

Mission Waco, Mission World, Inc.
Financial Statements
December 31, 2023 and 2022
(With Independent Auditor's Report Thereon)



JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Mission Waco, Mission World, Inc.:

Opinion

We have audited the accompanying financial statements of Mission Waco, Mission World, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 2022, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's 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 audits. 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 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.

In preparing the financial statements, management is required to evaluate whether 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 one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 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 GAAS, 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.

October 17, 2024

Mission Waco, Mission World, Inc.

Statements of Financial Position

December 31, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 1,871,555	950,686
Marketable securities	1,581,316	1,480,395
Accounts receivable	13,650	14,726
Contribution receivable	30,400	30,400
Employee retention credit receivable	-	455,039
Inventory	117,751	109,761
Prepaid expenses and other assets	37,420	36,430
Total current assets	3,652,092	3,077,437
Property and equipment:		
Land	1,836,638	322,354
Buildings and improvements	5,009,784	4,499,468
Furniture, fixtures, and equipment	737,840	711,120
Vehicles	196,304	153,308
Construction in progress	152,108	147,453
	7,932,674	5,833,703
Less accumulated depreciation	2,071,750	1,881,943
Total property and equipment	5,860,924	3,951,760
Beneficial interest in assets held by the Waco Foundation	6,714	5,923
	\$ 9,519,730	7,035,120
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 127,409	55,850
Accrued expenses	191,384	116,134
Unearned revenue	67,863	-
Total current liabilities	386,656	171,984
Net assets:		
Without donor restrictions:		
Undesignated	1,012,175	1,826,612
Designated for endowment	6,714	5,923
Invested in property and equipment	5,860,924	3,951,760
	6,879,813	5,784,295
With donor restrictions	2,253,261	1,078,841
	9,133,074	6,863,136
Total net assets	9,133,074	6,863,136
Total liabilities and net assets	\$ 9,519,730	7,035,120

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statements of Activities

Years Ended December 31, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions:		
Revenues and other support:		
Contributions of cash and nonfinancial assets:		
Individuals and others	\$ 1,725,078	1,780,279
Federal and other grants	1,165,027	505,825
Contributions of nonfinancial assets	297,080	276,333
Program revenue	435,259	347,442
Special events	280,329	286,357
Retail sales	1,110,754	1,085,595
Net investment gain (loss)	232,036	(198,935)
Employee retention credit	-	455,039
Other income, net	47,642	8,620
Net assets released from restriction	1,092,859	667,636
Total revenues and other support	6,386,064	5,214,191
Expenses:		
Program expenses:		
Mobilizing programs	721,702	612,425
Empowering programs	1,986,460	1,841,478
Economic development and retail programs	1,950,306	1,940,671
Supporting expenses:		
Management and general	346,506	346,614
Fund-raising	285,572	218,440
Total expenses	5,290,546	4,959,628
Change in net assets without donor restrictions	1,095,518	254,563
Changes in net assets with donor restrictions:		
Revenues and other support:		
Contributions	2,229,099	457,876
Net investment gain (loss)	38,180	(28,602)
Net assets released from restriction	(1,092,859)	(667,636)
Change in net assets with donor restrictions	1,174,420	(238,362)
Increase in net assets	2,269,938	16,201
Net assets at beginning of year	6,863,136	6,846,935
Net assets at end of year	\$ 9,133,074	6,863,136

