

Mansfield Mission Center, Inc.

**Financial Statements
December 31, 2023**



Mansfield Mission Center, Inc.

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Independent Auditors' Report

To the Board of Trustees of
Mansfield Mission Center, Inc.

Opinion

We have audited the accompanying financial statements of Mansfield Mission Center, Inc. (Organization) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net asset and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note 2 to the financial statements, certain errors resulting in understatement of amounts previously reported for accrued wages and overstatement of net assets without donor restrictions as of and for the year ended December 31, 2022 were discovered by management of the Organization during the current year. Accordingly, an adjustment has been made to net assets without donor restrictions as of January 1, 2023 to correct the error. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, the Organization changed its method of accounting for the valuation of thrift store inventory effective January 1, 2023. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

Limited Liability Partnership

Arlington, Texas
July 30, 2024

Mansfield Mission Center, Inc.

Statement of Financial Position

December 31, 2023

Assets

Current assets:

Cash	\$	80,083
Investment in joint venture		1,761,046
Pledges receivable		2,500
Inventory		87,424
Other assets		819

Total current assets 1,931,872

Property and equipment, net 1,493,332

Total assets \$ 3,425,204

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	14,629
Accrued expenses		81,194

Total liabilities 95,823

Net assets:

Without donor restrictions		3,321,899
With donor restrictions		7,482

Total net assets 3,329,381

Total liabilities and net assets \$ 3,425,204

See notes to financial statements.

Mansfield Mission Center, Inc.

Statement of Activities Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions of financial assets	\$ 462,196	\$ -	\$ 462,196
Contributions of nonfinancial assets	856,035	-	856,035
Grants	44,398	-	44,398
Thrift store sales, net of cost of goods sold of \$560,803	398,668	-	398,668
Special events, net of direct costs of \$27,074	48,300	-	48,300
Other income	10,460	-	10,460
Net assets released from restrictions	56,851	(56,851)	-
Total support and revenue	1,876,908	(56,851)	1,820,057
Expenses:			
Program	930,517	-	930,517
Thrift store	536,495	-	536,495
General and administrative	381,238	-	381,238
Fundraising	178,075	-	178,075
Total expenses	2,026,325	-	2,026,325
Excess of operating expenses over support and revenue	(149,417)	(56,851)	(206,268)
Nonoperating loss:			
Equity in net loss of joint venture	(49,998)	-	(49,998)
Change in net assets	(199,415)	(56,851)	(256,266)
Net assets at beginning of year, as restated	3,521,314	64,333	3,585,647
Net assets at end of year	\$ 3,321,899	\$ 7,482	\$ 3,329,381

See notes to financial statements.

Mansfield Mission Center, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program	Thrift Store	General and Administrative	Fundraising	Total
Salaries and wages	\$ 405,008	\$ 393,096	\$ 238,240	\$ 154,856	\$ 1,191,200
Advertising	30	129	-	1,791	1,950
Bank and credit card fees	-	21,216	199	-	21,415
Cost of goods sold	-	560,803	-	-	560,803
Depreciation	34,407	1,693	4,632	1,955	42,687
Emergency assistance	33,955	-	-	-	33,955
Healthcare	50,534	-	-	-	50,534
Food pantry goods	282,409	-	-	-	282,409
Insurance	-	-	27,738	-	27,738
Membership dues	757	30	1,893	1,070	3,750
Occupancy	87,118	37,677	5,520	3,797	134,112
Office	18,848	13,708	30,457	4,866	67,879
Professional fees	5,369	1,750	35,925	-	43,044
Rent	-	55,285	-	1,869	57,154
Security	1,366	2,812	-	-	4,178
Special events	-	-	-	27,074	27,074
Technology	10,058	2,899	36,634	7,871	57,462
Transportation	658	6,200	-	-	6,858
Total expenses	930,517	1,097,298	381,238	205,149	2,614,202
Less expenses included with revenues on the statement of activities:					
Cost of goods sold	-	(560,803)	-	-	(560,803)
Direct costs of special events	-	-	-	(27,074)	(27,074)
Total expenses included in the expense section on the statement of activities	\$ 930,517	\$ 536,495	\$ 381,238	\$ 178,075	\$ 2,026,325

See notes to financial statements.

Mansfield Mission Center, Inc.

