13,148,904</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>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 3,431,745	\$ 26,139,036
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Amortization of debt issuance costs included in interest expense	3,543	3,543
Depreciation	778,393	789,402
Donated securities	(142,417)	(409,755)
Donated real estate	(145,000)	-
PPP grant proceeds	(801,100)	-
Realized gain on sale of investments	(19,485)	(62,005)
Unrealized (gain) loss on investments	13,008	(33,299)
Loss on disposal of property and equipment	19,076	2,236,434
New capital campaign pledges and capital campaign contributions, net	(3,047,058)	(28,590,637)
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	252,265	(142,350)
Contributions receivable	51,680	(172,930)
Prepaid expenses	(102,232)	(9,674)
Deposits	100	(100)
(Decrease) increase in:		
Accounts payable	(370,220)	37,341
Accrued expenses	(6,460)	35,304
Construction payables	2,168,890	-
Refundable advance	118,431	-
Lease liabilities	(58,145)	132,962
Net cash provided by (used in) operating activities	<u>2,145,014</u>	<u>(46,728)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(4,747,079)	(173,830)
Proceeds from sale of investments	1,148,363	1,489,311
Purchase of property, equipment and construction in progress	(12,615,516)	(2,557,520)
Proceeds from sale of property and equipment	125,924	12,339
Issuance of note receivable	(8,972,500)	-
Net cash provided by (used in) investing activities	<u>(25,060,808)</u>	<u>(1,229,700)</u>
<b>Cash flows from financing activities:</b>		
Payments received on capital campaign pledges and capital campaign contributions	8,878,727	26,261,808
Proceeds received from PPP loan	801,100	-
Proceeds - long-term debt	12,500,000	-
Repayments - long-term debt	-	(999,598)
Principal repayments on annuities payable	(4,849)	(4,660)
Net cash provided by (used in) financing activities	<u>22,174,978</u>	<u>25,257,550</u>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(740,816)</b>	<b>23,981,122</b>
Cash, cash equivalents and restricted cash, beginning of year	<u>30,207,341</u>	<u>6,226,219</u>
<b>Cash, cash equivalents and restricted cash, end of year</b>	<b><u>\$ 29,466,525</u></b>	<b><u>\$ 30,207,341</u></b>

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, 2020 and 2019

### 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 a Community Development Entity 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 are governed by the same Board of Directors. 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, 2020 and 2019

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

#### Cash and Cash Equivalents

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

#### Accounts Receivable, Credit Policies and Allowance for Doubtful Accounts

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

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that may not be collected. Management individually reviews all accounts receivable balances that exceed the due date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Accounts receivable are deemed fully collectible at June 30, 2020 and 2019, and therefore, the Organization has not established an allowance for doubtful accounts. There was no bad debt expense related to accounts receivable for the years ended June 30, 2020 and 2019.

#### Contributions Receivable

Contributions receivable represents unconditional promises to give to be collected within the next year and are recorded in the year the promise is made. Contributions receivable are considered fully collectible at June 30, 2020 and 2019 and accordingly, no allowance for doubtful accounts is required.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 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 - 10 years
Vehicles	3 - 10 years

Depreciation expense was \$778,393 and \$789,402 for the years ended June 30, 2020 and 2019, respectively.

#### **Impairment of Property**

The Organization reviews its land, building and improvements for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than their carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was recognized during the years ended June 30, 2020 and 2019.

#### **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 common stocks. 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, 2020 and 2019

### 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.

#### **Deferred Lease Liabilities**

The Organization recognizes rental expense for leases with scheduled rent increases on the straight-line basis over the life of the lease. On certain leases, the Organization receives improvement allowances to partially offset the cost of the build-out of the new space. These improvement allowances are amortized through rental income over the life of the lease.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

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

#### **Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

*Net assets with donor restrictions* – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports contributions and grants as revenue with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. The Organization had net assets with donor restrictions totaling \$50,448,495 and \$47,947,526 at June 30, 2020 and 2019, respectively (Note 14).

#### **Donated Materials and Services**

In-kind donations consist of donated food, supplies, merchandise and professional services. Members of the Board of Directors and others have made significant contributions of their time and talents in development of the programs and fundraising operations of the Organization. These services include medical care, counseling, education, legal and income tax preparation. These donations are recorded at their estimated fair value at the date of receipt. Donated food and merchandise distributions and professional service distribution equal the value of the donations. These expenses are recorded at the date of receipt due to the rapid turnover of donated items.

#### **Advertising**

The Organization expenses advertising costs the first time the advertising takes place. The amounts charged to advertising expense totaled \$57,918 and \$49,658 for the years ended June 30, 2020 and 2019, respectively. Advertising expense is included in “public awareness” in the Consolidated Statements of Functional Expenses.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

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

#### Income Taxes

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

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, 2020 and 2019 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. With few exceptions, the Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years ending before June 30, 2017.

#### 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.



# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

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

#### **Functional Allocation of Expenses** (continued)

##### *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 the 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.

#### **Reclassifications**

Certain amounts from 2019 have been reclassified to conform to the 2020 presentation. These reclassifications resulted in no change to previously reported net assets.

#### **Accounting Pronouncements Adopted**

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09 (Topic 606): *Revenue From Contracts with Customers*. The core principle of the guidance is that an Organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. To achieve that principle, the Organization applies the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgments and assets recognized from costs incurred to fulfill a contract.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

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

#### Accounting Pronouncements Adopted (continued)

The Organization adopted the new guidance effective July 1, 2019, using the modified retrospective method, which applies the new guidance beginning in the year of adoption, with the cumulative effect of initially applying the guidance recognized as an adjustment to net assets at July 1, 2019. The effect of this change was determined to be immaterial to the financial statements, therefore, no change to beginning of year net assets was recorded as of July 1, 2019. The Organization's revenue recognition under this new standard is described in Note 16.

In June 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction. Contracts or grants that are determined to be reciprocal exchange transactions are accounted for under ASU 2014-09 (Topic 606), *Revenue from Contracts with Customers*. Contracts or grants that are determined to be nonreciprocal contributions are accounted for under ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this new guidance effective July 1, 2019, using the prospective basis. The Organization's revenue recognition under this new standard is described in Note 16.