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	Program			Supporting		Total
	Mobilizing Programs	Empowering Programs	Economic Development and Retail Programs	Management and General	Fund-raising	
Salaries	\$ 239,742	848,746	649,019	216,026	113,192	2,066,725
Payroll taxes	16,594	66,808	52,364	16,451	8,841	161,058
Employee benefits	21,425	63,286	35,765	21,204	10,595	152,275
Cost of sales	-	-	678,291	-	-	678,291
Client expenses	315,228	221,866	44,631	21,095	77,561	680,381
Donated services and materials	-	211,642	82,323	-	-	293,965
Insurance	3,982	16,172	7,311	6,088	735	34,288
Travel	34,417	9,745	989	11,796	145	57,092
Depreciation	7,184	84,715	97,959	3,832	2,121	195,811
Vehicle expenses	5,881	16,286	15,216	2,700	2,222	42,305
Accounting and professional fees	9,541	26,294	40,686	33,939	3,660	114,120
Telephone	8,566	23,732	22,587	4,309	4,974	64,168
Postage and shipping	1,609	1,197	2,837	188	5,686	11,517
Occupancy	27,515	253,149	103,985	(151)	324	384,822
Equipment maintenance	7,870	40,083	18,397	5,511	20,664	92,525
Printing and publications	12,197	6,064	26,016	1,331	28,065	73,673
Staff development	607	1,698	1,608	318	221	4,452
Medical expenses	-	2,398	-	-	-	2,398
Supplies	7,547	40,341	37,269	1,727	4,062	90,946
Miscellaneous	1,797	52,238	33,053	142	2,504	89,734
	<u>\$ 721,702</u>	<u>1,986,460</u>	<u>1,950,306</u>	<u>346,506</u>	<u>285,572</u>	<u>5,290,546</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statement of Functional Expenses

Year Ended December 31, 2022

	Program			Supporting		Total
	Mobilizing Programs	Empowering Programs	Economic Development and Retail Programs	Management and General	Fund-raising	
Salaries	\$ 221,782	774,202	637,443	216,268	70,211	1,919,906
Payroll taxes	16,090	66,893	54,663	17,371	5,669	160,686
Employee benefits	21,547	60,596	51,490	25,897	10,873	170,403
Cost of sales	-	-	701,396	-	-	701,396
Client expenses	248,896	208,167	48,541	15,452	84,013	605,069
Donated services and materials	-	218,779	57,554	-	68	276,401
Insurance	2,511	13,579	5,263	4,233	378	25,964
Travel	15,421	18,952	390	2,457	1,325	38,545
Depreciation	4,316	81,778	97,288	3,089	1,329	187,800
Vehicle expenses	5,514	16,238	16,718	3,110	1,882	43,462
Accounting and professional fees	5,454	15,692	22,252	43,516	1,861	88,775
Telephone	7,040	20,737	21,608	3,785	3,902	57,072
Postage and shipping	2,825	946	1,412	170	7,591	12,944
Occupancy	33,706	228,750	100,485	(326)	(1,150)	361,465
Equipment maintenance	3,503	23,053	22,238	2,142	783	51,719
Printing and publications	13,675	5,353	30,755	2,805	22,472	75,060
Staff development	863	2,052	2,162	386	243	5,706
Medical expenses	36	2,753	-	-	-	2,789
Supplies	7,848	41,249	39,471	6,482	7,061	102,111
Miscellaneous	1,398	41,709	29,542	(223)	(71)	72,355
	<u>\$ 612,425</u>	<u>1,841,478</u>	<u>1,940,671</u>	<u>346,614</u>	<u>218,440</u>	<u>4,959,628</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,269,938	16,201
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	195,811	187,800
Losses on sale of fixed assets	29,400	3,977
Net unrealized (gains) losses	(189,232)	244,016
Net realized (gains) losses	(22,634)	33,374
(Gain) loss on beneficial interest in assets held by the Waco Foundation	(791)	966
Forgiveness of loan under Paycheck Protection Program	-	(327,684)
Employee retention credit	455,039	(455,039)
Contribution of non-cash gifts	(72,007)	-
Decrease (increase) in operating assets:		
Accounts receivable	1,076	44,650
Inventory	(7,990)	(39,110)
Prepaid expenses and other assets	(990)	3,466
Increase (decrease) in operating liabilities:		
Accounts payable	71,559	(19,114)
Accrued expenses	75,250	(30,366)
Unearned revenue	67,863	-
	<u>2,872,292</u>	<u>(336,863)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Proceeds from sale of marketable securities	2,001,350	1,330,274
Purchase of marketable securities	(1,818,398)	(1,401,682)
Purchases of property and equipment	(2,137,875)	(192,947)
Proceeds from sale of property and equipment	3,500	4,300
	<u>(1,951,423)</u>	<u>(260,055)</u>
Net cash used in investing activities		
Net increase (decrease) in cash and cash equivalents	920,869	(596,918)
Cash and cash equivalents at beginning of year	<u>950,686</u>	<u>1,547,604</u>
Cash and cash equivalents at end of year	<u>\$ 1,871,555</u>	<u>950,686</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

(1) Summary of Significant Accounting Policies(a) Nature of Activities

Mission Waco, Mission World, Inc. (the "Organization") is a nonprofit organization that is dedicated to ministering to individuals outside the dominant culture of the United States of America with opportunities for wholeness, improvement, and self-sufficiency. The Organization also provides opportunities for people in the dominant culture to understand the plight and needs of those persons outside their cultural background through informal education, shared experiences, simulations, trips to foreign countries, and other programs. Revenues are derived primarily from contributions, program revenue, special events, and retail sales.

