MISSION ROAD MINISTRIES
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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AND AFFILIATES

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SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

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SAGEBIEL RAVENBURG & SCHUH, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Mission Road Ministries and affiliates

Opinion

We have audited the accompanying combined financial statements of Mission Road Ministries (a nonprofit organization) and affiliates, which comprise the combined statements of financial position as of June 30, 2022 and 2021, the related combined statements of activities and functional expenses for the year ended June 30, 2022, the related combined statements of cash flows for the years ended June 30, 2022 and 2021, and the related notes to the combined financial statements.

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Mission Road Ministries and affiliates as of June 30, 2022 and 2021, their changes in net assets for the year ended June 30, 2022, and their cash flows for the years ended June 30, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of 200 Oblate, Incorporated d/b/a Murray Manor; Independence Square, Inc.; or Meadow Brook Apartments, which statements together reflect total assets of $1,720,031 and $1,793,857 as of June 30, 2022 and 2021, respectively, and total revenues of $558,042 and $545,393, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for 200 Oblate, Incorporated d/b/a Murray Manor; Independence Square, Inc.; or Meadow Brook Apartments, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Mission Road Ministries 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted auditing standards 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 combined financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined 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 Mission Road Ministries' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission Road Ministries' 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.

Report on Summarized Comparative Information

We have previously audited Mission Road Ministries and affiliates' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and activities shown on pages 23 and 24 are presented for the purpose of additional analysis of the combined financial statements and it is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining statements of financial position and activities have been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of financial position and activities, which insofar as they relate to 200 Oblate, Incorporated d/b/a Murray Manor; Independence Square, Inc.; or Meadow Brook Apartments, are based on the reports of other auditors, are fairly stated in all material respects in relation to the combined financial statements as a whole.

Sagebiel, Ravenburg & Schuh, P.C.

San Antonio, Texas
December 1, 2022

MISSION ROAD MINISTRIES AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents	$ 1,593,663	$ 2,968,434
Restricted cash - client trust funds	246,353	257,437
Accounts receivable:		
Program fees, tuition, and expense reimbursements, net	1,980,839	1,166,719
Other	2,134	300
Unconditional promises to give, net	12,185	2,751,300
Prepaid expenses and other assets	47,448	9,389
Total current assets	3,882,622	7,153,579
Investments:		
Investments, general	13,106,688	13,274,244
Investments, endowment	849,307	986,495
Total investments	13,955,995	14,260,739
Property and equipment, net	14,806,823	15,288,389
Other assets:		
Restricted cash - HUD apartments	101,200	75,344
Total assets	$ 32,746,640	$ 36,778,051
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable - trade	$ 472,861	$ 355,438
Accrued retirement plan contribution	88,876	88,500
Accrued salary and related expenses	433,149	569,589
Client trust funds	246,238	256,630
Deferred revenue	61,021	2,529
Current portion of long-term debt	31,890	29,083
Other current liabilities	47,138	37,198
Total current liabilities	1,381,173	1,338,967
Long-term debt, net of current portion	979,909	1,011,799
Total liabilities	2,361,082	2,350,766
Net assets:		
Without donor restrictions:		
Operations	14,382,998	14,467,814
Property and equipment	13,310,924	14,303,794
Total net assets without donor restrictions	27,693,922	28,771,608
With donor restrictions	2,691,636	5,655,677
Total net assets	30,385,558	34,427,285
Total liabilities and net assets	$ 32,746,640	$ 36,778,051

