



MUNCIE MISSION

Ministries, Inc.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

December 31, 2023 and 2022

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Independent Auditors' Report

Board of Directors
Muncie Mission Ministries, Inc.
and Related Entity

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc., which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses - programs, functional expenses - supporting services, functional expenses - fundraising, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc. as of December 31, 2023 and 2022, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance 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 Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc., 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc.'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.

Estep Burkey Simmons, LLC

Muncie, Indiana
August 21, 2024

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

| ASSETS | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,672,940 | \$ 1,075,119 |
| Accounts receivable | 37,453 | 32,915 |
| Unconditional promise to give | 12,300 | 15,000 |
| Inventories | 24,027 | 22,528 |
| Prepaid expenses | 38,800 | 54,039 |
| Right of use asset, current portion | 32,605 | 5,999 |
| Deposits | 419 | 1,081 |
| | <u>1,818,544</u> | <u>1,206,681</u> |
| RIGHT OF USE ASSET , net of current portion | 130,613 | 43,492 |
| PROPERTY, BUILDING, AND EQUIPMENT , net of depreciation | 5,150,232 | 5,223,000 |
| INVESTMENTS | 865,415 | 1,165,415 |
| INVESTMENTS - AGENCY FUND | 34,509 | 30,801 |
| | <u>\$ 7,999,313</u> | <u>\$ 7,669,389</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ - | \$ 40 |
| Accrued expenses | 98,632 | 82,705 |
| Right of use liability, current portion | 32,605 | 5,999 |
| Notes payable, current portion | 5,166 | 5,167 |
| | <u>136,403</u> | <u>93,911</u> |
| LONG-TERM LIABILITIES | | |
| Right of use liability, net of current portion | 130,613 | 43,492 |
| Notes payable, net of current portion | - | 5,166 |
| | <u>267,016</u> | <u>142,569</u> |
| NET ASSETS | | |
| Without donor restrictions | 6,963,079 | 6,973,755 |
| With donor restrictions | 769,218 | 553,065 |
| | <u>7,732,297</u> | <u>7,526,820</u> |
| | <u>\$ 7,999,313</u> | <u>\$ 7,669,389</u> |

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31,

| | 2023 | | |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating support and revenue | | | |
| Grants | \$ 330,775 | | \$ 330,775 |
| Contributions | 825,477 | \$ 291,582 | 1,117,059 |
| Gifts-in-kind | 52,932 | | 52,932 |
| Retail operations | 1,458,919 | | 1,458,919 |
| Program service fees | 41,050 | | 41,050 |
| Recycling | 298,009 | | 298,009 |
| Delivery fees | 7,364 | | 7,364 |
| Special events | 190,922 | | 190,922 |
| Rental income | 33,711 | | 33,711 |
| Investment return (loss), net | 200,159 | | 200,159 |
| Gain (loss) on disposal of equipment | 3,200 | | 3,200 |
| Other revenue | 14,852 | | 14,852 |
| | <u>3,457,370</u> | <u>291,582</u> | <u>3,748,952</u> |
| Net assets released from restrictions | | | |
| Satisfaction of purpose restrictions | 48,129 | (48,129) | |
| Expiration of time restrictions | 27,300 | (27,300) | |
| Operating expenses | | | |
| Programs | | | |
| Rescue mission | 885,043 | | 885,043 |
| Transitional housing | 73,898 | | 73,898 |
| Food services | 100,115 | | 100,115 |
| New life | 1,428,768 | | 1,428,768 |
| Family services | 30,880 | | 30,880 |
| Muncie HUB | 172,615 | | 172,615 |
| Medical clinic | 29,364 | | 29,364 |
| Supporting services | | | |
| Administration | 451,631 | | 451,631 |
| Fundraising | | | |
| Development | 371,161 | | 371,161 |
| | <u>3,543,475</u> | <u></u> | <u>3,543,475</u> |
| CHANGE IN NET ASSETS | (10,676) | 216,153 | 205,477 |
| Net assets at beginning of year | <u>6,973,755</u> | <u>553,065</u> | <u>7,526,820</u> |
| Net assets at end of year | <u>\$ 6,963,079</u> | <u>\$ 769,218</u> | <u>\$ 7,732,297</u> |