(b) Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(c) Revenues, Support, and Expenses

Contributions received and unconditional promises to give are measured at their fair values as an increase in net assets. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(c) Revenues, Support, and Expenses (continued)

are met in the same reporting period are reported as support without donor restrictions.

The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Program revenues, consisting primarily of fees for participation in work groups, simulations, housing, and other programs are recorded at the time of sale or service rendered.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents consisted of \$390,946 and \$37,936 in money market mutual funds at December 31, 2023 and 2022, respectively.

(e) Marketable Securities

Marketable securities are measured at fair value in the statements of financial position. Fair value is 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. See Note 2 for further discussion of fair value measurements. Net investment gain (loss) (including gains and losses on investments, and interest and dividends) is included in the statements of activities as a change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(f) Inventory

Inventory consists of food, supplies, and resale items for use in providing retail sales programs through the Jubilee Food Market, World Cup Café and Fair Trade Market, and Urban REAP. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first out method.

(g) Property and Equipment

Property and equipment are stated at cost. Donated assets are stated at estimated fair value in the year donated. The Organization capitalizes all acquisitions with a value greater than \$5,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the related assets.

(h) Leases

Leases are classified as operating or financing leases at the lease commencement date. The Organization has elected not to recognize leases with original lease terms of twelve months or less (short-term leases) on the Organization's statements of financial position. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. The Organization includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Organization will exercise the option. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Organization uses a risk-free rate at lease commencement to calculate the present value of these lease payments when the rate implicit in the lease is not known.

(i) Income Taxes

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes.

The Organization recognizes the effect of income tax positions (including whether exempt income might be determined to be unrelated business income and whether it has properly maintained its exempt status) if such positions are probable of being sustained (i.e. probable that adjustments would not be detected and made by taxing

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(i) Income Taxes (continued)

authorities). Recognized income tax provisions are measured at the largest amount that is greater than 50% of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization records interest and penalties related to unrecognized tax benefits in management and general expenses.

(j) Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, advertising costs were \$73,673 and \$75,060, respectively.

(k) Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future projects and to designate appropriate sums of net assets without donor restrictions by the set aside of certain of its cash, cash equivalents, and marketable securities balances to assure adequate financing of such projects.

(l) Reclassifications

Certain reclassifications have been made to the accompanying 2022 financial statements to make them comparable to the current year.

(m) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) Marketable Securities and Fair Value Measurements

At December 31, 2023 and 2022, the Organization's assets and liabilities measured at fair value have been classified, for disclosure purposes, based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(2) Marketable Securities and Fair Value Measurements (continued)

the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value for the Organization's investment in equities and mutual funds is determined by reference to quoted market prices. Fair value of the Organization's beneficial interest in the assets held by the Waco Foundation are estimated based on the underlying fair value of the net assets held.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2023 and 2022:

	Totals	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>At December 31, 2023:</u>				
Equities and mutual funds	\$ 1,581,316	1,581,316	-	-
Beneficial interest in assets held by the Waco Foundation	6,714	-	6,714	-
	<u>\$ 1,588,030</u>	<u>1,581,316</u>	<u>6,714</u>	<u>-</u>
<u>At December 31, 2022:</u>				
Equities and mutual funds	\$ 1,480,395	1,480,395	-	-
Beneficial interest in assets held by the Waco Foundation	5,923	-	5,923	-
	<u>\$ 1,486,318</u>	<u>1,480,395</u>	<u>5,923</u>	<u>-</u>

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(3) Accounts Receivable and Conditional Promises to Give

Accounts receivable consist of amounts due to the Organization under reimbursement-type grants and other amounts due for services provided. Unconditional promises to give are expected to be collected within one year

The Organization has received reimbursement-type and advance-type grants for its programs that are considered to be contributions. However, these grants are conditional based upon the Organization incurring qualifying costs. Additionally, at December 31, 2023, approximately \$97,424 of total grant awards of \$114,601, for the period from October 1, 2023 to September 30, 2025, for housing and horticulture services have not been recognized as revenue because the qualifying conditions have not been met. At December 31, 2022, approximately \$27,026 of total grant awards of \$36,394, for the period from October 1, 2022 to September 30, 2023, for housing services have not been recognized as revenue because the qualifying conditions have not been met.