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

MISSION ROAD MINISTRIES AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES

Year Ended June 30, 2022
(With Comparative Totals For Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Support and revenue:				
Special events:				
Gross revenue	$ 947,859	$ 218,480	$ 1,166,339	$ 934,337
Less direct expenses	(119,768)	-	(119,768)	(10,989)
Net special events support	828,091	218,480	1,046,571	923,348
Contributions:				
Individuals	103,271	3,258	106,529	138,409
Corporations	176,792	74,182	250,974	3,063,502
Foundations	382,602	78,000	460,602	703,146
Bequests	-	-	-	658,096
United Way allocation	334,500	-	334,500	300,000
Governmental support:				
Program service fees and tuition	11,741,270	-	11,741,270	11,572,814
Paycheck Protection Program grant	-	-	-	1,919,438
CARES Act Provider Relief Fund	287,186	-	287,186	293,103
Private program service fees and tuition	2,361,614	-	2,361,614	1,394,503
Rental revenue, net of vacancies of $41,769 for 2022 and $35,548 for 2021	557,091	-	557,091	543,989
Interest and dividends, net of fees	161,862	21,039	182,901	251,492
Realized gains (losses) on investments, net	383,167	(13,998)	369,169	1,629,093
Gains on disposal of property and equipment	59,783	-	59,783	84,484
Miscellaneous	33,767	-	33,767	26,388
	17,410,996	380,961	17,791,957	23,501,805
Net assets released from restrictions	3,142,265	(3,142,265)	-	-
Total support and revenue	20,553,261	(2,761,304)	17,791,957	23,501,805
Expenses:				
Program services:				
Habilitation and care	17,074,551	-	17,074,551	15,721,460
Supporting services:				
Administrative and general	1,549,662	-	1,549,662	1,475,987
Fundraising	131,608	-	131,608	303,485
Total expenses	18,755,821	-	18,755,821	17,500,932
Change in net assets before unrealized gains (losses)	1,797,440	(2,761,304)	(963,864)	6,000,873
Unrealized gains (losses) on investments	(2,875,126)	(202,737)	(3,077,863)	689,432
Change in net assets	(1,077,686)	(2,964,041)	(4,041,727)	6,690,305
Net assets at beginning of year	28,771,608	5,655,677	34,427,285	27,736,980
Net assets at end of year	$ 27,693,922	$ 2,691,636	$ 30,385,558	$ 34,427,285

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

MISSION ROAD MINISTRIES AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022
(With Comparative Totals For Year Ended June 30, 2021)

	Program Services	Supporting Services		Total	
	Habilitation and Care	Administrative and General	Fundraising	2022	2021
Salaries	$ 8,621,154	$ 1,133,418	$ 96,587	$ 9,851,159	$ 9,579,940
Employee health and welfare	460,013	29,063	5,396	494,472	631,020
Employee retirement	178,836	24,320	2,066	205,222	228,938
Payroll taxes	674,953	86,692	7,245	768,890	731,735
Workers' compensation insurance	95,589	2,574	218	98,381	99,436
Total salary and related expenses	10,030,545	1,276,067	111,512	11,418,124	11,271,069
Employee screening	46,611	5,832	-	52,443	58,343
Professional fees - accounting, legal, and other	58,905	112,281	39	171,225	174,053
Professional fees - program	2,498,578	-	-	2,498,578	1,864,850
IT support services	202,931	31,717	7,936	242,584	239,678
Training - client	270,821	-	-	270,821	124,355
Supplies	764,022	20,442	327	784,791	805,961
Telephone	105,383	7,319	870	113,572	106,354
Postage and shipping	5,458	7,967	1,642	15,067	12,148
Printing and publications	242	2,414	2,021	4,677	11,078
Advertising - employee recruitment	79,936	5,322	-	85,258	22,067
Occupancy	483,212	10,610	10	493,832	413,828
Utilities	425,316	10,425	-	435,741	416,154
Equipment maintenance	27,023	2,145	-	29,168	32,617
Equipment rental	5,329	465	-	5,794	6,106
Corporate insurance	293,523	19,327	-	312,850	291,906
Transportation	146,535	477	368	147,380	82,311
Meetings and conferences	405	5,188	1,608	7,201	3,458
Specific assistance to individuals	306,336	-	-	306,336	233,451
Membership dues	13,243	1,627	1,109	15,979	16,056
Miscellaneous	48,267	3,512	2,407	54,186	84,908
Bad debt	142,213	-	-	142,213	31,991
Public relations and charitable contributions	-	3,440	266	3,706	594
Special events - indirect expense	6,740	20,876	-	27,616	32,567
Interest expense	14,536	-	-	14,536	17,116
Bank and credit card fees	617	2,209	1,493	4,319	1,993
Total expenses before depreciation	15,976,727	1,549,662	131,608	17,657,997	16,355,012
Depreciation	1,097,824	-	-	1,097,824	1,145,920
Total expenses	$ 17,074,551	$ 1,549,662	$ 131,608	$ 18,755,821	$ 17,500,932