The accompanying notes are an integral part of these statements.

| 2022 | | |
|-------------------------------|----------------------------|--------------|
| Without Donor Restrictions | With Donor Restrictions | Total |
| \$ 175,855 | | \$ 175,855 |
| 979,741 | \$ 388,277 | 1,368,018 |
| 14,852 | | 14,852 |
| 1,500,820 | | 1,500,820 |
| 45,700 | | 45,700 |
| 372,490 | | 372,490 |
| 10,381 | | 10,381 |
| 152,834 | | 152,834 |
| 14,400 | | 14,400 |
| (293,162) | | (293,162) |
| (428) | | (428) |
| 13,354 | | 13,354 |
| 2,986,837 | 388,277 | 3,375,114 |
| 97,411 | (97,411) | |
| 15,000 | (15,000) | |
| 809,526 | | 809,526 |
| 74,141 | | 74,141 |
| 105,967 | | 105,967 |
| 1,419,274 | | 1,419,274 |
| 40,658 | | 40,658 |
| 109,977 | | 109,977 |
| 401,686 | | 401,686 |
| 317,955 | | 317,955 |
| 3,279,184 | | 3,279,184 |
| (179,936) | 275,866 | 95,930 |
| 7,153,691 | 277,199 | 7,430,890 |
| \$ 6,973,755 | \$ 553,065 | \$ 7,526,820 |

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAMS

Years Ended December 31,

2023

| | Rescue Mission | Transitional Housing | Food Services | New Life | Family Services | Muncie HUB | Medical Clinic | Total |
|---------------------------|-------------------|-------------------------|-------------------|---------------------|--------------------|-------------------|-------------------|---------------------|
| Salaries | \$ 444,394 | \$ 19,414 | \$ 34,183 | \$ 754,733 | \$ 18,470 | \$ 82,215 | \$ 12,506 | \$ 1,365,915 |
| Payroll taxes | 32,975 | 1,485 | 2,591 | 56,623 | 1,399 | 6,197 | 951 | 102,221 |
| Employee benefits | 52,484 | 556 | 61 | 70,982 | 314 | 8,113 | 592 | 133,102 |
| Cost of sales | | | | 80,486 | | | | 80,486 |
| Security | 2,507 | 1,222 | 205 | 3,955 | | 3,461 | | 11,350 |
| Technology | 1,052 | | | 16,459 | 1,033 | 720 | 1,901 | 21,165 |
| Supplies | 10,382 | 366 | | 4,004 | | 6,186 | 122 | 21,060 |
| Telephone | 6,503 | 3,203 | 231 | 14,594 | 231 | 5,865 | 231 | 30,858 |
| Client subsidies | 10,670 | | | | | | | 10,670 |
| Client programs | 16,873 | 1,163 | | | 538 | 10,840 | 9,515 | 38,929 |
| Emergency assistance | | | | | 4,859 | 618 | | 5,477 |
| Food | 267 | 20 | 52,673 | 64 | 2,965 | | | 55,989 |
| Utilities | 59,621 | 14,257 | | 73,693 | 87 | 25,017 | | 172,675 |
| Rent | | | | 73,261 | | | | 73,261 |
| Printing | 15 | | | 84 | | 43 | 279 | 421 |
| Postage | | 98 | | 13 | | | | 111 |
| Advertising | | | | 13,857 | | 2,007 | | 15,864 |
| Professional services | | | | | | | | |
| Professional development | 4,571 | 462 | 140 | 4,707 | 200 | 1,159 | 180 | 11,419 |
| Credit card fees | | | | 55,383 | | | | 55,383 |
| Dues and subscriptions | 1,950 | | | 200 | | | 240 | 2,390 |
| Insurance | 47,951 | 2,369 | | 34,334 | 155 | 3,228 | | 88,037 |
| Licenses and fees | | | | | | | | |
| Equipment rental & repair | 4,310 | 1,069 | 5,782 | 5,490 | 120 | 41 | | 16,812 |
| Repairs and maintenance | 22,257 | 3,228 | 2,442 | 26,191 | | 10,901 | | 65,019 |
| Auto expense | 9,009 | 588 | | 52,487 | | 40 | | 62,124 |
| Depreciation | 152,288 | 21,089 | 1,807 | 82,835 | 509 | 4,884 | 2,847 | 266,259 |
| Miscellaneous | 4,964 | 3,309 | | 4,333 | | 1,080 | | 13,686 |
| | <u>\$ 885,043</u> | <u>\$ 73,898</u> | <u>\$ 100,115</u> | <u>\$ 1,428,768</u> | <u>\$ 30,880</u> | <u>\$ 172,615</u> | <u>\$ 29,364</u> | <u>\$ 2,720,683</u> |