(4) Contribution Receivable

The Organization's contribution receivable at both December 31, 2023 and 2022 consists of \$30,400 of an unconditional promise to give from the estate of an individual. The amount remaining at December 31, 2023 and 2022 includes donor imposed restrictions on the use of assets through 2037 in the amount of \$30,400 for both years. The amounts due from the estate will not be collected until 2037.

(5) Beneficial Interest in Assets Held at Waco Foundation and the Board Designated Endowment

The Organization has transferred assets to the Waco Foundation, a community foundation, designating itself as the beneficiary. The income earned (including net realized and unrealized appreciation under Waco Foundation's current spending policy of distributable income) on the transferred assets will be paid at least annually to the Organization. The income may, if both the Organization and the Waco Foundation agree, remain and accumulate with the principal. Distributions of principal may be made at the sole discretion of the Waco Foundation. It is intended that assets be held for the benefit of the Organization as long as the need for the fund exists. However, the assets are subject to the governing documents of the Waco Foundation and the policies and procedures of its governing body. Consequently, the Waco Foundation has the right to substitute another beneficiary in the place of the Organization without the approval of the Organization.

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(5) Beneficial Interest in Assets Held at Waco Foundation and the Board Designated Endowment (continued)

Changes in the board designated endowment net assets, all of which are without donor restrictions, for the years ended December 31, 2023 and 2022 consisted of:

	2023	2022
Endowment net assets, beginning of year	\$ 5,923	6,889
Net investment gain (loss)	791	(966)
Endowment net assets, end of year	\$ 6,714	5,923

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022, are available for the following purposes or periods:

	2023	2022
Purpose restrictions, available for:		
Haiti projects	\$ 139,190	149,673
Other projects	253,670	296,918
Capacity campaign	72,287	428,880
Scholarships	87,733	115,909
Creekside Village	1,638,076	-
Time restrictions, available for:		
2024 programs	31,905	-
2023 programs	-	57,061
Time restrictions, not allowed to be sold until 2037	30,400	30,400
	\$ 2,253,261	1,078,841

(7) Refundable Advance

In March 2021, the Organization received a loan in the amount of \$327,684 pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The loan, which was in the form of an unsecured note, matured in March 2023 and had an interest rate of 1.0% per annum. Under the terms of the PPP, certain amounts of the loans may be forgiven if they are used for qualifying expenses as described in the CARES Act. Qualifying expenses include payroll costs and related

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(7) Refundable Advance (continued)

benefits, rent and utilities up to the 24-week period following the loan funding. The loan is considered to be a conditional contribution as the forgiveness is conditional upon forgiveness by the Small Business Administration (“SBA”).

The March 2021 loan was forgiven in February 2022 and \$327,684 was recorded as a contribution in the statement of activities for the year ended December 31, 2022.

(8) Lease Income from Retail Space

The Organization receives lease income for three units of retail space within its building on Colcord Avenue. The units are leased to two separate tenants with terms beginning October 2023 and continuing through September 2026. The building is recorded at a cost of \$729,544 and accumulated depreciation totaling \$79,151 as of December 31, 2023. Future minimum lease income under the operating leases for each of the next three years are as follows:

<u>Year Ending December 31:</u>	<u>Operating Lease</u>
2024	\$ 38,100
2025	31,575
2026	<u>9,000</u>
Total rental payments to be received:	<u>\$ 78,675</u>

(9) Net Investment Gain (Loss)

Net investment gain (loss) is comprised of the following for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 83,370	72,214
Net unrealized gains (losses)	189,232	(244,016)
Net realized gains (losses)	22,634	(33,374)
Investment expenses	<u>(25,020)</u>	<u>(22,361)</u>
	<u>\$ 270,216</u>	<u>(227,537)</u>

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(10) Employee Retention Credits

The CARES Act provides an employee retention credit (“Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

The Organization qualified for the tax credit under the CARES Act. During 2022, the Organization recognized a \$455,039 receivable related to the Employee Retention Credit that was recorded to other income on the Organization’s accompanying statements of activities. The Organization received the full payment of \$455,039 in 2023, plus \$52,896 in interest, which was recorded as other income in the statements of activities.

