

**MANSFIELD MISSION CENTER, INC.**

Mansfield, Texas

Financial Statements

Year Ended December 31, 2019

**MANSFIELD MISSION CENTER, INC.**

Financial Statements

Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mansfield Mission Center, Inc.  
Mansfield, Texas

We have audited the accompanying financial statements of Mansfield Mission Center, Inc. ("MMC"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to MMC's preparation and fair presentation of the 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 MMC'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 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, the financial statements referred to above present fairly, in all material respects, the financial position of Mansfield Mission Center, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PSK LLP

Arlington, Texas  
July 30, 2020

**MANSFIELD MISSION CENTER, INC.**  
Statement of Financial Position  
December 31, 2019

ASSETS

Cash and cash equivalents	\$ 333,241
Accounts receivable	3,852
Investments	226,083
Physical properties, net	4,238,282
Other assets	<u>3,727</u>
 Total assets	 <u>\$ 4,805,185</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 115,826
Deferred revenue	13,000
Tenant deposits and prepaid rent	11,841
Notes payable	<u>1,530,261</u>
 Total liabilities	 <u>1,670,928</u>
Net Assets	
Without donor restrictions	3,132,957
With donor restrictions	<u>1,300</u>
 Total net assets	 <u>3,134,257</u>
 Total liabilities and net assets	 <u>\$ 4,805,185</u>

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

**MANSFIELD MISSION CENTER, INC.**

Statement of Activities  
Year Ended December 31, 2019

**Changes in net assets without donor restrictions:**

Revenues	
Contributions	\$ 260,372
Thrift store sales	942,763
Special events	161,328
Grants	146,483
Gain on sale of physical properties	78,283
Other income and investment returns	7,703
Rental income (loss), net	(95,798)
Noncash contributions	<u>1,126,302</u>
 Total revenues	 <u>2,627,436</u>
Expenses	
Program expenses	
Client programs	420,171
Thrift store	446,830
Linda Nix Clinic	<u>323,149</u>
 Total program expenses	 <u>1,190,150</u>
Supporting services	
Fundraising	219,068
General and administrative	<u>82,906</u>
 Total supporting services	 <u>301,974</u>
 Total expenses	 <u>1,492,124</u>
 Change in net assets	 1,135,312
Net assets at beginning of the year	<u>1,998,945</u>
Net assets at end of the year	<u>\$ 3,134,257</u>

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

**MANSFIELD MISSION CENTER, INC.**

## Statement of Functional Expenses

Year Ended December 31, 2019

	Client Programs	Thrift Store	Rental Property	Linda Nix Clinic
Mission Market	\$ 16,305	\$ 78	\$ -	\$ -
Emergency assistance	18,626	-	-	-
Financial empowerment	6,578	-	-	-
Employment services	13,900	-	-	-
Dental program	-	-	-	6,315
Medical program	-	-	-	14,432
Vision program	-	-	-	3,248
Personnel	330,639	356,278	45,052	158,301
Advertising	2	220	1	3
Administration	-	-	21,028	-
Bank and processing fees	49	13,193	31	55
Dues and subscriptions	529	237	237	426
Meals and entertainment	35	146	22	87
Insurance	4,638	5,792	20,377	5,796
Janitorial	977	15,791	337	9,565
Marketing	412	10,807	1,633	856
Miscellaneous	1,790	1,064	1,357	1,861
Office expense	8,021	4,668	1,307	4,101
Fundraising events	-	-	-	-
Printing	-	110	-	62
Professional development	825	277	277	2,410
Professional fees	3,942	2,464	2,464	11,849
Rebranding	-	-	-	-
Repairs and maintenance	495	1,025	28,227	5,500
Security	-	1,973	642	1,280
Information technology	3,968	3,155	2,345	7,658
Taxes	-	-	88,918	-
Travel	133	83	83	629
Utilities	671	5,729	36,577	7,138
Transportation	832	2,500	13	237
Volunteer support	38	113	24	892
Interest	-	-	63,343	-
Donated facilities	6,336	3,960	3,960	7,128
Donated services	-	-	-	72,836
Depreciation	430	17,167	81,512	484
Total expenses by function	420,171	446,830	399,767	323,149
Less expenses included with revenues on the statement of activities	-	-	(399,767)	-
Total expenses per statement of activities	<u>\$ 420,171</u>	<u>\$ 446,830</u>	<u>\$ -</u>	<u>\$ 323,149</u>