| 2022 | | | | | | | |
|-------------------|----------------------|-------------------|---------------------|------------------|-------------------|---------------------|--|
| Rescue Mission | Transitional Housing | Food Services | New Life | Family Services | Muncie HUB | Total | |
| \$ 389,782 | \$ 15,895 | \$ 23,899 | \$ 721,598 | \$ 28,350 | \$ 35,796 | \$ 1,215,320 | |
| 30,217 | 1,216 | 1,866 | 54,291 | 2,154 | 2,702 | 92,446 | |
| 42,137 | 462 | | 92,626 | 222 | 3,916 | 139,363 | |
| | | | 110,677 | | | 110,677 | |
| 2,679 | | | 11,178 | | 281 | 14,138 | |
| 25,252 | 535 | 7 | 647 | 44 | 1,931 | 28,416 | |
| 5,990 | 2,703 | | 11,987 | | 7,700 | 28,380 | |
| 12,260 | | | | | | 12,260 | |
| 8,067 | 840 | | | | 106 | 9,013 | |
| | 38 | 7,739 | | 8,656 | | 16,433 | |
| 2,227 | | 64,196 | | | | 66,423 | |
| 67,122 | 16,629 | 170 | 84,392 | 141 | 22,500 | 190,954 | |
| | | | 70,128 | | | 70,128 | |
| | | | 221 | | 43 | 264 | |
| | 93 | | 24 | | | 117 | |
| | | | 17,203 | | | 17,203 | |
| 12,302 | | | | | | 12,302 | |
| 2,228 | 473 | 323 | 466 | | 15,280 | 18,770 | |
| | | | 35,779 | | | 35,779 | |
| 9,136 | 50 | | 300 | | | 9,486 | |
| 44,113 | 4,084 | 118 | 28,912 | 118 | 1,619 | 78,964 | |
| 577 | | | | | | 577 | |
| 366 | 571 | 4,315 | 22,620 | 125 | 1,826 | 29,823 | |
| 10,652 | 5,052 | 1,590 | 12,756 | | 11,443 | 41,493 | |
| 11,349 | 77 | | 55,157 | | | 66,583 | |
| 130,021 | 20,362 | 1,744 | 85,661 | 848 | 3,754 | 242,390 | |
| 3,049 | 5,061 | | 2,651 | | 1,080 | 11,841 | |
| <u>\$ 809,526</u> | <u>\$ 74,141</u> | <u>\$ 105,967</u> | <u>\$ 1,419,274</u> | <u>\$ 40,658</u> | <u>\$ 109,977</u> | <u>\$ 2,559,543</u> | |

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

Years Ended December 31,

| | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------------|-------------------|
| Salaries | \$ 233,307 | \$ 228,557 |
| Payroll taxes | 16,748 | 14,559 |
| Employee benefits | 40,789 | 38,989 |
| Technology | 32,414 | 23,688 |
| Supplies | 9,566 | 10,595 |
| Telephone | 9,201 | 10,195 |
| Postage | 443 | 431 |
| Professional services | 30,356 | 13,846 |
| Professional development | 34,312 | 31,134 |
| Dues and subscriptions | 7,159 | 2,871 |
| Insurance | 799 | 18 |
| Licenses and fees | 676 | 3,384 |
| Utilities | 4,401 | 1,893 |
| Equipment rental | 403 | 2,710 |
| Repairs and maintenance | 11,536 | 590 |
| Depreciation | 13,627 | 15,713 |
| Miscellaneous | 5,894 | 2,513 |
| | <u>\$ 451,631</u> | <u>\$ 401,686</u> |