### 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,843,664	\$ 1,113,669
Restricted cash	27,083,783	29,093,672
Fee reserves	539,078	-
Cash, cash equivalents, and restricted cash shown on in the Consolidated Statements of Cash Flows	<u>\$ 29,466,525</u>	<u>\$ 30,207,341</u>

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 3. Cash, Cash Equivalents and Restricted Cash

#### Restricted Cash

Restricted cash represents cash received with donor-imposed restrictions that limits the use of that cash to the payment of costs of constructing a new building used in future operations to support a women's and children's program. Restricted cash totaled \$27,083,783 and \$29,093,672 as of June 30, 2020 and 2019, 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 NMTC transaction closing. Funds from the fee reserve account are to be used to pay ongoing compliance fees. The balance in the fee reserve account totaled \$539,078 and \$-0- at June 30, 2020 and 2019, respectively.

### 4. Capital Campaign Pledges Receivable

The Organization is conducting a capital campaign to raise funds to support the construction of a new building to be used in future 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, 2020 and 2019 was recorded at the present value of the expected future cash flows discounted at the Organization's incremental borrowing rate, which was 1.68% and 3.90% at June 30 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Capital campaign pledges receivable	\$ 9,732,647	\$ 16,191,155
Less: unamortized discount	<u>(200,555)</u>	<u>(1,019,101)</u>
Total	<u>\$ 9,532,092</u>	<u>\$ 15,172,054</u>

Capital campaign pledges receivable are presented net of an allowance for uncollectible pledges of \$14,363 and \$7,780 at June 30, 2020 and 2019, respectively.

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 4. Capital Campaign Pledges Receivable (continued)

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

	<u>2020</u>	<u>2019</u>
Capital campaign pledges receivables - current	\$ 7,921,717	\$ 6,580,510
Capital campaign pledges receivables - noncurrent	<u>1,610,375</u>	<u>8,591,544</u>
	<u>\$ 9,532,092</u>	<u>\$ 15,172,054</u>
Amounts due in:		
Less than one year	\$ 8,055,178	\$ 6,836,821
One to five years	<u>1,677,469</u>	<u>9,354,334</u>
Total	<u>\$ 9,732,647</u>	<u>\$ 16,191,155</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, 2020 and 2019, capital campaign pledges totaling \$6,583 and \$600, respectively, were considered uncollectible by management. This amount was included under other changes as "uncollectible pledges" in the accompanying Consolidated Statements of Activities for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 was recorded at the present value of the expected future cash flows discounted at the Organization's incremental borrowing rate, which was 1.68% and 3.90% at June 30, 2020 and 2019, respectively.

Operational pledges receivable consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Operational pledges receivable	\$ 773,215	\$ 1,015,000
Less: unamortized discount	<u>(19,423)</u>	<u>(69,501)</u>
Total	<u>\$ 753,792</u>	<u>\$ 945,499</u>

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 5. Operational Pledges Receivable (continued)

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

	<u>2020</u>	<u>2019</u>
Operational pledges receivables - current	\$ 458,019	\$ 421,582
Operational pledges receivables - noncurrent	<u>295,773</u>	<u>523,917</u>
	<u>\$ 753,792</u>	<u>\$ 945,499</u>
Amounts due in:		
Less than one year	\$ 465,735	\$ 438,000
One to five years	<u>307,480</u>	<u>577,000</u>
Total	<u>\$ 773,215</u>	<u>\$ 1,015,000</u>

Management evaluates the collectability of operational pledges receivable based on payment patterns and continued correspondence with donors. All operational pledges receivable are considered fully collectible at June 30, 2020 and 2019.

#### 6. Investments

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

<u>2020</u>	<u>Cost</u>	Net Unrealized Appreciation (Depreciation)	<u>Fair Value</u>
Mutual funds	\$5,739,100	\$ 256,459	\$ 5,995,559
Common stocks	<u>14,921</u>	<u>(3,562)</u>	<u>11,359</u>
	<u>\$5,754,021</u>	<u>\$ 252,897</u>	<u>\$ 6,006,918</u>
<u>2019</u>	<u>Cost</u>	Net Unrealized Appreciation (Depreciation)	<u>Fair Value</u>
Mutual funds	\$1,972,537	\$ 266,927	\$ 2,239,464
Common stocks	<u>20,822</u>	<u>(978)</u>	<u>19,844</u>
	<u>\$1,993,359</u>	<u>\$ 265,949</u>	<u>\$ 2,259,308</u>

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 6. Investments (continued)

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

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b><u>2020</u></b>			
Interest and dividends	\$ 552,738	\$ -	\$ 552,738
Gain on sale of investments	19,485	-	19,485
Change in unrealized appreciation (depreciation) on investments	<u>(13,008)</u>	<u>-</u>	<u>(13,008)</u>
Total return on investments	<u>\$ 559,215</u>	<u>\$ -</u>	<u>\$ 559,215</u>
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b><u>2019</u></b>			
Interest and dividends	\$ 154,125	\$ 301,720	\$ 455,845
Gain on sale of investments	62,005	-	62,005
Change in unrealized appreciation (depreciation) on investments	<u>33,299</u>	<u>-</u>	<u>33,299</u>
Total return on investments	<u>\$ 249,429</u>	<u>\$ 301,720</u>	<u>\$ 551,149</u>

Investment fees are netted with interest and dividends for the years ended June 30, 2020 and 2019.

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, 2020 and 2019

#### 6. Investments (continued)

Investments included in the portfolio that have been in a continuous loss position are as follows at June 30, 2020:

	<u>Less than 12 months</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual funds	<u>\$ 877,395</u>	<u>\$ 6,525</u>
	<u>More than 12 months</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual funds	\$ 728,149	\$ 35,918
Common stocks	<u>11,359</u>	<u>3,562</u>
Total	<u>\$ 739,508</u>	<u>\$ 39,480</u>

#### 7. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Quoted Prices in Inactive Markets (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b><u>2020</u></b>				
Mutual funds	\$ 5,995,559	\$ 5,995,559	\$ -	\$ -
Stocks	<u>11,359</u>	<u>11,359</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 6,006,918</u>	<u>\$ 6,006,918</u>	<u>\$ -</u>	<u>\$ -</u>
Capital campaign pledges receivable	<u>\$ 9,532,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,532,092</u>
Operational pledges receivable	<u>\$ 753,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,792</u>

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 7. Fair Value Measurements (continued)

	<u>Fair Value</u>	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>2019</u></b>				
Mutual funds	\$ 2,239,464	\$ 2,239,464	\$ -	
Stocks	19,844	19,844	-	-
Total investments	<u>\$ 2,259,308</u>	<u>\$ 2,259,308</u>	<u>\$ -</u>	<u>\$ -</u>
Capital campaign pledges receivable	<u>\$ 15,172,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,172,054</u>
Operational pledges receivable	<u>\$ 945,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 945,499</u>