Statement of Cash Flow Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ (256,266)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	42,687
Change in value of investment in joint venture	49,998
Changes in assets and liabilities:	
Pledges receivable	(2,500)
Inventory	2,049
Construction and retainage payable	(73,433)
Accounts payable	8,533
Accrued expenses	29,776
	<hr/>
Net cash used by operating activities	(199,156)
Cash flows from investing activities:	
Purchases of property and equipment	<hr/> (141,014)
Net change in cash	(340,170)
Cash at beginning of year	<hr/> 420,253
Cash at end of year	<hr/><hr/>\$ 80,083

See notes to financial statements.

Mansfield Mission Center, Inc.

Notes to Financial Statements

1. Organization

Mansfield Mission Center, Inc. (Organization) is a nonprofit organization incorporated in the state of Texas. The Organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code (IRC) as other than a private foundation. The Organization's function is to empower people who are experiencing crisis or living in poverty to realize economic self-sufficiency and wholeness. The Organization pursues its objectives through the following programs:

- Client programs such as 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.

2. Restatement of Previously Audited Financial Statements

The Organization's net assets as of January 1, 2023 were restated to properly accrue wages as of December 31, 2022. The correction resulted in a decrease in net assets without donor restrictions of \$42,804 as of January 1, 2023.

3. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Mansfield Mission Center, Inc.

Notes to Financial Statements

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of December 31, 2023, no such net asset restrictions existed.

Revenues are reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Contributions with donor restrictions whose restrictions are met in the same year the contributions are received are reported as net assets without donor restrictions.

Financial Instruments and Credit Risk Concentrations

Financial instruments, which are potentially subject to concentrations of credit risk, consist principally of cash, investment in joint venture and pledges receivable. The Organization maintains cash balances at a high credit quality financial institution to minimize risk. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had no uninsured balances at December 31, 2023.

Pledges receivable are unsecured. As of December 31, 2023, the entirety of pledges receivable was due from one donor. The Organization continually evaluates the collectability of pledges receivable and maintains allowances for potential losses, if considered necessary. Management considers pledges receivable at December 31, 2023 to be fully collectible within the following year. Accordingly, no allowance for doubtful accounts was recognized in the accompanying financial statements.

For the year ended December 31, 2023, one donor accounted for 15% of total contributions of financial assets and grants.

The Organization operates mainly in the Mansfield, Texas area. Therefore, results of operations are subject to economic conditions of the area.

Investment in Joint Venture

The Organization holds a 50% stake in a real estate joint venture which is valued under the equity method of accounting.

Mansfield Mission Center, Inc.

Notes to Financial Statements

Inventory

The Organization receives contributions of goods and materials and processes these contributions as merchandise available for sale in its resale store. The merchandise available for sale in its resale store consists mainly of clothing and household items.

Financial accounting standards require that contributions received be recognized as revenues or gains in the period received and as assets, and decreases of liabilities or expense depending on the form of the benefits received. Contributions should be measured at their fair value. The Organization believes that the inventory of contributed goods and food does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that the donated inventory has a value. Accordingly, contributed goods and material inventory are valued at zero prior to being offered for sale. The Organization considers the costs associated with bringing the donated inventory to sale (i.e. donation collection, sorting and retail management) in its estimate of the fair value of inventories.

Effective January 1, 2023, the Organization changed its method of accounting for its thrift store to the retail sales method. The estimate of the inventory value of donated goods and material in the Organization's resale store is based on a 12-month rolling average of retail sales, less costs of sales multiplied by the estimated shelf life of inventory on hand at year end.

The Organization also receives contributions of food, hygiene items, cleaning products and household supplies which are distributed without charge to qualifying clients. The inventory valuation of these items is based upon an estimate of \$1.93 per pound.

Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the IRC and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the year ending December 31, 2023. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Mansfield Mission Center, Inc.

Notes to Financial Statements

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost or if acquired by gift, at fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 20 to 40 years for buildings and improvements, 3 to 10 years for equipment and furniture and fixtures and 5 years for vehicles.

Impairment of Long-Lived Assets

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. There was no impairment loss during the year ended December 31, 2023.

Compensated Absences

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

Revenue Recognition

The Organization recognizes contributions and grants when cash, securities, or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor.

Donated food is reflected as contributions of nonfinancial assets at the estimated fair value at date of receipt. The Organization recognizes donated services received that require specialized skills or that would create or enhance nonfinancial assets, which would have been purchased if not acquired through donation. Donated resale goods are reflected as contributions of nonfinancial assets based on the actual sale price of the items and the cost to bring the item to sale.

Mansfield Mission Center, Inc.

Notes to Financial Statements

In order to enable the Organization to meet its mission, a substantial number of volunteers donate significant amounts of their time to the Organization's programs and fundraising functions. These amounts do not meet the requirements for recognition in the financial statements.