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - FUNDRAISING

Years Ended December 31,

| | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------------|-------------------|
| Salaries | \$ 156,186 | \$ 141,564 |
| Payroll taxes | 11,767 | 10,647 |
| Employee benefits | 18,362 | 18,870 |
| Special events | 19,668 | 20,921 |
| Supplies | 1,181 | 1,436 |
| Printing | 3,334 | 1,719 |
| Postage | 5,229 | 739 |
| Advertising | 146,352 | 109,465 |
| Professional services | 39 | 52 |
| Professional development | 6,910 | 2,291 |
| Dues and subscriptions | 1,534 | 871 |
| Insurance | 155 | 118 |
| Credit card fees | | 8,987 |
| Depreciation | 262 | 262 |
| Miscellaneous | 182 | 13 |
| | <u>\$ 371,161</u> | <u>\$ 317,955</u> |

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31,

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 205,477 | \$ 95,930 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 280,148 | 258,365 |
| Realized and unrealized (gains) losses on investments | (102,994) | 357,174 |
| (Gain) loss on disposal | (3,200) | 428 |
| Non-cash contributions | (52,932) | (14,852) |
| (Increase) decrease in assets: | | |
| Accounts receivable | (4,538) | (14,478) |
| Unconditional promise to give | 2,700 | (15,000) |
| Inventories | (1,499) | 10,066 |
| Prepaid expenses and deposits | 15,901 | 16,088 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (40) | (5,498) |
| Accrued expenses | 15,927 | 6,239 |
| | <u>354,950</u> | <u>694,462</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities: | | |
| Cash payments for the purchase of property and equipment | (207,381) | (357,130) |
| Proceeds from sale of equipment | 3,200 | |
| Proceeds from sale of investments | 551,214 | 612,549 |
| Purchase of investments | (98,996) | (618,033) |
| | <u>248,037</u> | <u>(362,614)</u> |
| Net cash provided by (used in) investing activities | | |
| Cash flows from financing activities: | | |
| Forgiveness of notes payable | (5,166) | (5,167) |
| | <u>(5,166)</u> | <u>(5,167)</u> |
| Net cash used in financing activities | | |
| Net change in cash and cash equivalents | 597,821 | 326,681 |
| Cash and cash equivalents at beginning of year | <u>1,075,119</u> | <u>748,438</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,672,940</u> | <u>\$ 1,075,119</u> |
| <u>Supplemental Disclosures</u> | | |
| Non-cash contributions | \$ 52,932 | \$ 14,852 |

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Organization

Muncie Mission Ministries, Inc. and its related entity, Bountiful Harvest, Inc. provides shelter for homeless men, women, and their families in East Central Indiana. Muncie Mission also provides meals for residents, free lunch to needy nonresidents, chapel services, support meetings and educational classes. Needy families, single women and children are assisted through the provision of clothing, furniture, household needs and food. Support groups and educational classes are available for families. Financial support for these services consists of grants and donations from private and public organizations and individuals. In addition, Muncie Mission operates retail shops to provide low cost or free clothing and household items to low-income families. Muncie Mission is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Muncie Mission is not considered to be a private foundation.

2. Basis of Accounting and Principles of Consolidation

The consolidated financial statements include the consolidated accounts of Muncie Mission Ministries, Inc. and its related entity, Bountiful Harvest, Inc. (together Muncie Mission). All significant intercompany transactions and accounts have been eliminated. Muncie Mission follows the accrual basis of accounting.

3. Financial Statement Presentation

Net assets, support, investment return, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give Muncie Mission's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of Muncie Mission are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and comprised of Muncie Mission's operations and unrestricted income from donations and endowment funds.

Net assets with donor restrictions - Net assets not yet appropriated for expenditure by Muncie Mission's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

4. Contributions

Contributions are recognized when the donor makes a promise to give to Muncie Mission that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

5. Cash and Cash Equivalents

Muncie Mission maintains its cash in accounts at local financial institutions which are insured by agencies of the U.S. Government and money market accounts. For purposes of the statement of cash flows, Muncie Mission considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Accounts Receivable

Muncie Mission's accounts receivables have contractual maturities of one year or less, and therefore are exempted from disclosure requirements. Muncie Mission considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

7. Inventories

Inventories are accounted for using the first-in first-out method and recorded at the lower of cost or market.