Capital campaign and operational pledges receivable are recorded at the present value of the expected future cash flows discounted at 1.68% and 3.90% for the years ended June 30, 2020 and 2019, respectively. The discount rate is based on the Organization's incremental borrowing rate at June 30, 2020 and 2019. 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 July 1, 2018	\$ 13,473,070	\$ 315,654
New pledges	8,617,130	885,000
Receipts from pledges	(6,780,473)	(210,000)
Uncollectible pledges	(600)	-
Change in discount on pledges	<u>(137,073)</u>	<u>(45,155)</u>
Balance at June 30, 2019	\$ 15,172,054	\$ 945,499
New pledges	760,000	95,000
Receipts from pledges	(7,211,925)	(336,785)
Uncollectible pledges	(6,583)	-
Change in discount on pledges	<u>818,546</u>	<u>50,078</u>
Balance at June 30, 2020	<u>9,532,092</u>	<u>753,792</u>



# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 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. Note 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, 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, 2020. Interest income related to this note receivable totaled \$55,036 for the year ended June 30, 2020. Effective December 31, 2026 through June 30, 2027, if certain conditions are met, HUM can purchase from M&T or M&T 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 under the QALICB NMTC Indemnity or \$1,000. If this were to occur, the note receivable due from NMTC Fund House of Freedom, LLC would be cancelled.

### 9. Lines of Credit

HUM had an equipment line of credit authorized to \$100,000. Draws under this line were to be supported by individual notes for a term not to exceed 60 months and bore interest at 275 basis points over the U.S. Treasury rate when they became notes. This line of credit was closed in July, 2019 and there was no balance outstanding on this line of credit at June 30, 2019.

HUM had an available line of credit authorized up to \$500,000 with interest computed on the aggregate unpaid balance based on the prime rate as published in the money rates section of the Wall Street Journal. The line of credit was secured by certain real property and HOF was a guarantor. The line of credit contained certain financial covenants which were met at June 30, 2019. The balance outstanding on this line of credit was \$-0- when it was closed in December, 2019. The balance outstanding on the line of credit was \$-0- at June 30, 2019.

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 10. Long-Term Debt

In December 2017, HUM entered into a loan agreement with a bank for \$2,500,000. The loan requires 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% (1.685% and 3.9% at June 30, 2020 and 2019, 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 contain certain financial covenants which were met as of June 30, 2020 and 2019, respectively. The balance outstanding on the loan was \$2,500,000 at June 30, 2020 and 2019, 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 year ended June 30, 2020, \$31,424 was incurred and paid and included in professional fees in the accompanying Consolidated Statements of Functional Expenses.

A summary of long-term debt at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Total long-term debt related to above loans	\$ 15,000,000	\$ 2,500,000
Less: Unamortized debt issuance costs	<u>8,710</u>	<u>12,253</u>
Long-term debt, less unamortized debt issuance costs	14,991,290	2,487,747
Less: current portion of long-term debt	<u>-</u>	<u>-</u>
Total long-term debt, less current portion	<u>\$ 14,991,290</u>	<u>\$ 2,487,747</u>

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 10. Long-Term Debt (continued)

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

Years Ending June 30,	Amount
2021	\$ -
2022	-
2023	2,500,000
2024	-
2025	-
Thereafter	<u>12,500,000</u>
Total	<u>\$ 15,000,000</u>

Consolidated interest expense incurred on all of the long-term debt above and lines of credit (including amortization of loan issuance costs reported as interest expense) was \$141,141 and \$133,306 for the years ended June 30, 2020 and 2019, respectively on this debt. This includes interest paid and capitalized into construction in progress totaling \$62,400 and \$-0- for the years ended June 30, 2020 and 2019, respectively.

#### 11. Annuities Payable

HUM currently has three agreements to provide periodic payments to one individual during the remainder of her life in return for a charitable gift to HUM. The aggregate annual estimated payments on the annuity obligations at June 30, 2020 and 2019 are \$33,544 and \$38,393, 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, 2020 and 2019, 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, 2020 and 2019, HUM has sufficient reserves to fund these obligations.

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 11. Annuities Payable (continued)

Interest expense related to annuities payable totaled \$1,500 and \$1,690 for the years ended June 30, 2020 and 2019, respectively. Future estimated minimum principal payments for the remaining annuities are as follows:

Years Ending June 30,	Amount
2021	\$ 5,048
2022	5,254
2023	5,468
2024	5,691
2025	5,922
Thereafter	6,161
Total	<u>\$ 33,544</u>

#### 12. Lease Liabilities

The Organization recognizes rental expense for leases with scheduled rent increases over the life of the lease using the straight-line method. The difference between the actual rent payments and rent expense calculated using the straight-line method represents a lease liability. Additionally, HUM received a reimbursement for leasehold improvements made to 1017 E. Baltimore Street on behalf of a new tenant during the year ended June 30, 2019. This improvement reimbursement is recorded as a liability and amortized to rental income over the estimated life of the related lease, which is two years and two months.

A summary of lease liabilities is as follows at June 30:

	<u>2020</u>	<u>2019</u>
Straight line rent adjustments	\$ 433,077	\$ 24,906
Lease incentive reimbursement	<u>65,450</u>	<u>131,080</u>
Total	498,527	155,986
Less: straight line rent adjustment eliminated in consolidation (See note 17)	<u>(400,686)</u>	<u>-</u>
Consolidated total	97,841	155,986
Less: current lease liabilities	<u>97,841</u>	<u>90,536</u>
Long-term lease liabilities	<u>\$ -</u>	<u>\$ 65,450</u>

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 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>2020</u>	<u>2019</u>
Undesignated	\$ 15,674,495	\$ 14,943,719
Board designated for capital needs	<u>400,000</u>	<u>200,000</u>
Total net assets without donor restriction:	<u>\$ 16,074,495</u>	<u>\$ 15,143,719</u>

#### 14. Net assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Camps	\$ -	\$ 43,234
Chapel renovations	-	10,882
Cornerstone	3,993	8,635
COVID-19	50,000	-
Dental services	119,767	82,167
Equipment	8,584	-
Eye care	1,274	1,274
"Inspiring Hope" capital campaign fund - women's and children's program	50,047,038	47,151,642
Library fund	22,102	15,438
Peer support	-	51,667
Program retreats	40,513	51,516
Residential aide	10,400	-
Truck fund	4,301	6,630
Volunteer coordinator	-	100,000
Women's center	<u>140,523</u>	<u>424,441</u>
Total net assets with donor restrictions	<u>\$ 50,448,495</u>	<u>\$ 47,947,526</u>

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 15. Government Assistance Loan Funds (PPP loan proceeds)