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

**MANSFIELD MISSION CENTER, INC.**

## Statement of Functional Expenses

Year Ended December 31, 2019

	Fundraising	General and Administrative	Total
Mission Market	\$ -	\$ -	\$ 16,383
Emergency assistance	-	-	18,626
Financial empowerment	-	-	6,578
Employment services	-	-	13,900
Dental program	-	-	6,315
Medical program	-	-	14,432
Vision program	-	-	3,248
Personnel	148,983	57,419	1,096,672
Advertising	1	2	229
Administration	-	-	21,028
Bank and processing fees	1,664	49	15,041
Dues and subscriptions	422	379	2,230
Meals and entertainment	343	35	668
Insurance	2,899	4,638	44,140
Janitorial	1,886	401	28,957
Marketing	3,333	373	17,414
Miscellaneous	2,666	1,654	10,392
Office expense	3,743	2,077	23,917
Fundraising events	31,857	-	31,857
Printing	584	-	756
Professional development	297	442	4,528
Professional fees	2,464	3,942	27,125
Rebranding	44	-	44
Repairs and maintenance	401	495	36,143
Security	-	-	3,895
Information technology	5,333	3,751	26,210
Taxes	-	-	88,918
Travel	83	133	1,144
Utilities	562	291	50,968
Transportation	13	21	3,616
Volunteer support	7,261	38	8,366
Interest	-	-	63,343
Donated facilities	3,960	6,336	31,680
Donated services	-	-	72,836
Depreciation	269	430	100,292
Total expenses by function	219,068	82,906	1,891,891
Less expenses included with revenues on the statement of activities	-	-	(399,767)
Total expenses per statement of activities	<u>\$ 219,068</u>	<u>\$ 82,906</u>	<u>\$ 1,492,124</u>

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

**MANSFIELD MISSION CENTER, INC.**Statement of Cash Flows  
Year Ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ 1,135,312
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation	100,292
Gain on sale of physical properties	(78,283)
Noncash contribution of physical properties	(1,021,786)
Net investment returns	(4,747)
(Increase) decrease in assets:	
Accounts receivable	21,312
Other assets	(2,908)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	106,122
Deferred revenue	(500)
Tenant deposits and prepaid rent	<u>(12,526)</u>
Net cash and cash equivalents provided by operating activities	<u>242,288</u>
Cash flows from investing activities:	
Proceeds from sale of physical properties	92,442
Purchases of physical properties	<u>(21,021)</u>
Net cash and cash equivalents provided by investing activities	<u>71,421</u>
Cash flows from financing activities:	
Payments on notes payable	<u>(158,413)</u>
Change in cash and cash equivalents	155,296
Cash and cash equivalents at beginning of the year	<u>177,945</u>
Cash and cash equivalents at end of the year	<u>\$ 333,241</u>
Supplemental cash flow information:	
Cash paid for interest	<u>\$ 63,343</u>

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



**MANSFIELD MISSION CENTER, INC.**  
Notes to Financial Statements

## 1 - Historical Background

Mansfield Mission Center, Inc. ("MMC"), formerly Wesley Mission Center, Inc., is incorporated in the state of Texas as a nonprofit organization. MMC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation. MMC's function is to empower people who are experiencing crisis or living in poverty to realize economic self-sufficiency and wholeness.

## 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of MMC have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements of MMC have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adoption of New Accounting Standards - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 and subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. MMC adopted the new standard effective January 1, 2019, the first day of MMC's fiscal year using the modified retrospective approach.

As part of the adoption of ASU 2014-09, MMC elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of ASU 2014-09 resulted in no change to beginning net assets as of January 1, 2019. The impact of applying ASU 2014-09 for the year ended December 31, 2019 resulted in no change to Thrift Store sales, special events income, or rental income as they continue to be accounted for as a single performance obligation and recognized over the period during which services are rendered, consistent with prior revenue recognition guidance under U.S. GAAP.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When restrictions on donor-restricted contributions are met in the same year as received, they are reported as support within net assets without donor restrictions.

**MANSFIELD MISSION CENTER, INC.**  
Notes to Financial Statements

**2 - Significant Accounting Policies (continued)**

Revenue Recognition - Revenues and support for MMC are primarily derived from contributions from the community, Thrift Store sales, and special events. Revenues related to contributions are recognized when the funds are received. Revenues related to Thrift Store sales, special events, and rental income are recognized over the period during which services are rendered. All revenues are recognized in an amount that reflects the consideration MMC has received or expects to receive in exchange for those services.

Performance Obligations - Performance obligations related to Thrift Store sales and special events are satisfied when the sale is made to the customer or when the event occurs. Performance obligations related to rental income are satisfied over the period of time for which MMC has made resources available for the customer's use.

Programs - MMC pursues its objectives through the execution of the following programs:

Client Programs - Provides various programs to empower those in crisis, including C.A.R.E. (Care, Assistance, Resources, Empowerment), Food Pantry, Robin's Wings, Jobs for Life, and Assist Through Education.

Thrift Store - Sells/provides clothing and household items to clients of the C.A.R.E. program as well as the general public by utilizing donated goods.

Linda Nix Clinic - Promotes physical, financial, and relational wellbeing and provides medical, vision, and dental services to uninsured adults and low to moderate income residents of Mansfield.

Cash and Cash Equivalents - For purposes of reporting cash flows, MMC considers all bank deposits and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments - Investments consist of time deposits valued at cost plus accrued interest.

Physical Properties - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs, and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements, and major renewals are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	20 to 40 years
Equipment	3 to 10 years
Vehicles	5 years

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Noncash donations to the Thrift Store have not been reflected in the financial statements.