8. Compensated Absences

All employees earn Paid Days Off (PDO) depending on their length of service. PDO can be used for vacation, sick leave or personal days and are taken in full days only. PDO may be carried over from year to year and accumulated to be used only for sick leave, not to exceed 30 days.

9. In-Kind Contributions

During the years ended December 31, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. During the years ended December 31, 2023 and 2022, the Foundation received gifts of public securities of \$52,932 and \$14,852, respectively, which were valued at fair value. It is Muncie Mission's policy to liquidate gifts of public securities and invest the proceeds in compliance with Muncie Mission's investment policy.

10. Property, Building and Equipment

Property, building and equipment owned by Muncie Mission are recorded at cost less accumulated depreciation. Depreciation is computed by the straight-line method over the useful class lives of the assets, ranging from three to forty years.

Expenditures for maintenance, repair and minor renewals are charged to income as incurred. Additions and major renewals are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts. Any gain or loss is credited or charged to income.

11. Investments

Investments consist primarily of certificates of deposit and marketable equity and debt securities that are stated at fair value based on quoted market prices. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investment securities and the uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in fair value could materially affect the net assets of Muncie Mission.

12. Concentration of Credit Risk

Muncie Mission maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits of up to \$250,000. At December 31, 2023 and 2022, Muncie Mission exceeded the insured limit by approximately \$103,153 and \$750,423, respectively.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

13. Uncertain Tax Positions

Muncie Mission recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Muncie Mission has examined this issue and has determined there are no material contingent tax liabilities.

Muncie Mission's federal and state exempt organization tax returns for 2020, 2021, and 2022 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

14. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Muncie Mission. Those expenses include salaries and wages and payroll taxes. These expenses are allocated on the basis of estimates of time and effort.

15. Advertising

Advertising costs are expensed as incurred and included in functional expenses. Advertising expenses totaled \$162,216 and \$126,501 for 2023 and 2022, respectively.

16. Revenue Recognition

Retail operations - Thrift store sales represent the gross proceeds, net of returns, of sales of donated and purchased merchandise at the Attic Window thrift stores.

Program service and delivery - Revenues are recognized when the fees are earned, in an amount that reflects the consideration Muncie Mission expects to be entitled to in exchange for those services.

Rental income - Revenues are recognized when rent is earned, in an amount that reflects the consideration Muncie Mission expects to be entitled to in exchange for those services.

17. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - RISKS AND UNCERTAINTIES

Muncie Mission holds a variety of investments (Notes C and E). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE C - INVESTMENTS

The following is an analysis of the fair value at December 31, 2023 and 2022 by type of investment.

| | <u>Fair Value</u> 2023 | <u>Fair Value</u> 2022 |
|---------------------------------------|---------------------------|---------------------------|
| Common stock | \$ 2,358 | |
| Mutual funds - equities: | | |
| Midcap growth | 148,641 | \$ 118,588 |
| Large growth | 191,415 | 122,254 |
| Large value | 318,496 | 266,450 |
| Large blend | 204,505 | 176,233 |
| Total mutual funds - equities | <u>863,057</u> | <u>683,525</u> |
| Mutual funds - fixed income: | | |
| Intermediate-term bond | | <u>481,890</u> |
| Total investments, at fair value | <u>\$ 865,415</u> | <u>\$ 1,165,415</u> |
| Total investments, at historical cost | <u>\$ 929,442</u> | <u>\$ 1,366,707</u> |

NOTE D - FAIR VALUE MEASUREMENTS

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. A hierarchy of inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of Muncie Mission. Unobservable inputs are inputs that reflect Muncie Mission's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following tables set forth financial assets measured at fair value in the Consolidated Statement of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2023 and 2022, respectively:

| | 2023 | | | |
|---------------------------|--------------|--------------|-----------|---------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Investments - agency fund | \$ 34,509 | \$ - | \$ 34,509 | \$ - |
| Investments | \$ 865,415 | \$ 865,415 | \$ - | \$ - |
| | | | | |
| | 2022 | | | |
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Investments - agency fund | \$ 30,801 | \$ - | \$ 30,801 | \$ - |
| Investments | \$ 1,165,415 | \$ 1,165,415 | \$ - | \$ - |

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments - agency fund are determined by reference to fund statements provided by the community foundation.