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

MISSION ROAD MINISTRIES AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (4,041,727)	$ 6,690,305
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,097,824	1,145,920
Bad debt expense	142,213	31,991
Forgiveness of debt	-	(1,919,438)
Gains on disposal of property and equipment	(59,783)	(84,484)
Contributions restricted for purchase of property and equipment	(72,264)	(191,191)
Non-cash contributions	(2,755,871)	(336,322)
Realized and unrealized (gains) and losses, net	2,708,694	(2,318,525)
Change in:		
Accounts receivable	(958,167)	(60,110)
Promises to give receivable	2,739,115	(2,715,230)
Prepaid expenses and other assets	(38,059)	219
Accounts payable	117,423	(33,670)
Accrued retirement plan contribution	376	1,886
Accrued salary expenses	(136,440)	(141,774)
Client trust funds	(10,392)	5,865
Deferred revenues	58,492	(30,014)
Other current liabilities	9,940	25,274
Net cash provided (used) by operating activities	(1,198,626)	70,702
Cash flows from investing activities:		
Purchases of property and equipment	(616,320)	(536,335)
Proceeds from sales of property and equipment	59,845	4,500
Insurance proceeds from damage to property and equipment	-	247,488
Proceeds from sales and maturities of investments	11,464,155	12,585,214
Purchases of investments	(11,112,234)	(13,668,162)
Net cash used by investing activities	(204,554)	(1,367,295)
Cash flows from financing activities:		
Proceeds from contributions restricted for purchase of property and equipment	72,264	191,191
Principal payments on long-term debt	(29,083)	(26,523)
Net cash provided by financing activities	43,181	164,668
Net decrease in cash, cash equivalents, and restricted cash	(1,359,999)	(1,131,925)
Cash, cash equivalents, and restricted cash at beginning of year	3,301,215	4,433,140
Cash, cash equivalents, and restricted cash at end of year	$ 1,941,216	$ 3,301,215
Schedule of supplemental cash flow information:		
Reconciliation of cash, cash equivalents, and restricted cash to statement of financial position:		
Cash and cash equivalents	$ 1,593,663	$ 2,968,434
Restricted cash - client trust funds	246,353	257,437
Restricted cash - HUD apartments	101,200	75,344
Total cash, cash equivalents, and restricted cash	$ 1,941,216	$ 3,301,215
Interest paid	$ 14,536	$ 17,116

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

1 NATURE OF ORGANIZATION

In 2000, Mission Road Ministries (MRM), a 501(c)(3) nonprofit organization, was formed for governance and oversight of other 501(c)(3) nonprofit agencies. The combined financial statements include the accounts of MRM, all the affiliated agencies mentioned below, and the Bledsoe Foundation. The agencies currently overseen by MRM are Mission Road Developmental Center, Inc. (MRDC) and three U.S. Department of Housing and Urban Development (HUD)-subsidized apartments: 200 Oblate, Incorporated d/b/a Murray Manor (200 Oblate), Independence Square, Inc. (Independence Square), and Meadow Brook Apartments (Meadow Brook) (together, the Affiliates). These nonprofit agencies provide a continuum of care for persons with intellectual and other developmental disabilities. The combined group is referred to as the Organization. The Organization's mission is to provide quality care and training for this special population so that each individual may achieve their potential for independence, productivity, self-reliance, and integration into the community. This is accomplished by coordinating complementary services provided by the five (5) affiliate operating agencies (see Note 17). The Organization is also affiliated with the Clifford Craig Bledsoe Memorial Foundation (the Bledsoe Foundation), which was created in a trust indenture on July 3, 1967 for the sole purpose of providing financial support to MRDC.

Founded in 1947 in San Antonio, Texas, MRDC provides a continuum of care for children and adults with intellectual and other developmental disabilities (IDD) in residential, nonresidential, and life skills/vocational settings. Services are provided in the person’s residence (in-home services), at the MRDC Day Services facilities, in residential programs consisting of six (6) campus cottages located on its 20-acre campus, at the Unicorn Campus on Hamilton-Wolfe Road, and in nineteen (19) community group homes in various locations within San Antonio. MRDC provides quality care and training where persons are given the opportunity to achieve their individual potential for independence, productivity, and integration into the community.

200 Oblate, Independence Square, and Meadow Brook (together, the Apartments) are three HUD-subsidized apartment projects designed to provide affordable supervised semi-independent living for persons with intellectual and other developmental disabilities. With minimal support provided, these individuals work and live as independently as possible.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include MRM, MRDC, 200 Oblate, Independence Square, Meadow Brook, and the Bledsoe Foundation (the Organization). These entities share some common directors and management. All significant inter-organizational accounts and transactions have been eliminated in combination.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets, as follows:

- Without Donor Restrictions - Resources that are expendable at the discretion of the Board of Directors for conducting the operations of the Organization. Net assets without donor restrictions may be designated by the Board of Directors for a specific purpose.
- With Donor Restrictions - Resources that are limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and otherwise removed by actions of the Organization pursuant to those restrictions or that neither expire by the passage of time, nor can be fulfilled or otherwise removed by actions of the Organization.