(11) Contributed Nonfinancial Assets

The Organization recognizes contribution revenue for specialized and professional services, and materials received in the accompanying statements of activities at estimated fair value. Those services and materials for the years ended December 31, 2023 and 2022 include the following items:

	<u>2023</u>	<u>2022</u>
Empowering programs:		
Professional services	\$ 31,650	34,610
Medical supplies	179,992	184,169
Retail sales programs:		
Materials	85,438	57,554
	<u>\$ 297,080</u>	<u>276,333</u>

Contributed services recognized comprise professional services from attorneys advising clients at the Organization’s legal clinic and professional services from physicians and nurses treating clients at the Organization’s medical clinic. Contributed professional services are measured at their estimated fair value based on current rates for similar legal and medical services.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(11) Contributed Nonfinancial Assets (continued)

Contributed medical supplies were utilized to service clients at the Organization's medical clinic. Contributed materials were used for the Organization's retail sales programs. In valuing medical supplies and materials, the Organization estimated the fair value based on wholesale values for purchasing similar products in the region.

Additionally, a number of volunteers have donated significant amounts of their time in the Organization's program services and fund-raising events, which do not qualify for recognition as contributions under generally accepted accounting principles since the services do not require specialized skills and have not been recorded in the accompanying financial statements.

(12) Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited. Salaries and salary related expenses have been allocated based on estimates of time and effort. Cost of sales, client expenses, donated services and materials, travel, medical expenses, and supplies are charged directly to the functional areas. All other expenses are allocated based upon estimates of time and effort.

(13) Contingencies

Amounts received or receivable under grant awards are subject to adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability to the Organization. The amount, if any, of expenses which may be disallowed by grantors cannot be determined at this time although the Organization expects such amounts, if any to be immaterial.

(14) Significant Risks, Including Business and Credit Concentrations

At December 31, 2023 and 2022, the Organization maintained deposits in various accounts at financial institutions in excess of federally insured limits.

Five donors accounted for approximately 45% and 17% of contributions with and without donor restrictions during the years ended December 31, 2023 and 2022, respectively.

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Further, because of the significance of investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(14) Significant Risks, Including Business and Credit Concentrations (continued)

that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

(15) Availability and Liquidity

The following reflects the Organization's financial assets as of December 31, 2023 and 2022 reduced by amounts not available within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,871,555	950,686
Marketable securities	1,581,316	1,480,395
Accounts receivable	13,650	14,726
Contribution receivable	30,400	30,400
Employee retention credit receivable	-	455,039
	<u>3,496,921</u>	<u>2,931,246</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(2,253,261)</u>	<u>(1,078,841)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,243,660</u>	<u>1,852,405</u>

Although management does not intend to spend from board designated funds, these amounts could be made available if necessary. The Organization's goal is to generally maintain financial assets to meet 120 days of operating expense. As part of its liquidity plan, excess cash is invested in money market accounts or certificates of deposit at local financial institutions.

(16) Employee Benefit Plan

During 2022, the Organization began sponsoring a defined contribution 401(k) plan covering substantially all of its employees who are 21 years of age or older and have one year or 1,000 hours of service. Participants may elect to contribute to the plan through payroll deductions. The Organization makes an annual discretionary contribution as determined by the Board of Directors. For the years ended December 31, 2023 and 2022, total contributions to the plan were \$27,392 and \$24,059, respectively.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(17) Non-Cash Investing Activities

The Organization received a stock donation of \$72,007 which was a non-cash investing activity for the year ended December 31, 2023. There were no non-cash investing activities for the year ended December 31, 2022.

(18) Subsequent Events

In January 2024, the Organization was named as the beneficiary of \$3 million in a last will and testament. The Organization has not determined if there are any donor stipulations on the bequest.

The Organization has evaluated subsequent events from the date of the statements of financial position through October 17, 2024, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.