NOTE E - PROPERTY, BUILDING AND EQUIPMENT

The amounts of fixed assets, net of depreciation, at December 31, 2023 and 2022 consist of the following.

| | 2023 | 2022 |
|-----------------------------------|---------------------|---------------------|
| Land | \$ 472,769 | \$ 472,769 |
| Buildings and improvements | 6,955,035 | 6,830,223 |
| Furniture, fixtures and equipment | 1,140,970 | 1,087,148 |
| Vehicles | 412,732 | 481,516 |
| | 8,981,506 | 8,871,656 |
| Less accumulated depreciation | 3,831,274 | 3,648,656 |
| | <u>\$ 5,150,232</u> | <u>\$ 5,223,000</u> |

NOTE F - INVESTMENT - AGENCY FUNDS

An endowment (agency) fund was established at the Community Foundation of Muncie and Delaware County, Inc. in 1998. As described in Note D, the assets of the fund are recorded at their fair value.

| | Cost | Fair Value | Carrying Value |
|-------------------|-----------|------------|----------------|
| December 31, 2023 | \$ 10,075 | \$ 34,509 | \$ 34,509 |
| December 31, 2022 | \$ 10,075 | \$ 30,801 | \$ 30,801 |

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE G - EMPLOYEE BENEFIT PLAN

Eligible employees may participate in Muncie Mission's 403(b) retirement plan. Participants may contribute up to \$10,000 or 25% of their compensation annually. Matching contributions are made at Muncie Mission's discretion; however, none have been made for the years ended December 31, 2023 and 2022.

Beginning in 2000, eligible employees may participate in Muncie Mission's 401(k) retirement plan. An initial lump-sum contribution of \$5,000 was contributed by Muncie Mission and distributed equally among the eligible employees. Matching contributions of up to 3% are made monthly by Muncie Mission. Expense for the years ended December 31, 2023 and 2022, was \$26,592 and \$25,957, respectively.

NOTE H - ENDOWMENT FUNDS

The Board of Directors of Muncie Mission has interpreted the Indiana Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Muncie Mission and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Muncie Mission
7. Investment policies of Muncie Mission

Endowment net assets composition by type of fund as of December 31, 2023 and 2022 consist of board-designated endowment funds in the amount of \$34,509 and \$30,801, respectively.

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were as follows:

| | <u>2023</u> | <u>2022</u> |
|---|---|---|
| | <u>Without Donor</u> <u>Restrictions</u> | <u>Without Donor</u> <u>Restrictions</u> |
| Revenue and support | | |
| Investment return (loss), net | \$ 3,708 | \$ (5,028) |
| Total revenue and support | 3,708 | (5,028) |
| Endowment net assets, beginning of year | <u>30,801</u> | <u>35,829</u> |
| Endowment net assets, end of year | <u>\$ 34,509</u> | <u>\$ 30,801</u> |

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Subject to expenditure for a specific purpose: | | |
| Food and family services | \$ 16,975 | \$ 23,763 |
| Greathouse project | <u>739,943</u> | <u>514,302</u> |
| | 756,918 | 538,065 |
| Unconditional promise to give that are is not restricted by donors, but which are unavailable for expenditure until due | <u>12,300</u> | <u>15,000</u> |
| | <u>\$ 769,218</u> | <u>\$ 553,065</u> |

Net assets with donor restrictions that are not subject to appropriation or expenditure consist of the cost value of contributions made to the agency fund investment.