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Cash, Cash Equivalents, and Restricted Cash

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, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Amounts included in restricted cash represent funds held in trust accounts for clients of MRDC and the Apartments, and funds that the Apartments are required to set aside for the replacement of property and other project expenditures as approved by HUD.

Promises to Give

Promises receivable consist of promises to give from individuals, corporations, foundations, and other agencies. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises then become unconditional.

All promises to give are due in less than one year; therefore, no discount has been applied and management believes they are presented at their net realizable value.

Accounts Receivable

Accounts receivable primarily consist of tuition reimbursements from various individuals, organizations, and governmental agencies for program services provided by the Organization. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable.

Investments

Investments in marketable securities with readily determinable fair values are stated at fair value.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment that cost $5,000 or more. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is based on the following estimated useful lives:

	Years
Buildings and improvements	5 - 50
Equipment	3 - 25
Furniture	5 - 15
Vehicles	3 - 7
Website	3

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Revenues from sponsorships, table sales, and ticket sales for special events are recognized when the event is held, as those contributions are conditioned on the performance of the event. Amounts received prior to the related special event are reported as deferred revenue in the Statement of Financial Position.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Income Tax Status

MRM and its affiliates are all exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, MRM and its affiliates qualify for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

During fiscal year 2013, MRM and MRDC voluntarily elected to file with the IRS Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation. This Board-approved action was made to take advantage of IRS rules that set out spending limits for lobbying purposes with various levels of penalties, before loss of the 501(c)(3) status. Without the election, the only sanction for lobbying violations was loss of the 501(c)(3) status. The election begins for the fiscal year in which the election was made, and is in force until revoked by MRM and/or MRDC. There are no immediate plans for lobbying activities, but if there are in the future, they must be approved by affirmative Board action. This election provides a level of protection to the 501(c)(3) status not otherwise available.

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Professional administrative and fundraising expenses are centralized under MRM to eliminate some redundancy at the affiliate level. MRM charges MRDC a management fee to perform these functions. The total annual management fee expenditure has been allocated to various MRDC expense accounts based on the actual administrative and fundraising expense account activities of MRM. Management fee revenues and expenses are eliminated in combination.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Advertising Expenses

Advertising and similar expenses are expensed as incurred, and are not capitalized.

Accounting Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded.

The ASU is effective for the Organization's fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements. This may affect the Organization in fiscal year 2023.

Subsequent Events

The Organization has evaluated subsequent events through December 1, 2022, the date which the financial statements were available for issue.

3 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances in one financial institution. At June 30, 2022, the Organization’s cash and cash equivalents exceeded federally insured limits by $1,613,536 in one financial institution.

4 PROGRAM FEES, TUITION, AND EXPENSE REIMBURSEMENTS RECEIVABLE

Receivables result primarily from government agencies, individual families, and organizations other than affiliates who utilize services provided by the Organization. Program fees, tuition, and expense reimbursement receivables consisted of the following at June 30:

	2022	2021
Government agency fees	$ 1,832,618	$ 1,060,483
Program fees and tuition	346,367	137,046
Program fees, tuition, and expense reimbursements receivable, gross	2,178,985	1,197,529
Allowance for doubtful accounts	(198,146)	(30,810)
Program fees, tuition, and expense reimbursements receivable, net	$ 1,980,839	$ 1,166,719

5 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	2022	2021
Restricted for purchase of property and equipment	$ -	$ -
Restricted for use in future periods	12,185	2,751,300
	$ 12,185	$ 2,751,300

	2022	2021
Pledges due in one year or less	$ 12,185	$ 2,751,300
Less: estimated allowance for uncollectible pledges	-	-
Unconditional promises to give, net	$ 12,185	$ 2,751,300

6 INVESTMENTS

Investments, including endowment investments, consisted of the following at June 30, 2022 and 2021:

	2022	2021
Cash and money market funds	$ 1,823,483	$ 1,971,448
Equities	1,970,352	-
Corporate bonds	-	1,631,164
Mutual funds:		
Bond funds	3,197,233	2,705,565
International bond funds	641,885	153,060
Bond/equity blended funds	7,980	7,714
Large equity blend funds	767,722	2,061,244
Foreign large equity blend funds	503,108	448,985
Large equity value funds	733,732	410,068
Foreign large equity value funds	442,226	680,855
Large equity growth funds	624,739	771,705
Mid-cap equity funds	924,489	1,149,794
Foreign small/mid-cap equity funds	506,057	467,643
Small-cap equity value funds	-	328,778
Small-cap equity blend funds	263,842	-
World allocation funds	310,902	408,575
Emerging market funds	450,386	518,959
Long-short equity funds	65,010	204,699
Relative value arbitrage funds	386,139	203,970
Options trading funds	277,311	136,513
Real estate funds	59,399	-
	$ 13,955,995	$ 14,260,739

Investment return is summarized as follows:

	2022	2021
Interest and dividend income	$ 236,661	$ 294,525
Investment management fees	(53,760)	(43,033)
Investment income, net of fees	182,901	251,492
Realized gains and losses	369,169	1,629,093
Unrealized gains and losses	(3,077,863)	689,432
Total investment return	$ (2,525,793)	$ 2,570,017

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At June 30, 2022 and 2021, the Organization's investments were reported at fair value using a Level 1 measure.

Investment Drawdown under Compelling Need Spending Policy

The Organization's board-approved investment policy allows for the expenditure of up to 5% of investment assets, based on a rolling three-year average as of the end of the previous calendar year, when there is a "compelling necessity to allow MRM and its' affiliates to carry out its Mission without diluting the quality of care provided to its clients". In light of financial pressures brought on by the COVID-19 pandemic, this policy was implemented in fiscal year 2022 and funds totaling $463,139 were pulled from the Organization's investment accounts to fund operations during the year ended June 30, 2022.

7 PROPERTY AND EQUIPMENT

At June 30, the carrying values of property and equipment were as follows:

	2022	2021
Land and land improvements	$ 721,286	$ 721,286
Buildings and improvements	23,064,593	22,587,208
Equipment	1,788,846	1,715,156
Furniture and fixtures	107,227	107,227
Vehicles	1,525,701	1,592,596
Construction in progress	166,419	108,674
Property and equipment, gross	27,374,072	26,832,147
Accumulated depreciation	(12,567,249)	(11,543,758)
Property and equipment, net	$ 14,806,823	$ 15,288,389

Insurance Proceeds from Damage to Property and Equipment

In the year ended June 30, 2021, damage to a roof of a facility owned by the Organization was discovered, and an insurance claim was made. Related to this claim, during the year ended June 30, 2021 the Organization received proceeds in the amount of $247,488 and wrote off property and equipment assets with a net book value of $107,307, resulting in a net gain from involuntary conversion of property and equipment in the amount of $140,181. Subsequent to the year ended June 30, 2022, the Organization received additional proceeds on this claim totaling $76,213, which will be recognized as a gain in the upcoming fiscal year. Roof replacement costs are capitalized and will be depreciated once the replacement project is complete.

8 RESTRICTED CASH – HUD APARTMENT PROJECTS

Under the terms of the HUD Regulatory Agreement, projects are required to set aside specified amounts for the replacement of property and other project expenditures as approved by HUD. Restricted reserve for replacement funds totaling $57,969 and $45,411 at June 30, 2022 and 2021, respectively, were held in separate accounts and generally not available for operating purposes.

The projects are also required to fund a residual receipts account based upon HUD's calculation of surplus cash. Restricted residual receipt funds totaling $42,626 and $29,328 at June 30, 2022 and 2021, respectively, were held in a separate account and generally not available for operating purposes unless approved by HUD.

Restricted cash - HUD apartments, which is comprised of the restricted funds mentioned in the preceding two paragraphs plus escrow deposits, totaled $101,200 and $75,344 at June 30, 2022 and 2021, respectively.

9 CLIENT TRUST FUNDS

MRDC and the Apartments administer cash trust accounts for their clients. These funds totaled $246,353 and $257,437 at June 30, 2022 and 2021, respectively. In fiscal years 2021 and 2020, cash held in trust for clients includes stimulus checks received by clients and not spent before fiscal year end. These stimulus checks were in response by the Federal government to the financial impact of the COVID-19 pandemic. A corresponding liability is recorded in current liabilities in the statement of financial position.

