

Mansfield Mission Center, Inc.

Financial Statements
December 31, 2024



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, 2024, 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, 2024, 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.

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.



Limited Liability Partnership

Arlington, Texas
March 10, 2025

Mansfield Mission Center, Inc.
Statement of Financial Position
December 31, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 1,050,523
Investment in joint venture	854,898
Inventory	106,491
Prepaid expenses	6,143
Other assets	<u>819</u>

Total current assets 2,018,874

Property and equipment, net 1,455,391

Total assets \$ 3,474,265

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 6,763
Accrued expenses	<u>64,247</u>

Total liabilities 71,010

Net assets:

Without donor restrictions	3,396,721
With donor restrictions	<u>6,534</u>

Total net assets 3,403,255

Total liabilities and net assets \$ 3,474,265

See notes to financial statements.

Mansfield Mission Center, Inc.

Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions of financial assets	\$ 354,680	\$ -	\$ 354,680
Contributions of nonfinancial assets	995,731	-	995,731
Grants	128,572	-	128,572
Thrift store sales, net of cost of goods sold of \$573,527	404,259	-	404,259
Special events, net of direct costs of \$29,764	80,106	-	80,106
Investment income	24,176	-	24,176
Other income	8,036	-	8,036
Net assets released from restrictions	948	(948)	-
Total support and revenue	1,996,508	(948)	1,995,560
Expenses:			
Program	974,680	-	974,680
Thrift store	523,795	-	523,795
General and administrative	406,121	-	406,121
Fundraising	130,678	-	130,678
Total expenses	2,035,274	-	2,035,274
Excess of operating expense over support and revenue	(38,766)	(948)	(39,714)
Non-operating gain (loss):			
Loss on disposal of property and equipment	(3,378)	-	(3,378)
Equity in net loss of joint venture	(31,090)	-	(31,090)
Gain on sale of investment in joint venture	148,056	-	148,056
Total non-operating gain (loss)	113,588	-	113,588
Change in net assets	74,822	(948)	73,874
Net assets at beginning of year	3,321,899	7,482	3,329,381
Net assets at end of year	\$ 3,396,721	\$ 6,534	\$ 3,403,255

See notes to financial statements.

Mansfield Mission Center, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program	Thrift Store	General and Administrative	Fundraising	Total
Salaries and wages	\$ 385,233	\$ 363,418	\$ 280,707	\$ 104,393	\$ 1,133,751
Advertising	-	-	-	3,911	3,911
Bank and credit card fees	-	19,527	-	-	19,527
Cost of goods sold	-	573,527	-	-	573,527
Depreciation	38,459	1,693	3,668	1,904	45,724
Emergency assistance	22,012	-	-	-	22,012
Healthcare	53,091	-	-	-	53,091
Food pantry goods	384,026	-	-	-	384,026
Insurance	12,464	7,459	7,445	5,206	32,574
Membership dues	101	-	2,325	1,298	3,724
Occupancy	32,065	21,438	64,342	-	117,845
Office	26,207	13,414	11,067	1,844	52,532
Professional fees	2,030	-	25,364	-	27,394
Rent	1,491	80,311	-	-	81,802
Security	1,088	3,106	90	-	4,284
Special events	-	-	-	29,764	29,764
Technology	16,413	7,080	11,113	12,122	46,728
Transportation	-	6,349	-	-	6,349
Total expenses	974,680	1,097,322	406,121	160,442	2,638,565
Less expenses included with revenues on the statement of activities:					
Cost of goods sold	-	(573,527)	-	-	(573,527)
Direct costs of special events	-	-	-	(29,764)	(29,764)
Total expenses included in the expense section on the statement of activities	\$ 974,680	\$ 523,795	\$ 406,121	\$ 130,678	\$ 2,035,274

See notes to financial statements.

Mansfield Mission Center, Inc.