NOTE J - NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|------------------|-------------------|
| Purpose restrictions accomplished: | | |
| Food and family services | \$ 28,129 | \$ 53,929 |
| Greathouse project | | 8,500 |
| Muncie HUB | 20,000 | 15,000 |
| Medical clinic | | <u>19,982</u> |
| | 48,129 | 97,411 |
| Expiration of time restrictions | <u>27,300</u> | <u>15,000</u> |
| | <u>\$ 75,429</u> | <u>\$ 112,411</u> |

NOTE K - COMMITMENTS AND CONTINGENCIES

Muncie Mission is subject to laws and regulations relating to the protection of the environment. Muncie Mission's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of Muncie Mission's continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of Muncie Mission.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE L - LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

| | <u>2023</u> | <u>2022</u> |
|--|--------------|-----------------|
| Note payable, Greater Muncie, Indiana Habitat for Humanity, Inc, 0% interest, annual payments of \$2,000. Note is due October 8, 2024. | \$ 2,000 | \$ 4,000 |
| Note payable, Greater Muncie, Indiana Habitat for Humanity, Inc, 0% interest, annual payments of \$1,167. Note is due October 8, 2024. | 1,166 | 2,333 |
| Note payable, Greater Muncie, Indiana Habitat for Humanity, Inc, 0% interest, annual payments of \$2,000. Note is due October 8, 2024. | <u>2,000</u> | <u>4,000</u> |
| | 5,166 | 10,333 |
| Less current maturities | <u>5,166</u> | <u>5,167</u> |
| | <u>\$ -</u> | <u>\$ 5,166</u> |

Each loan is collateralized by various property held by Muncie Mission. The payments are forgivable each year if the property is used for transitional housing. Current maturities are as follows:

| | |
|-------------------------------|-----------------|
| Year ending December 31, 2024 | \$ 5,166 |
| 2025 | - |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| | <u>\$ 5,166</u> |

NOTE M - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates Muncie Missions' revenue from contracts with customers based on location for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|---------------------|---------------------|
| Attic Window Muncie South | \$ 513,257 | \$ 501,138 |
| Attic Window Muncie North | 236,099 | 251,420 |
| Attic Window Winchester | 148,742 | 149,686 |
| Attic Window New Castle | 384,879 | 391,201 |
| Attic Window Hartford City | <u>175,942</u> | <u>207,375</u> |
| | <u>\$ 1,458,919</u> | <u>\$ 1,500,820</u> |

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE N - RELATED-PARTY TRANSACTIONS

During the years ending 2023 and 2022, officers and board members made donations to Muncie Mission. Total donations received totaled \$48,782 and \$107,583, respectively.

NOTE O - LIQUIDITY

Muncie Mission has financial assets available within one year of the Consolidated Statements of Financial Position date consisting the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,672,940 | \$ 1,075,119 |
| Accounts receivable | <u>37,453</u> | <u>32,915</u> |
| | <u>\$ 1,710,393</u> | <u>\$ 1,108,034</u> |

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Consolidated Statements of Financial Position date. As part of its liquidity management, Muncie Mission invests cash in excess of daily requirements in various cash equivalents including money market funds and other interest earning opportunities.

NOTE P - LEASED FACILITIES

Muncie Mission conducts the operations of three of its Attic Window stores in facilities located in New Castle, Winchester and Muncie, Indiana. The Winchester, Indiana lease is a ten-year lease with rental payments of \$500 per month, increasing annually by \$50 per month beginning on April 1, 2025, expiring in March 2031. The Muncie, Indiana lease is a one-year lease with rental payments of \$2,844 due on the 15th day of each month, expiring in December of 2024. The New Castle lease is a one-year lease with rental payments of \$2,500 due the first day of each month, expiring in June 2028. Total rent expense, for all operating leases, was \$73,261 and \$70,128 for the years ended December 31, 2023 and 2022, respectively. Future minimum payments on the above leases are as follows.

| | |
|-------------------------------|-------------------|
| Year ending December 31, 2024 | \$ 72,628 |
| 2025 | 36,450 |
| 2026 | 37,050 |
| 2027 | 37,650 |
| 2028 and thereafter | <u>41,700</u> |
| | <u>\$ 225,478</u> |

The present value of the future cash flows of leases payable over more than one year are as follows.

| | |
|-------------------------------|-------------------|
| Year ending December 31, 2024 | \$ 32,905 |
| 2025 | 32,905 |
| 2026 | 32,905 |
| 2027 | 32,905 |
| 2028 and thereafter | <u>31,598</u> |
| Discounted cash flows | <u>\$ 163,218</u> |

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE Q - SUBSEQUENT EVENTS

Muncie Mission has evaluated subsequent events through August 21, 2024, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2023, have been incorporated into these consolidated financial statements herein.