10 DEFERRED REVENUE

The change in the Organization's deferred revenue for the years ended June 30, 2022 and 2021 is comprised of the following:

	2022	2021
Balance at beginning of year	$ 2,529	$ 32,543
Additions:		
Rent prepayments for upcoming year	2,221	2,529
Sponsorships, table sales, ticket sales for special event in upcoming year	58,800	-
Reductions:		
Rent revenue earned	(2,529)	(1,393)
Special event revenue earned	-	(31,150)
Balance at end of year	$ 61,021	$ 2,529

11 LONG-TERM DEBT

Long-term debt as of June 30 consisted of the following:

	2022	2021
Independence Square mortgage note payable to HUD, secured by land and building, payable in monthly installments of $3,654 including interest at 9.25% through May 2026.	$ 143,599	$ 172,682
200 Oblate mortgage note payable to HUD, interest at 7.875% should the mortgagor default on the note. Interest will accrue from the funding date of the note until the entire note is paid off. If there is no default on the loan by August 1, 2036, the entire note and accrued interest will be forgiven. As it is management's intention to adhere to the requirements of the note, interest has not been accrued.	868,200	868,200
	1,011,799	1,040,882
Less current portion	(31,890)	(29,083)
	$ 979,909	$ 1,011,799

Future principal maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2023	$ 31,890
2024	34,959
2025	38,333
2026	38,417
2027	-
Thereafter	868,200
	$ 1,011,799

Total interest expense on long-term debt during the years ended June 30, 2022 and 2021 was $14,536 and $17,116, respectively.

(Continued)

11 LONG-TERM DEBT (Continued)

Paycheck Protection Program Loan

On April 6, 2020, MRDC signed a note for a loan (the "Loan") pursuant to the Paycheck Protection Program (the "PPP"), in the amount of $1,919,438. The SBA approved the loan on April 30, 2020 and the loan was funded on May 5, 2020. MRDC elected to account for the Loan as debt, and accordingly, it was included in liabilities at June 30, 2020. On March 30, 2021, the SBA forgave the full balance of the Loan. Accordingly, the liability for the Loan was written off at that time and $1,919,438 was recognized as income in the year ended June 30, 2021.

12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2022	2021
Subject to expenditures for specified purpose or time periods:		
Endowment earnings	$ 429,186	$ 567,374
Other property and equipment additions and improvements	1,980	2,282
Future program expenses	61,699	54,001
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	-	2,746,499
Meadow Brook HUD capital advance	1,399,000	1,399,000
Bledsoe Foundation net assets for benefit of MRDC	290,998	379,006
Total net assets subject to expenditures for specified purpose or time periods	2,182,863	5,148,162
Subject to restrictions that are perpetual in nature:		
Endowment to provide operating income	420,379	419,121
Mockingbird Property (included in fixed assets)	88,394	88,394
Total net assets with donor restrictions	$ 2,691,636	$ 5,655,677

Net assets were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2022	2021
Satisfaction of purpose or time restrictions:		
Camps and SOAR	$ 203,365	$ 191,998
Property and equipment purchases	72,566	286,052
Other program services	119,835	84,040
Passage of time	2,746,499	-
Net assets released from restriction	$ 3,142,265	$ 562,090

13 ENDOWMENT

General Information

MRM maintains an endowment fund established for a variety of purposes. These endowments include both donor-restricted endowment contributions and funds designated by the Board to function as endowments. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the state of Texas with an effective date of September 1, 2007. This policy defines MRM's interpretation of the provisions of this law as they relate to the prudent management of its endowment fund.

13 ENDOWMENT (Continued)

Background

In July, 2006, the Uniform Law Commission (ULC) approved UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), which governed the investment and management of donor-restricted endowment funds by not-for-profit organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require MRM to determine what constitutes prudent spending based upon consideration of the donor's intent that the endowment fund continues permanently, the purpose of the fund, and relevant economic factors. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just the original dollars contributed to the fund. Although UPMIFA does not require that a specified amount be set aside as principal, it does assume that an organization will preserve "principal" by maintaining the purchasing power of amounts contributed, and will spend "income" by making distributions using a reasonable spending rate.

Endowment "Principal" Interpretation

MRM has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, MRM classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment (the "Principal"). The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by MRM in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment Objectives

Endowment investments are managed by professional money managers under the direction of the Investment and Endowment Committee of the Board of MRM. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk. To satisfy this performance objective, MRM relies on an absolute return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MRM targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment "Income" Appropriation (Spending Policy)

It was unanimously approved by the Board at the May 16, 2018 regularly scheduled meeting, to replace the spending policy that was approved by the Board on December 9, 2004. The 2004 spending policy authorized to spend up to 80% of the annual income from the endowment, excluding capital gains, not to exceed 4% of assets of the endowment in any one calendar year.