Donated Services - MMC receives contributions of services from various sources. For donated services of volunteers with specialized skills, contributions are recorded at the fair value of the services provided. Revenue is recognized as services are received, and the related expenses are reflected in the appropriate functional area that received the benefits of the services provided. During the year ended December 31, 2019, revenue of \$72,836 was recognized related to physician services that were contributed to the Linda Nix Clinic.

**MANSFIELD MISSION CENTER, INC.**  
Notes to Financial Statements

**2 - Significant Accounting Policies (continued)**

Compensated Absences - Employees of MMC are entitled to paid vacation, depending upon length of service and other factors. MMC cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. MMC's policy is to recognize the cost of compensated absences when paid to employees.

Use of Estimates - Management used estimates and assumptions in preparing these financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort and utilization of space.

Income Taxes - MMC follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. MMC is not aware of any activities that would jeopardize its tax-exempt status; however, certain activities not related to MMC's tax exempt purpose are subject to taxation as unrelated business income. As of December 31, 2019, MMC has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2016 through 2019 tax years remain subject to examination by the Internal Revenue Service.

**3 - Liquidity and Availability of Resources**

MMC operates under a budget. Its Board of Directors (the "Board") is responsible for monitoring the liquidity necessary to meet MMC's operating needs and meets periodically throughout the year to evaluate the actual results of financial operations versus the budget. Additionally, at times, MMC maintains donor-restricted funds purposed for various other activities consistent with the mission of MMC. MMC management, in accordance with MMC policy and/or in collaboration with the Board, appropriates resources from donor-restricted funds as needed.

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the date of the statement of financial position, are comprised of the following:

Cash and cash equivalents	\$	333,241
Accounts receivable		3,852
Investments		226,083
		563,176
Donor-restricted funds		(1,300)
Financial assets available to meet general expenditure needs within one year	\$	561,876

**MANSFIELD MISSION CENTER, INC.**  
Notes to Financial Statements

#### 4 - Physical Properties

Physical properties were comprised of the following at December 31, 2019:

Land	\$	712,057
Buildings and improvements		3,800,202
Equipment		29,748
Vehicles		798
		4,542,805
Less: accumulated depreciation		(304,523)
Physical properties, net	\$	4,238,282

#### 5 - Notes Payable

Notes payable were comprised of the following three notes with the Texas Methodist Foundation (“TMF”) at December 31, 2019:

The first note payable, in the original amount of \$850,000, bears interest as of December 31, 2019 at a rate of 3.95%, requires monthly payments of principal and interest of \$5,260, is secured by land and buildings, and matures in March 2036, at which time all unpaid interest and principal, including a balloon payment, will become due. The interest rate will be adjusted in March 2023 and then every five years thereafter until maturity. The note had an outstanding balance at December 31, 2019 of \$756,123.

The second note payable, in the original amount of \$500,000, bears interest as of December 31, 2019 at a rate of 5.25%, requires monthly payments of principal and interest of \$2,615, is secured by land and buildings, and matures in March 2036, at which time all unpaid interest and principal, including a balloon payment, will become due. The note had an outstanding balance at December 31, 2019 of \$342,540.

The third note payable, in the original amount of \$500,000, bears interest as of December 31, 2019 at a rate of 3.50%, requires monthly payments of principal and interest of \$2,900, is secured by land and buildings, and matures in March 2036, at which time all unpaid interest and principal, including a balloon payment, will become due. The interest rate will be adjusted in March 2021 and then every five years thereafter until maturity. The note had an outstanding balance at December 31, 2019 of \$431,598.

All three of these notes were paid in full in March 2020.

#### 6 - Net Assets With Donor Restrictions

The \$1,300 balance of net assets with donor restrictions as of December 31, 2019 relates to contributions for which the donors have imposed restrictions. These restrictions require MMC to use the funds for capital needs.

#### 7 - Related Parties

First United Methodist Church of Mansfield (the “Church”) is the sole member of MMC’s corporation and maintains governance control over MMC’s affairs; accordingly, the activities of MMC are consolidated with the financial statements of the Church.

During the year ended December 31, 2019, the Church contributed cash to MMC totaling \$40,700, which is recorded in contributions on the statement of activities. The Church also contributed use of facilities with rental value of \$31,680 to MMC, which is recorded in noncash contributions on the statement of activities.

**MANSFIELD MISSION CENTER, INC.**  
Notes to Financial Statements

**8 - Noncash Contribution**

In March 2019, MMC received the noncash contribution of land, buildings and improvements, and equipment of a medical clinic valued at \$1,021,786, which is recorded in noncash contributions on the statement of activities.

**9 - Subsequent Events**

Subsequent events have been evaluated through July 30, 2020, which is the date the financial statements were available to be issued.

In March 2020, MMC sold a portion of its land and buildings for \$4,200,000. MMC used those proceeds to fully retire its outstanding debt.

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact MMC's financial position, activities, and cash flows.

In April 2020, MMC secured a note payable from a financial institution under the Small Business Administration ("SBA") Paycheck Protection Program (the "Program") of the CARES Act in the amount of \$225,100. The note requires monthly payments of principal and interest, with a fixed interest rate of 1.00%, and matures in April 2022. Under the Program, all or a portion of the loan may be forgiven for amounts that are used for the qualifying purposes under the SBA requirements.