In March 2020, the State of Maryland began enforcing certain restrictions related to social distance, travel and business operations due to the impact of COVID-19. Because of the financial impact of COVID-19 on business operations, HUM applied for and received government assistance loan proceeds from the Paycheck Protection Loan Program under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in April 2020. The amount of the loan proceeds totaled \$801,100. Under the terms of the agreement, the Organization may apply for forgiveness of the loan proceeds in the amount equal to certain payroll, rent, utility and mortgage interest costs incurred or paid during the 24-week period beginning after April 15, 2020. Any amounts not forgiven under the terms of the loan agreement are due in equal monthly installments of principal and interest over a five-year period, with interest due at a fixed rate of 1% annually, following a six-month deferment period. Based on the nature and terms of the loan agreement and the related provisions related to loan forgiveness, the Organization considers this a conditional contribution, whereby revenue is recognized when the conditions are satisfied. Because the nature of the condition is based on incurring qualifying expenses, revenue is being recognized as qualifying expenses are incurred.

During the year ended June 30, 2020, the Organization incurred qualifying expenses of \$801,100, and accordingly, recognized corresponding revenue of the same amount. At June 30, 2020 the Organization had no unused proceeds remaining from the loan. The Organization expects the loan to be forgiven in full, but final forgiveness is subject to bank and Small Business Administration approval.

### 16. 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. At June 30, 2020, the Organization had one conditional promise to give totaling \$2,000,000. This award is not recognized as an asset or as revenue as of or for the year ended June 30, 2020. The condition of the award states that the corresponding project related to the Women's and Children's Center must be operationally feasible, which is expected to occur during the year ended June 30, 2022.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 16. Revenue Recognition (continued)

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

##### *Contracts with Customers*

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

##### *Performance Obligations and Transaction Price*

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

*Overnight, day and support services* - the Organization has contracts with various government and private vendors to provide overnight beds, and various day and support services to homeless men and women. 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 two vendors that operate a behavioral health and medical center on the HUM campus, primarily for the benefit of the men and women participating in HUM programs (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.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 16. Revenue Recognition (continued)

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

##### Contract Balances and Payment Terms

When the timing of the Organization's services are 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 \$83,349 and \$335,614 as of June 30, 2020 and 2019, 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 \$122,945 and \$4,514 at June 30, 2020 and 2019, respectively on the Consolidated Statements of Financial Position.

##### Disaggregation of Revenue

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

	<u>2020</u>	<u>2019</u>
JHH overnight services	\$ 869,320	\$ 732,537
Next step services	47,476	85,052
VA Safe Haven services	58,839	151,442
VA overnight services	314,983	147,340
MRN recovery fees	264,053	427,600
Transportation hub services	32,830	146,806
Other overnight services	<u>40,390</u>	<u>50,682</u>
Overnight, day and support services	1,627,891	1,741,459
Rental income	<u>164,155</u>	<u>46,589</u>
Total contract revenue	<u>\$ 1,792,046</u>	<u>\$ 1,788,048</u>

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



## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 16. Revenue Recognition (continued)

##### Other Program fees

HUM has additional sources of revenue that do not meet the definition of a contract with 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>2020</u>	<u>2019</u>
Lodging	\$ 535,316	\$ 510,631
Food stamps	439,411	418,604
Temporary disability assistance	325,889	294,446
Other miscellaneous program income	<u>27,500</u>	<u>77,100</u>
Total program fees	<u>\$1,328,116</u>	<u>\$ 1,300,781</u>

#### 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 lease calls for quarterly rental payments of \$1,000 from March 1, 2020 through September 30, 2021, \$37,000 per quarter from October 1, 2021 through December 31, 2026, \$64,000 per quarter from January 1, 2027 through June 30, 2027 and \$162,500 per quarter from July 1, 2027 through expiration on December 1, 2057. Rental income and expense from the lease are recognized 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 deferred lease liability by HUM and eliminated in consolidation. The deferred rent receivable / payable eliminated in consolidation totaled \$400,686 at June 30, 2020. Rental income and expense eliminated in consolidation totaled \$406,686 for the year ended June 30, 2020.

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 17. Related Party Transactions (continued)

##### Related Party Lease (continued)

Future minimum lease payments required under the lease reported as rental revenue by HOFSC and rent expense by HUM which will be eliminated in consolidation are as follows:

Years Ending June 30,	Amount
2021	\$ 4,000
2022	112,000
2023	148,000
2024	148,000
2025	148,000
Thereafter	20,175,000
Total	<u>\$ 20,735,000</u>

##### Other Related Party Information

During the year ended June 30, 2020, HUM contributed cash of \$12,150,000 and HOF contributed land and construction in progress, net of related amounts payable totaling \$5,189,307 to HOFSC, the Organization formed under the NMTC program for the purpose of building the new Women's and Children's Center.

All expenses of HOF are incurred and paid by HUM and either reimbursed by HOF or contributed by HUM.

All related party transactions are eliminated in consolidation.

#### 18. Rental Income

In October 2019, HUM entered into a new lease agreement to provide certain facilities, equipment and administrative services for the operation of a behavioral health clinic in 1029 E. Baltimore Street. The lease has a term of two years and provides for base monthly rentals to be received in the amount of \$2,079 throughout the term of the lease. The lease is subject to yearly renewals for up to three successive one year periods.

In April 2019, HUM entered into a lease agreement to provide certain facilities, equipment and administrative services for the operation of a primary care medical center in 1017 E. Baltimore Street. The lease has a term of two years and provides for base monthly rentals to be received in the amount of \$6,036 throughout the life of the lease. As part of the lease agreement, the tenant has reimbursed HUM for a total of \$143,621 of leasehold improvements, which are being amortized over the lease term (See Note 12). The lease is subject to yearly renewals.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 18. Rental Income (continued)

Future minimum rental income due under the lease agreements totals \$97,371 for the year ending June 30, 2021 and \$18,709 for the year ending June 30, 2022.

Rental income totaled \$164,155 and \$46,589 for the years ended June 30, 2020 and 2019, respectively under lease agreements not eliminated in consolidation. The cost of the buildings was \$8,882,059 and \$8,873,424 at June 30, 2020 and 2019, respectively and accumulated depreciation totaled \$2,160,314 and \$1,912,732 at June 30, 2020 and 2019, respectively. The portion of these buildings being rented is diminutive.

### 19. Commitments

#### Operating Leases

HUM entered into an operating lease agreement in April of 2015 for various office equipment. The lease had a term of five years and provided for base monthly rentals of \$2,658. In December 2017, the lease was renegotiated and extended for an additional five years, expiring in December 2022. The lease provides for base monthly rentals of \$2,971, with certain provisions for additional amounts due depending on total usage of the associated equipment.

