

MANSFIELD MISSION CENTER, INC.

Mansfield, Texas

Financial Statements

Year Ended December 31, 2020

MANSFIELD MISSION CENTER, INC.

Financial Statements

Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4 - 5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



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, 2020, 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, 2020, 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
August 19, 2021

MANSFIELD MISSION CENTER, INC.
Statement of Financial Position
December 31, 2020

ASSETS

Cash and cash equivalents	\$ 1,661,479
Investments	1,377,543
Inventory	66,214
Other assets	3,727
Physical properties, net	<u>1,030,069</u>
 Total assets	 <u><u>\$ 4,139,032</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 18,412
Note payable	<u>225,100</u>
 Total liabilities	 <u>243,512</u>
 Net Assets	
Without donor restrictions	3,892,870
With donor restrictions	<u>2,650</u>
 Total net assets	 <u>3,895,520</u>
 Total liabilities and net assets	 <u><u>\$ 4,139,032</u></u>

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

MANSFIELD MISSION CENTER, INC.

Statement of Activities
Year Ended December 31, 2020

Changes in net assets without donor restrictions:

Revenues	
Contributions	\$ 320,556
Thrift store sales	717,105
Special events	93,099
Grants	141,394
Gain on sale of physical properties	1,019,507
Net investment returns	9,958
Rental income (loss), net	(62,616)
Noncash contributions	<u>956,426</u>
 Total revenues	 <u>3,195,429</u>
Expenses	
Program expenses	
Client programs	479,164
Thrift store	1,271,413
Linda Nix Clinic	<u>406,901</u>
 Total program expenses	 <u>2,157,478</u>
Supporting services	
Fundraising	154,988
General and administrative	<u>123,050</u>
 Total supporting services	 <u>278,038</u>
 Total expenses	 <u>2,435,516</u>
 Change in net assets without donor restrictions	 759,913
Changes in net assets with donor restrictions:	
Contributions	<u>1,350</u>
 Change in net assets	 761,263
Net assets at beginning of the year	<u>3,134,257</u>
Net assets at end of the year	<u>\$ 3,895,520</u>

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

MANSFIELD MISSION CENTER, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

	Client Programs	Thrift Store	Rental Property	Linda Nix Clinic
Mission Market supplies	\$ 52,610	\$ -	\$ -	\$ -
Emergency assistance	18,669	-	-	42
Financial empowerment	2,333	-	-	-
Employment services	2,168	-	-	-
Dental supplies	-	-	-	3,192
Medical supplies	-	-	-	15,998
Vision supplies	-	-	-	933
Personnel	358,382	400,790	23,793	215,702
Advertising	89	5	-	-
Administration	-	-	6,588	-
Bank and processing fees	19	11,916	6	51
Dues and subscriptions	4,636	688	119	1,598
Meals and entertainment	6	143	2	83
Insurance	3,691	14,534	1,230	8,611
Janitorial	4,249	16,274	66	3,629
Marketing	1,582	11,489	92	2,156
Miscellaneous	1,157	1,996	359	2,678
Office expense	7,573	7,093	741	7,018
Fundraising events	15	2,934	5	334
Printing and postage	-	36	-	-
Professional development	1,606	921	184	2,919
Professional fees	2,563	4,272	854	9,963
Cost of goods sold	-	665,596	-	-
Repairs and maintenance	1,945	2,114	13,123	3,118
Security	-	3,541	-	1,130
Information technology	4,569	6,867	955	12,593
Taxes	-	-	25,961	-
Utilities	3,791	27,416	4,934	13,698
Transportation	1,523	3,491	56	477
Volunteer support	438	235	13	644
Interest	-	-	19,348	-
Donated facilities	4,752	83,520	1,584	11,088
Donated services	-	-	-	72,052
Depreciation	798	5,542	17,099	17,194
Total expenses by function	479,164	1,271,413	117,112	406,901
Less expenses included with revenues on the statement of activities	-	-	(117,112)	-
Total expenses per statement of activities	<u>\$ 479,164</u>	<u>\$ 1,271,413</u>	<u>\$ -</u>	<u>\$ 406,901</u>

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

MANSFIELD MISSION CENTER, INC.

Statement of Functional Expenses (continued)

Year Ended December 31, 2020

	Fundraising	General and Administrative	Total
Mission Market supplies	\$ -	\$ -	\$ 52,610
Emergency assistance	-	-	18,711
Financial empowerment	-	-	2,333
Employment services	-	-	2,168
Dental supplies	-	-	3,192
Medical supplies	-	-	15,998
Vision supplies	-	-	933
Personnel	116,349	95,173	1,210,189
Advertising	48	-	142
Administration	-	-	6,588
Bank and processing fees	2,173	25	14,190
Dues and subscriptions	827	477	8,345
Meals and entertainment	79	8	321
Insurance	-	4,921	32,987
Janitorial	-	265	24,483
Marketing	2,705	366	18,390
Miscellaneous	744	1,434	8,368
Office expense	2,037	2,964	27,426
Fundraising events	26,184	19	29,491
Printing and postage	27	-	63
Professional development	-	737	6,367
Professional fees	-	3,417	21,069
Cost of goods sold	-	-	665,596
Repairs and maintenance	-	-	20,300
Security	-	-	4,671
Information technology	1,160	3,819	29,963
Taxes	-	-	25,961
Utilities	1,147	1,780	52,766
Transportation	-	223	5,770
Volunteer support	1,508	54	2,892
Interest	-	-	19,348
Donated facilities	-	6,336	107,280
Donated services	-	-	72,052
Depreciation	-	1,032	41,665
Total expenses by function	154,988	123,050	2,552,628
Less expenses included with revenues on the statement of activities	-	-	(117,112)
Total expenses per statement of activities	<u>\$ 154,988</u>	<u>\$ 123,050</u>	<u>\$ 2,435,516</u>