Statement of Cash Flow

Year Ended December 31, 2024

Cash flows from operating activities:

Change in net assets	\$ 73,874
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	45,724
Loss on disposal of property and equipment	3,378
Gain on sale of investment in joint venture	(148,056)
Change in value of investment in joint venture	31,090
Donation of property and equipment	(5,000)
Changes in assets and liabilities:	
Pledges receivable	2,500
Inventory	(19,067)
Prepaid expenses	(6,143)
Accounts payable	(7,866)
Accrued expenses	(16,947)
	<hr/>
Net cash used by operating activities	(46,513)

Cash flows from investing activities:

Purchases of property and equipment	(6,161)
Proceeds from sale of investment in joint venture	1,023,114
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Net cash provided by investing activities	1,016,953

Net change in cash and cash equivalents 970,440

Cash and cash equivalents at beginning of year

80,083

Cash and cash equivalents at end of year

\$ 1,050,523

Noncash investing activities:

Donation of property and equipment

\$ 5,000

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. 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.

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, 2024, no such net asset restrictions existed.

Mansfield Mission Center, Inc.

Notes to Financial Statements

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 and cash equivalents and the investment in joint venture. 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, 2024.

For the year ended December 31, 2024, one donor accounted for 10% 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less.

Investment in Joint Venture

The Organization holds a 25% stake in a real estate joint venture which is valued under the equity method of accounting.

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.

Mansfield Mission Center, Inc.

Notes to Financial Statements

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.

The Organization uses the retail sales method of accounting for its thrift store. 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 \$1.97 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, 2024. 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, 2024, 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.

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.

Mansfield Mission Center, Inc.

Notes to Financial Statements

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, 2024.

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.

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.

Mansfield Mission Center, Inc.

Notes to Financial Statements

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.

3. 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.

During 2024, the Organization sold 50% of its interest in the joint venture resulting in a gain on sale totaling \$148,056. As of December 31, 2024, the Organization has a remaining 25% ownership in the LLC.

The Organization's interest in the joint venture is valued based upon the equity method of accounting. At December 31, 2024, the value of the Organization's portion of the joint venture was \$854,898.

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, 2024:

Assets	<u>\$ 3,419,591</u>
Liabilities	<u>\$ 1,483,623</u>
Net assets	<u>\$ 1,935,968</u>
Revenues	<u>\$ 207,534</u>
Net loss	<u>\$ (101,219)</u>

4. Property and Equipment

Property and equipment consists of the following at December 31, 2024:

Buildings and improvements	\$ 1,087,725
Furniture and fixtures	11,963
Land	475,786
Equipment	31,828
Vehicles	<u>13,463</u>
	1,620,765
Less: accumulated depreciation	<u>(165,374)</u>
	<u>\$ 1,455,391</u>

Depreciation expense for the year ended December 31, 2024 totaled \$45,724.

5. Net Assets With Donor Restrictions

At December 31, 2024, there were net assets with donor restrictions designated for Mansfield Area Disaster Relief totaling \$6,534.

Mansfield Mission Center, Inc.

Notes to Financial Statements

6. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2024:

	Program	Asset	Total
Services	\$ 35,216	\$ -	\$ 35,216
Thrift store goods	592,594	-	592,594
Food	362,921	-	362,921
Vehicle	-	5,000	5,000
	<u>\$ 990,731</u>	<u>\$ 5,000</u>	<u>\$ 995,731</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 \$1.97 per pound for the year ended December 31, 2024.

Vehicle

Vehicles are valued at the estimated fair values based on similar vehicles.

There were no donor restrictions on the contributions of nonfinancial assets during the year ended December 31, 2024.

7. 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 \$67,571 in rent during the year ended December 31, 2024 under this arrangement.

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.

8. Related Party Transactions

During the year ended December 31, 2024, the Organization received contributions totaling \$9,086 from members of its board of directors.

9. 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, 2024:

Cash and cash equivalents	\$ 1,050,523
Less amounts unavailable for general expenditures within one year due to:	
Donor-imposed restrictions	<u>(6,534)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,043,989</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.

10. Subsequent Events

Management has evaluated subsequent events through March 10, 2025, the date the financial statements were available to be issued and concluded that no additional disclosures are required.