Total payments under this equipment lease for the years ended June 30, 2020 and 2019 were \$71,058 and \$68,320, respectively. These amounts have been included in "equipment lease and maintenance" in the accompanying Consolidated Statements of Functional Expenses.

HUM has an operating lease agreement for a townhouse 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. This is a 60-month lease, expiring in February 2020. Annual lease payments total \$44,400 in year one, followed by varying annual lease payments based on a lump sum payable at the beginning of each lease year and subsequent monthly payments as determined by the lease agreement. Upon expiration, the lease continues on a month-to-month basis at base monthly rent of \$3,675.

HUM also has an operating lease agreement for another townhouse in Baltimore City for the "3/4 Housing Program". This is a 60-month lease, expiring in April 2020. Annual lease payments total \$34,100 in year one, followed by varying annual lease payments based on a lump sum payable at the beginning of each lease year and subsequent monthly payments as determined by the lease agreement. Upon expiration, the lease continues on a month-to-month basis at base monthly rent of \$3,080.

HUM has an operating lease agreement for a nearby office building in Baltimore City for additional office space. This is a 60-month lease, expiring in May 2021. Under the terms of the lease agreement, HUM received one year of free rent, followed by base monthly rent payments of \$2,800, with escalation provisions at 3% per year thereafter.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 19. Commitments (continued)

#### Operating Leases (continued)

HUM has an operating lease agreement for a nearby property to be used for a women's program. 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 agreement for a nearby delicatessen to be used as an additional kitchen facility. The lease is month-to-month with monthly rentals totaling \$1,000.

HUM entered into an operating lease agreement in January 2019 for another townhouse in Baltimore city for the "3/4 Housing Program". This is an 18-month lease, expiring in June 2020. Base monthly rent under the lease agreement is \$2,850 throughout the life of the lease. Upon expiration, the lease will continue on a month-to-month basis.

Total payments under these lease arrangements for the years ended June 30, 2020 and 2019 were \$197,210 and \$174,633, respectively, and are included in "occupancy cost" in the accompanying Consolidated Statements of Functional Expenses.

The aggregate minimum future rental payments under operating leases are as follows:

Years Ending June 30,	Amount
2021	\$ 96,883
2022	63,227
2023	44,333
2024	25,440
2025	44,480
Thereafter	<u>342,000</u>
Total	<u>\$ 616,363</u>

#### 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 \$209,412 and \$178,961 at June 30, 2020 and 2019, 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, 2020 and 2019

### 19. Commitments (continued)

#### Grant Commitments

In June 2006, HUM was awarded a conditional promise to give from FHLBank Atlanta, a Federal Home Loan Bank, in the amount of \$500,000. The grant was to be used to support capital costs for the renovations to 1023 East Baltimore Street and provide additional beds for emergency shelter for homeless men in Baltimore City. HUM met all the requirements under this grant agreement and the grant was recognized as revenue in years prior to June 30, 2020 and 2019. 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 2021.

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, 2020 and 2019. 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, 2020 and 2019. 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, 2020 and 2019. 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.

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 19. Commitments (continued)

##### Grant Commitments (continued)

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, 2020 and 2019. The grant must be repaid if HUM is not in compliance with the terms of the application, which includes the use of the building for the services noted above for a period of fifteen years, expiring in 2028.

In September 2011, HOF was awarded a grant from The Department of Housing and Community Development in the amount of \$740,838. The grant was recognized as revenue in full in years prior to June 30, 2020 and 2019. 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 during the year ended June 30, 2019. 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.

##### Women's and Children's Center

The Organization entered into a guaranteed maximum price construction contract totaling \$40,377,690 with The Whiting-Turner Contracting Company to build a new women's and children's facility. The total price of the Women's and Children's Center is expected to be \$46,131,279. The projected sources of funding include incoming funds from the capital campaign, proceeds from the NMTC transaction, and grant funding from the Federal Home Loan Bank of New York. The project is expected to be completed in October 2021. As of June 30, 2020, \$11,833,781 has been incurred, of which \$2,168,890 remains payable.

# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 19. Commitments (continued)

#### Women's and Children's Center (continued)

As part of this project, HUM has a letter of intent from a bank to provide potential bridge funding for the construction of the Women's and Children's Center up to \$12,000,000 in the form of a multi-disbursement term loan if needed. The amount of the loan would be based on the total amount of pledges receivable at the time of the draw based on advance rates specified in the proposed agreement. The proposed facility is subject to the Bank's formal credit approval and receipt of other documentation as requested by the Bank before approval is given. The facility has not been drawn on as of June 30, 2020.

#### Letters of Credit

During the year ended June 30, 2020, the Organization obtained letters of credit with a bank totaling \$79,762 and \$146,652, with expiration dates of March 10, 2022 and November 1, 2021, respectively. The letters of credit are required by Baltimore City in connection with sewer work and storm water management related to the Women's and Children's Center. The letters of credit bear interest at LIBOR plus 2% per annum, require payment on demand and are collateralized by certain money market accounts of HUM. The letters of credit were unused at June 30, 2020.

### 20. Concentrations

#### Support

During the year ended June 30, 2020 one donor contributed \$1,000,000 to the "Inspiring Hope" capital campaign fund - women's and children's program. This contribution represents approximately 35% of the capital campaign pledges and contributions recognized for the year ended June 30, 2020. During the year ended June 30, 2019 one donor had contributed \$18,000,000 to the "Inspiring Hope" capital campaign fund - women's and children's program. This contribution represented approximately 65% of the capital campaign pledges and contributions recognized for the year ended June 30, 2019.

#### Concentration of Credit Risk

The Organization, at times throughout the year, may have funds on deposit with a financial institution 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, 2020 and 2019 was \$29,200,744 and \$29,896,333, respectively.

## Helping Up Mission, Inc. and Affiliates

### Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

#### 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>2020</u>	<u>2019</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 1,843,664	\$ 1,113,669
Accounts receivable, net of allowance	83,349	335,614
Contributions receivable	121,250	172,930
Investments	6,006,918	2,259,308
Capital campaign pledges receivable	7,921,717	6,580,510
Operational pledges receivable	<u>458,019</u>	<u>421,582</u>
Total financial assets available within one year	16,434,917	10,883,613
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	8,188,318	7,078,771
Investments pledged as collateral	1,200,000	1,200,000
Less: Amounts unavailable to management without Board's approval:		
Board designated for capital needs	<u>400,000</u>	<u>200,000</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 6,646,599</u>	<u>\$ 2,404,842</u>

#### Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has Board Designated net assets without donor restrictions, that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

#### 22. Retirement Plan

HUM sponsors and contributes to an employee SIMPLE IRA plan. Contributions to this Plan totaled \$59,670 and \$61,125 for the years ended June 30, 2020 and 2019, respectively.