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

MANSFIELD MISSION CENTER, INC.Statement of Cash Flows
Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 761,263
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:	
Depreciation	41,665
Gain on sale of physical properties	(1,019,507)
Net investment returns	(9,958)
(Increase) decrease in assets:	
Accounts receivable	3,852
Inventory	(66,214)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(97,414)
Deferred revenue	(13,000)
Tenant deposits and prepaid rent	(11,841)
	<u>(411,154)</u>
Net cash and cash equivalents used in operating activities	
Cash flows from investing activities:	
Purchases of investments	(2,145,000)
Proceeds from sale of investments	1,003,498
Proceeds from sale of physical properties	4,200,000
Purchases of physical properties	(13,945)
	<u>3,044,553</u>
Net cash and cash equivalents provided by investing activities	
Cash flows from financing activities:	
Borrowings on note payable	225,100
Payments on notes payable	(1,530,261)
	<u>(1,305,161)</u>
Net cash and cash equivalents used in financing activities	
Change in cash and cash equivalents	1,328,238
Cash and cash equivalents at beginning of the year	<u>333,241</u>
Cash and cash equivalents at end of the year	<u>\$ 1,661,479</u>
Supplemental cash flow information:	
Cash paid for interest	<u>\$ 19,348</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") 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").

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.

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.

MANSFIELD MISSION CENTER, INC.
Notes to Financial Statements

2 - Significant Accounting Policies (continued)

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 - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the Financial Accounting Standards Board *Accounting Standards Codification* (the "FASB ASC"), investments in marketable equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets.

Inventory - Inventory consists of items donated to the Thrift Store. The fair value of the items is not easily measurable or verifiable with sufficient reliability at the time of donation; accordingly, MMC values the items after sale.

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.

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, 2020, revenue of \$72,052 was recognized related to physician services that were contributed to the Linda Nix Clinic.

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 facilities.

MANSFIELD MISSION CENTER, INC.
Notes to Financial Statements

2 - Significant Accounting Policies (continued)

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, 2020, 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 2017 through 2020 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	\$ 1,661,479
Investments	1,377,543
	3,039,022
Donor-restricted funds	(2,650)
Financial assets available to meet general expenditure needs within one year	\$ 3,036,372

4 - Fair Value Measurements and Disclosures

The Fair Value Measurements topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. This standard also establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable, or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

MANSFIELD MISSION CENTER, INC.
Notes to Financial Statements

4 - Fair Value Measurements and Disclosures (continued)

The following is a listing of investments measured at fair value on a recurring basis and where they are classified within the hierarchy as of December 31, 2020:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 1,147,372	\$ -	\$ 1,147,372
Mutual funds	-	230,171	-	230,171
Total assets at fair value	<u>\$ -</u>	<u>\$ 1,377,543</u>	<u>\$ -</u>	<u>\$ 1,377,543</u>

MMC's certificates of deposit are valued at cost plus interest, which approximates fair value, and are classified in the hierarchy as Level II assets.

MMC's mutual funds are held in institutional mutual funds held by investment managers and are considered Level II assets.

5 - Physical Properties

Physical properties were comprised of the following at December 31, 2020:

Land	\$ 475,786
Buildings and improvements	558,113
Equipment	40,839
Vehicles	798
	<u>1,075,536</u>
Less: accumulated depreciation	(45,467)
Physical properties, net	<u>\$ 1,030,069</u>

6 - Notes Payable

Notes payable were comprised of the following three notes with the Texas Methodist Foundation ("TMF") at December 31, 2020:

The first note payable, in the original amount of \$850,000, with interest at a variable rate equal to 3.95%, was secured by land and buildings.

The second note payable, in the original amount of \$500,000, with interest at a variable rate equal to the Prime Rate less 0.25%, was secured by land and buildings.

The third note payable, in the original amount of \$500,000, with interest at a variable rate equal to the Prime Rate, was secured by land and buildings.

In March 2020, MMC fully retired the balances of all three notes payable with the proceeds from the sale of physical properties.

In April 2020, MMC secured a note payable under the Small Business Administration ("SBA") Paycheck Protection Program in the amount of \$225,100 ("PPP1"). Under the terms of PPP1, all or a portion of the loan was eligible for forgiveness for amounts that were used for qualifying purposes under SBA requirements. In May 2021, MMC received notification that its \$225,100 PPP1 note payable had been forgiven in full.

MANSFIELD MISSION CENTER, INC.
Notes to Financial Statements

7 - Net Assets With Donor Restrictions

The \$2,650 balance of net assets with donor restrictions as of December 31, 2020 relates to contributions for which the donors have imposed restrictions. These restrictions require MMC to use the funds for capital needs.

8 - Related Parties

Prior to December 2020, First United Methodist Church of Mansfield (the “Church”) was the sole member of MMC’s corporation and maintained governance control over MMC’s affairs. In December 2020, MMC filed a restated certificate of formation removing the Church as its sole member. Under the restated certificate of formation, the corporation has no members.

During the year ended December 31, 2020, the Church contributed cash to MMC totaling \$19,505, 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.

9 - Subsequent Events

Subsequent events have been evaluated through August 19, 2021, which is the date the financial statements were available to be issued.

In January 2021, MMC secured a second note payable under the SBA Paycheck Protection Program in the amount of \$229,300 (“PPP2”). Under the terms of PPP2, all or a portion of the loan is eligible for forgiveness for amounts that are used for qualifying purposes under SBA requirements. Management anticipates that the loan will be forgiven.

In May 2021, MMC received notification that its \$225,100 PPP1 note payable had been forgiven in full.