Special event revenue is recognized at the time of the event. Thrift store revenue is recognized at the time of sale.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. 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.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

4. Investment in Joint Venture

During 2021, the Organization invested \$1,848,531, which represents 50% ownership in a joint venture known as 78 Regency Parkway LLC (LLC), in conjunction with the purchase of real estate to be used for office space and certain ministry efforts. The LLC's application for recognition as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code was approved on June 17, 2022.

Arlington-Mansfield Area YMCA (YMCA), which is the managing member of the LLC obtained a 50% ownership interest as well by contributing cash and securing \$1,600,000 in financing for the LLC. The YMCA is obligated to repay the \$1,600,000 in debt, but if the Organization is required to make additional contributions to cure a default by YMCA, the Organization's ownership interest would increase accordingly, based upon the amount of the additional capital contributed.

The Organization's interest in the joint venture is valued based upon the equity method of accounting. At December 31, 2023, the value of the Organization's portion of the joint venture was \$1,761,046.

Mansfield Mission Center, Inc.

Notes to Financial Statements

Following is the most recent financial information of the LLC as of and for the year ended December 31, 2023:

Assets	<u>\$ 3,522,092</u>
Liabilities	<u>\$ 1,535,836</u>
Net assets	<u>\$ 1,986,256</u>
Revenues	<u>\$ 206,744</u>
Net loss	<u>\$ (101,215)</u>

In March of 2024, the Organization sold 50% of its interest in the joint venture.

5. Property and Equipment

Property and equipment consists of the following at December 31, 2023:

Buildings and improvements	\$ 1,087,725
Furniture and fixtures	19,598
Land	475,786
Equipment	50,087
Vehicles	<u>9,261</u>
	1,642,457
Less: accumulated depreciation	<u>(149,125)</u>
	<u>\$ 1,493,332</u>

Depreciation expense for the year ended December 31, 2023 totaled \$42,687.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2023:

Mansfield Area Disaster Relief	\$ 6,688
United Cooperative Services Grant	<u>794</u>
	<u>\$ 7,482</u>

Mansfield Mission Center, Inc.

Notes to Financial Statements

7. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2023:

	<u>Program</u>
Services	\$ 37,741
Thrift store goods	532,618
Food	<u>285,676</u>
	<u>\$ 856,035</u>

Services

The Linda Nix Clinic specialized services were used in program services and were valued at their estimated fair values based on the market rates for similar services.

Goods

Thrift store goods are valued using the retail inventory method.

Food

Contributed food is valued using the latest valuation study of Feeding America. The Organization calculated the value of contributed food using a valuation of \$1.93 per pound for the year ended December 31, 2023.

There were no donor restrictions on the contributions of nonfinancial assets during the year ended December 31, 2023.

8. Commitments and Contingencies

On April 1, 2020 the Organization entered into a lease for its thrift store property. The lease expires on March 31, 2026. Termination of the lease is allowed, subject to a 30-day notice period. The Organization paid \$55,285 in rent during the year ended December 31, 2023 under this arrangement. For the last three months of the year, the Organization deferred its rent payments totaling \$13,821 under the agreement to pay back this amount in \$1,000 installments beginning January 2024. The deferred rental payments are included in accrued expenses on the statement of financial position as of December 31, 2023.

Mansfield Mission Center, Inc.

Notes to Financial Statements

The Linda Nix Clinic occupies a building that was donated to the Organization on March 15, 2019. The Organization is obligated to use the property for nonprofit charitable purposes for thirty years or the property shall revert to the donor.

9. Related Party Transactions

During the year ended December 31, 2023, the Organization received contributions totaling \$8,805 from members of its board of directors.

10. Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date are as follows at December 31, 2023:

Cash	\$	80,083
Pledges receivable		<u>2,500</u>
Total financial assets		82,583
Less amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions		<u>(7,482)</u>
Total financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>75,101</u></u>

The Organization operates under a budget, and its board of directors is responsible for monitoring the liquidity necessary to meet the Organization's operating needs and meets periodically throughout the year to evaluate actual results of financial operations versus the budget. Additionally, at times, the Organization maintains donor-restricted funds purposed for various other activities consistent with its mission.

11. Subsequent Events

Subsequent to December 31, 2023, but before the financial statements were issued, the Organization sold 50% of their interest in the LLC, resulting in approximately \$1,023,000 of cash inflows.

Management has evaluated subsequent events through July 30, 2024, the date the financial statements were available to be issued and concluded that no additional disclosures are required.