# Helping Up Mission, Inc. and Affiliates

## Notes to Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

### 23. Supplemental Disclosure of Cash Flow Information

Cash paid for interest totaled \$137,598 and \$129,763 for the years ended June 30, 2020 and 2019, respectively. The cost of property and equipment acquired includes construction payables of \$2,168,890 for the year ended June 30, 2020.

### 24. Recently Issued Accounting Standards

#### Leases

In June 2020, the FASB issued ASU 2020-05, *Leases (Topic 842): Effective Dates for Certain Entities*. Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of scheduled lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The Organization has elected to apply the deferrals provided by ASU 2020-05, and therefore expects to adopt Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis. The Organization is currently evaluating the potential impact of adopting Topic 842 on its financial statements.

### 25. Subsequent Events

Subsequent events were evaluated for disclosure through October 2, 2020, the date the financial statements were available to be issued.

In March 2020, an outbreak of the novel strain of COVID-19 emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in adverse effects to the Organization's financial position, operation, and cash flows. As of the report date, the Organization has not experienced any adverse financial conditions, however, the Organization is not able to reliably estimate the length or severity of the outbreak and the related future financial impact. There were no other subsequent events requiring disclosure.

## **Supplementary Information**

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

**Consolidating Statement of Financial Position**

June 30, 2020

	<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>
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,842,461	\$ 1,203	\$ -	\$ -	\$ 1,843,664
Accounts receivable, net of allowance	83,349	-	-	-	83,349
Contributions receivable	121,250	-	-	-	121,250
Investments	6,006,918	-	-	-	6,006,918
Capital campaign pledges receivable	7,921,717	-	-	-	7,921,717
Operational pledges receivable	458,019	-	-	-	458,019
Prepaid expenses	171,742	-	-	-	171,742
Total current assets	<u>16,605,456</u>	<u>1,203</u>	<u>-</u>	<u>-</u>	<u>16,606,659</u>
<b>Property and Equipment:</b>					
Buildings and improvements	575,519	18,100,655	-	(104,301)	18,571,873
Furniture and equipment	544,796	913,315	-	-	1,458,111
Vehicles	248,191	-	-	-	248,191
Total	1,368,506	19,013,970	-	(104,301)	20,278,175
Less accumulated depreciation	619,697	5,438,752	-	20,904	6,079,353
	748,809	13,575,218	-	(125,205)	14,198,822
Land	-	466,400	304,300	-	770,700
Construction in progress	30,961	-	14,062,913	-	14,093,874
Net property and equipment	<u>779,770</u>	<u>14,041,618</u>	<u>14,367,213</u>	<u>(125,205)</u>	<u>29,063,396</u>
<b>Other Assets:</b>					
Restricted cash for building construction	10,860,871	-	16,222,912	-	27,083,783
Fee reserves	-	-	539,078	-	539,078
Capital campaign pledges receivable - noncurrent	1,610,375	-	-	-	1,610,375
Operational pledges receivable - noncurrent	295,773	-	-	-	295,773
Deposits	2,800	-	-	-	2,800
Due from affiliates	120,680	-	-	(120,680)	-
Deferred rent receivable	-	-	400,686	(400,686)	-
Note receivable	8,972,500	-	-	-	8,972,500
Total other assets	<u>21,862,999</u>	<u>-</u>	<u>17,162,676</u>	<u>(521,366)</u>	<u>38,504,309</u>
<b>Total Assets</b>	<u>\$ 39,248,225</u>	<u>\$ 14,042,821</u>	<u>\$ 31,529,889</u>	<u>\$ (646,571)</u>	<u>\$ 84,174,364</u>

## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Financial Position

June 30, 2020

	<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>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current maturities of annuities payable	\$ 5,048	\$ -	\$ -	\$ -	\$ 5,048
Accounts payable	22,224	-	1,007	-	23,231
Accrued expenses	213,633	-	-	-	213,633
Construction payables	-	-	2,168,890	-	2,168,890
Refundable advance	122,945	-	-	-	122,945
Current lease liabilities	97,841	-	-	-	97,841
Total current liabilities	<u>461,691</u>	<u>-</u>	<u>2,169,897</u>	<u>-</u>	<u>2,631,588</u>
<b>Long-Term Liabilities:</b>					
Loans payable, net of current maturities	2,491,290	-	12,500,000	-	14,991,290
Annuities payable	28,496	-	-	-	28,496
Due to affiliates	-	120,680	-	(120,680)	-
Lease liabilities - affiliate	400,686	-	-	(400,686)	-
Total long-term liabilities	<u>2,920,472</u>	<u>120,680</u>	<u>12,500,000</u>	<u>(521,366)</u>	<u>15,019,786</u>
Total liabilities	<u>3,382,163</u>	<u>120,680</u>	<u>14,669,897</u>	<u>(521,366)</u>	<u>17,651,374</u>
<b>Net Assets:</b>					
Without donor restrictions (Note 13)	2,756,874	13,922,141	(479,315)	(125,205)	16,074,495
With donor restrictions (Note 14)	33,109,188	-	17,339,307	-	50,448,495
Total net assets	<u>35,866,062</u>	<u>13,922,141</u>	<u>16,859,992</u>	<u>(125,205)</u>	<u>66,522,990</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 39,248,225</u>	<u>\$ 14,042,821</u>	<u>\$ 31,529,889</u>	<u>\$ (646,571)</u>	<u>\$ 84,174,364</u>

## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Financial Position

June 30, 2019

	<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>
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 614,651	\$ 499,018	\$ -	\$ -	\$ 1,113,669
Accounts receivable, net of allowance	335,614	-	-	-	335,614
Contributions receivable	172,930	-	-	-	172,930
Investments	2,259,308	-	-	-	2,259,308
Capital campaign pledges receivable	6,580,510	-	-	-	6,580,510
Operational pledges receivable	421,582	-	-	-	421,582
Prepaid expenses	69,510	-	-	-	69,510
Total current assets	<u>10,454,105</u>	<u>499,018</u>	<u>-</u>	<u>-</u>	<u>10,953,123</u>
<b>Property and Equipment:</b>					
Buildings and improvements	496,732	18,078,470	-	(104,301)	18,470,901
Furniture and equipment	523,985	913,315	-	-	1,437,300
Vehicles	218,062	-	-	-	218,062
Total	1,238,779	18,991,785	-	(104,301)	20,126,263
Less accumulated depreciation	499,946	4,780,110	-	20,904	5,300,960
	738,833	14,211,675	-	(125,205)	14,825,303
Land	-	770,700	-	-	770,700
Construction in progress	17,449	1,612,821	-	-	1,630,270
Net property and equipment	<u>756,282</u>	<u>16,595,196</u>	<u>-</u>	<u>(125,205)</u>	<u>17,226,273</u>
<b>Other Assets:</b>					
Restricted cash for building construction	2,518,044	26,575,628	-	-	29,093,672
Capital campaign pledges receivable - noncurrent	8,591,544	-	-	-	8,591,544
Operational pledges receivable - noncurrent	523,917	-	-	-	523,917
Deposits	2,900	-	-	-	2,900
Due from affiliates	23,153,523	-	-	(23,153,523)	-
Note receivable	-	-	-	-	-
Total other assets	<u>34,789,928</u>	<u>26,575,628</u>	<u>-</u>	<u>(23,153,523)</u>	<u>38,212,033</u>
<b>Total Assets</b>	<u>\$ 46,000,315</u>	<u>\$ 43,669,842</u>	<u>\$ -</u>	<u>\$ (23,278,728)</u>	<u>\$ 66,391,429</u>

## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Financial Position

June 30, 2019

	<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>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Current maturities of annuities payable	\$ 4,850	\$ -	\$ -	\$ -	\$ 4,850
Accounts payable	234,606	158,845	-	-	393,451
Accrued expenses	182,454	37,639	-	-	220,093
Refundable advance	4,514	-	-	-	4,514
Current lease liabilities	90,536	-	-	-	90,536
Total current liabilities	<u>516,960</u>	<u>196,484</u>	<u>-</u>	<u>-</u>	<u>713,444</u>
<b>Long-Term Liabilities:</b>					
Loans payable, net of current maturities	2,487,747	-	-	-	2,487,747
Annuities payable	33,543	-	-	-	33,543
Due to affiliates	-	23,153,523	-	(23,153,523)	-
Lease liabilities, net of current portion	65,450	-	-	-	65,450
Total long-term liabilities	<u>2,586,740</u>	<u>23,153,523</u>	<u>-</u>	<u>(23,153,523)</u>	<u>2,586,740</u>
Total liabilities	<u>3,103,700</u>	<u>23,350,007</u>	<u>-</u>	<u>(23,153,523)</u>	<u>3,300,184</u>
<b>Net Assets:</b>					
Without donor restrictions (Note 13)	3,118,620	12,150,304	-	(125,205)	15,143,719
With donor restrictions (Note 14)	39,777,995	8,169,531	-	-	47,947,526
Total net assets	<u>42,896,615</u>	<u>20,319,835</u>	<u>-</u>	<u>(125,205)</u>	<u>63,091,245</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 46,000,315</u>	<u>\$ 43,669,842</u>	<u>\$ -</u>	<u>\$ (23,278,728)</u>	<u>\$ 66,391,429</u>

## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Activities

For the year ended June 30, 2020

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	<u>Total</u>
<b>Support and Revenue:</b>					
Support:					
Contributions and gifts	\$ 6,126,611	\$ -	\$ 17,339,307	\$ (17,339,307)	\$ 6,126,611
In-kind donations	3,721,310	-	-	-	3,721,310
Operational pledges	145,078	-	-	-	145,078
Total support	<u>9,992,999</u>	<u>-</u>	<u>17,339,307</u>	<u>(17,339,307)</u>	<u>9,992,999</u>
Revenue:					
Program fees	1,328,116	-	-	-	1,328,116
Overnight, day and support services	1,627,891	-	-	-	1,627,891
Rental income	164,155	-	406,686	(406,686)	164,155
Other income	38,621	-	-	-	38,621
Total revenue	<u>3,158,783</u>	<u>-</u>	<u>406,686</u>	<u>(406,686)</u>	<u>3,158,783</u>
Total support and revenue	<u>13,151,782</u>	<u>-</u>	<u>17,745,993</u>	<u>(17,745,993)</u>	<u>13,151,782</u>
<b>Functional Expenses:</b>					
Program services	9,474,430	1,358,851	956,200	(406,686)	11,382,795
Administrative and general	735,019	20	-	-	735,039
Fundraising	1,838,839	-	-	-	1,838,839
Total functional expenses	<u>12,048,288</u>	<u>1,358,871</u>	<u>956,200</u>	<u>(406,686)</u>	<u>13,956,673</u>
<b>Increase (decrease) from operations</b>	<u>1,103,494</u>	<u>(1,358,871)</u>	<u>16,789,793</u>	<u>(17,339,307)</u>	<u>(804,891)</u>
<b>Other Changes:</b>					
Capital campaign pledges and contributions, net	2,901,980	-	-	-	2,901,980
Contributions (to) from related parties	(12,150,000)	(5,189,307)	-	17,339,307	-
Investment income	338,532	150,484	70,199	-	559,215
(Loss) gain on disposal of fixed assets	(19,076)	-	-	-	(19,076)
PPP loan proceeds	801,100	-	-	-	801,100
Uncollectible pledges	(6,583)	-	-	-	(6,583)
Total other changes	<u>(8,134,047)</u>	<u>(5,038,823)</u>	<u>70,199</u>	<u>17,339,307</u>	<u>4,236,636</u>
<b>Increase (decrease) in net assets</b>	<u>(7,030,553)</u>	<u>(6,397,694)</u>	<u>16,859,992</u>	<u>-</u>	<u>3,431,745</u>
<b>Net assets - beginning of year</b>	<u>42,896,615</u>	<u>20,319,835</u>	<u>-</u>	<u>(125,205)</u>	<u>63,091,245</u>
<b>Net assets - end of year</b>	<u>\$ 35,866,062</u>	<u>\$ 13,922,141</u>	<u>\$ 16,859,992</u>	<u>\$ (125,205)</u>	<u>\$ 66,522,990</u>

## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Activities

For the year ended June 30, 2019

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
<b>Support and Revenue:</b>					
Support:					
Contributions and gifts	\$ 5,459,271	\$ -	\$ -	\$ -	\$ 5,459,271
In-kind donations	3,809,426	-	-	-	3,809,426
Operational pledges	839,845	-	-	-	839,845
Total support	<u>10,108,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,108,542</u>
Revenue:					
Program fees	1,300,781	-	-	-	1,300,781
Overnight, day and support services	1,741,459	-	-	-	1,741,459
Rental income	46,589	-	-	-	46,589
Other income	25,062	-	-	-	25,062
Total revenue	<u>3,113,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,113,891</u>
Total support and revenue	<u>13,222,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,222,433</u>
<b>Functional Expenses:</b>					
Program services	9,327,956	1,291,482	-	-	10,619,438
Administrative and general	584,349	269	-	-	584,618
Fundraising	1,944,848	-	-	-	1,944,848
Total functional expenses	<u>11,857,153</u>	<u>1,291,751</u>	<u>-</u>	<u>-</u>	<u>13,148,904</u>
<b>Increase (decrease) from operations</b>	<u>1,365,280</u>	<u>(1,291,751)</u>	<u>-</u>	<u>-</u>	<u>73,529</u>
<b>Other Changes:</b>					
Capital campaign pledges and contributions, net	27,351,392	400,000	-	-	27,751,392
Investment income	247,841	303,308	-	-	551,149
Gain (loss) on disposal of fixed assets	12,339	(2,248,773)	-	-	(2,236,434)
Uncollectible pledges	(600)	-	-	-	(600)
Total other changes	<u>27,610,972</u>	<u>(1,545,465)</u>	<u>-</u>	<u>-</u>	<u>26,065,507</u>
<b>Increase (decrease) in net assets</b>	<u>28,976,252</u>	<u>(2,837,216)</u>	<u>-</u>	<u>-</u>	<u>26,139,036</u>
<b>Net assets - beginning of year</b>	<u>13,920,363</u>	<u>23,157,051</u>	<u>-</u>	<u>(125,205)</u>	<u>36,952,209</u>
<b>Net assets - end of year</b>	<u>\$ 42,896,615</u>	<u>\$ 20,319,835</u>	<u>\$ -</u>	<u>\$ (125,205)</u>	<u>\$ 63,091,245</u>



## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Expenses

For the year ended June 30, 2020

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Annuity interest	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Bank fees	47,753	2,519	3,333	-	53,605
Banquet	18,183	-	-	-	18,183
Camps	71,610	-	-	-	71,610
Conference, seminars and meetings	36,445	-	-	-	36,445
Cultivation and acquisition	1,114,650	-	-	-	1,114,650
Depreciation	119,751	658,642	-	-	778,393
Equipment lease and maintenance	117,822	-	-	-	117,822
Kitchen	618,767	288	-	-	619,055
Housekeeping	87,951	3,941	-	-	91,892
Insurance	145,786	-	-	-	145,786
Interest	78,394	-	347	-	78,741
Memberships and subscriptions	21,143	-	-	-	21,143
MRN assistance to individuals	108,523	-	-	-	108,523
Newsletter expenses	113,874	-	-	-	113,874
Printing, postage and shipping	6,143	-	-	-	6,143
Professional and contractual services	274,711	175,915	951,813	-	1,402,439
Public awareness	95,846	-	-	-	95,846
Occupancy cost	603,046	850	-	(406,686)	197,210
Repairs and maintenance - building	71,011	132,237	-	-	203,248
Residents' assistance	223,452	-	-	-	223,452
Salaries and related expenses	4,271,789	-	-	-	4,271,789
Special events	3,664	-	-	-	3,664
Supplies	45,864	738	707	-	47,309
Telephone and communication	59,930	-	-	-	59,930
Travel and entertainment	6,270	-	-	-	6,270
Utilities	61,081	383,741	-	-	444,822
Vehicles	47,019	-	-	-	47,019
Subtotal	<u>8,471,978</u>	<u>1,358,871</u>	<u>956,200</u>	<u>(406,686)</u>	<u>10,380,363</u>
Non-cash distributions:					
Donated merchandise distribution	1,226,629	-	-	-	1,226,629
Donated professional services distribution	1,338,921	-	-	-	1,338,921
Donated food distribution	1,010,760	-	-	-	1,010,760
Subtotal - Non-cash distributions	<u>3,576,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,576,310</u>
Total expenses	<u>\$ 12,048,288</u>	<u>\$ 1,358,871</u>	<u>\$ 956,200</u>	<u>\$ (406,686)</u>	<u>\$ 13,956,673</u>

## Helping Up Mission, Inc. and Affiliates

### Consolidating Statement of Expenses

For the year ended June 30, 2019

	Helping Up Mission, Inc.	House of Freedom, Inc.	House of Freedom Support Corporation	Eliminating Entries	Total
Annuity interest	\$ 1,690	\$ -	\$ -	\$ -	\$ 1,690
Bank fees	42,672	312	-	-	42,984
Banquet	130,709	-	-	-	130,709
Camps	86,027	-	-	-	86,027
Conference, seminars and meetings	47,686	-	-	-	47,686
Cultivation and acquisition	1,057,126	-	-	-	1,057,126
Depreciation	100,924	688,478	-	-	789,402
Equipment lease and maintenance	106,830	-	-	-	106,830
Kitchen	560,411	-	-	-	560,411
Housekeeping	79,906	4,121	-	-	84,027
Insurance	139,586	-	-	-	139,586
Interest	133,115	191	-	-	133,306
Memberships and subscriptions	22,477	-	-	-	22,477
MRN assistance to individuals	186,540	-	-	-	186,540
Newsletter expenses	118,357	-	-	-	118,357
Printing, postage and shipping	10,501	-	-	-	10,501
Professional and contractual services	359,679	7,000	-	-	366,679
Public awareness	65,273	-	-	-	65,273
Occupancy cost	174,633	-	-	-	174,633
Repairs and maintenance - building	59,725	156,496	-	-	216,221
Residents' assistance	253,090	-	-	-	253,090
Salaries and related expenses	4,072,485	-	-	-	4,072,485
Special events	17,660	-	-	-	17,660
Supplies	30,705	-	-	-	30,705
Telephone and communication	61,781	-	-	-	61,781
Travel and entertainment	17,896	-	-	-	17,896
Utilities	47,822	435,153	-	-	482,975
Vehicles	62,421	-	-	-	62,421
Subtotal	<u>8,047,727</u>	<u>1,291,751</u>	<u>-</u>	<u>-</u>	<u>9,339,478</u>
Non-cash distributions:					
Donated merchandise distribution	1,735,998	-	-	-	1,735,998
Donated professional services distribution	953,748	-	-	-	953,748
Donated food distribution	1,119,680	-	-	-	1,119,680
Subtotal - Non-cash distributions	<u>3,809,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,809,426</u>
Total expenses	<u>\$ 11,857,153</u>	<u>\$ 1,291,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,148,904</u>