The new policy utilizes a rolling 3-year average asset value as of December 31 of each year. The 3-year average is intended to smooth out any fluctuations due to market volatility. The average is calculated using all accounts except the MRM Endowment Account and the Bledsoe Investment Account. The spending rate allows for not more than 5% applied to the rolling 3-year average and applies to the next fiscal year beginning July 1.

(Continued)

13 ENDOWMENT (Continued)

All earnings are reinvested until appropriated for expenditure. In accordance with UPMIFA, in all its endowment spending activity, MRM considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of MRM and the donor-restricted endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of MRM, and
7. The investment policies of MRM

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 849,565	$ 849,565

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 986,495	$ 986,495

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 986,495	$ 986,495
Interest and dividends	-	17,657	17,657
Investment management fees	-	(4,100)	(4,100)
Investment income, net	-	13,557	13,557
Realized gains (losses)	-	(10,727)	(10,727)
Unrealized gains (losses)	-	(141,018)	(141,018)
Contributions	-	1,258	1,258
Endowment net assets, end of year	$ -	$ 849,565	$ 849,565

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 784,110	$ 784,110
Interest and dividends	-	25,245	25,245
Investment management fees	-	(3,439)	(3,439)
Investment income, net	-	21,806	21,806
Realized gains (losses)	-	125,101	125,101
Unrealized gains (losses)	-	54,718	54,718
Contributions	-	760	760
Endowment net assets, end of year	$ -	$ 986,495	$ 986,495

14 SUPPORT AND REVENUE

Support and Revenue Concentrations

The Organization received $12,028,456, and $13,785,355 of revenue from governmental agencies for the years ended June 30, 2022 and 2021, respectively. This equates to 67.6% and 58.7%, respectively, of total support and revenue for those years.

During the year ended June 30, 2021, MRDC recorded contributions from one donor totaling $2,987,512, which equated to 13.8% of total support and revenue for that year. Of that amount, $2,746,499 is included in promises to give at June 30, 2021. The pledge was paid in full during the year ended June 30, 2022

Non-cash Contributions

During the year ended June 30, 2021, MRDC received contributions of stock with a total value of $336,322 at the time of donation. During the year ended June 30, 2022, in satisfaction of a pledge recorded in the prior year, MRDC received contributions of stock with a total value of approximately $2,744,724.

15 SPECIAL EVENTS

MRM holds one special event, Shindig, each year to support programs of MRDC. Net proceeds after deducting direct and indirect event costs are distributed to MRDC as approved by the MRM board of directors. MRDC holds a special event, Supported Employment Luncheon, to recognize clients and their community employers.

Revenues and expenses related to these two events for the years ended June 30, 2022 and 2021 are summarized as follows:

	2022		
	MRM Shindig	MRDC Unicorn Supported Emp. Luncheon	Total
Special events gross revenue, unrestricted	$ 731,867	$ 215,992	$ 947,859
Special events gross revenue, donor restricted	218,480	-	218,480
Special events revenue, gross	950,347	215,992	1,166,339
Special events direct expenses	(91,872)	(27,896)	(119,768)
Special events indirect expenses (included in fundraising expense)	(19,572)	(8,044)	(27,616)
Special events revenue and expenses, net	$ 838,903	$ 180,052	$ 1,018,955

	2021		
	MRM Shindig	MRDC Unicorn Supported Emp. Luncheon	Total
Special events gross revenue, unrestricted	$ 596,599	$ 192,148	$ 788,747
Special events gross revenue, donor restricted	145,590	-	145,590
Special events revenue, gross	742,189	192,148	934,337
Special events direct expenses	(429)	(10,560)	(10,989)
Special events indirect expenses (included in fundraising expense)	(29,952)	(2,615)	(32,567)
Special events revenue and expenses, net	$ 711,808	$ 178,973	$ 890,781

16 LEASES

The Organization has several noncancelable operating leases for office equipment, storage space, and one rental home for client residential care, which expire at various dates through February 2024. Rental expenses under these leases consisted of $21,020 and $19,984, for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under these leases are:

Year Ending June 30,	Amount
2023	$ 1,296
2024	864
	$ 2,160

17 AFFILIATE ORGANIZATIONS AND RELATED PARTY INFORMATION

MRM provides centralized administrative support and ongoing coordinated oversight of the other affiliates. As part of the support MRM and affiliates share pooled corporate insurance policies. The annual premium for these insurance policies are paid proportionately by MRM and its affiliates creating cost benefits as a result of common management. MRM charges its affiliates a management fee for the support and oversight that it provides. MRM charged management fees of $1,412,443 and $1,607,593 to its affiliates in 2022 and 2021, respectively. MRM also contributes to its affiliates in support of their missions. MRM contributed $881,768 and $731,309 to affiliates to support program activities in 2022 and 2021, respectively. The Bledsoe Foundation made contributions to MRDC of $100,000 and $-0- in 2022 and 2021, respectively. These management fees and contributions and all related receivables and payables are eliminated upon combination.

18 EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Organization has a defined contribution employee benefit plan. This plan covers all MRM and MRDC full-time and non-excluded class employees who are active employees on December 31, have attained age 21, and have completed three months of service. Retirement plan contributions for the years ended June 30, 2022 and 2021 were $204,873 and $209,384, respectively.

Deferred Compensation Plan

During the year ended June 30, 2020, MRM established a 457(b) deferred compensation plan. The plan covers eligible employees of MRM and MRDC. Eligible employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization may make contributions to the plan at its discretion, and contribution expenses are charged to MRM and/or MRDC when relevant. MRDC serves as custodian of the plan assets, which remain under the control of MRDC until qualified disbursements are made to participating employees. The Organization’s plan expenses were $349 and $19,554 for the years ended June 30, 2022 and 2021, respectively.

19 HUD APARTMENTS MANAGED BY THIRD-PARTY MANAGEMENT COMPANY

200 Oblate has contracted with Suzanne Smith Management Company (the Management Company) to provide management services. The charges for these services are based on a management agreement. The charges are 7.8% of collected rental income not to exceed $35.33 per unit, per month. For the years ended June 30, 2022 and 2021, management fees charged amounted to $9,216 each year. All payroll and related activities (payroll taxes, workers' compensation insurance, employee benefits, and other) of 200 Oblate are transacted through the Management Company, and totaled $79,076 and $90,638 for the years ended 2022 and 2021, respectively.

(Continued)

19 HUD APARTMENTS MANAGED BY THIRD-PARTY MANAGEMENT COMPANY (Continued)

Independence Square has contracted with the Management Company to provide management services. The charges for these services are based upon a management agreement. The charges are 7.5% of collected rental income. For the years ended June 30, 2022 and 2021, management fees charged amounted to $14,958 and $13,867, respectively. All payroll and related activities (payroll taxes, workers' compensation insurance, employee benefits, and other) of Independence Square are transacted through the Management Company, and totaled $53,408 and $55,134 for the years ended 2022 and 2021, respectively.

Meadow Brook has contracted with the Management Company to provide management services. The charges for these services are based upon a management agreement. The charges are $35.33 per unit, per month. For the years ended June 30, 2022 and 2021, management fees charged amounted to $7,437 each year. All payroll and related activities (payroll taxes, workers' compensation insurance, employee benefits, and other) of Meadow Brook are transacted through the Management Company, and totaled $66,742 and $71,850 for the years ended 2022 and 2021, respectively.

20 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for promises to give that are due in future years.

Cash and cash equivalents	$ 1,593,663
Restricted cash	347,553
Accounts receivable, net	1,982,973
Unconditional promises to give, net	12,185
Investments	13,955,995
Financial assets at year end	17,892,369
Less those unavailable for general expenditure within one year, due to:	
Cash restricted for specific uses	(347,553)
Investments with donor restrictions that are perpetual in nature	(420,379)
Donor-restricted to expenditure for specific purpose	(2,182,863)
Financial assets available to meet cash needs for general expenditure within one year	$ 14,941,574

The Organization plans to keep cash and cash equivalents on hand that are adequate to cover three months of regular operating expenses, and invests any surplus in a variety of investments that include equities, bonds, and mutual funds. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. At June 30, 2022, the Organization had financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 291 days of average operating expenses.

21 SUBSEQUENT EVENTS

The Organization opened the three (3) day programs on May 5, 2021 and anticipated rebuilding toward Pre-COVID enrollment levels during the course of FY 2022. Anticipated day program levels were:

	Pre-COVID	Planned 6/30/2022	Actual 6/30/2022
Campus Day Program	177	110	132
Job & Life Skills	193	110	71
Site-based Habilitation	116	60	42

Due to the continuing Public Health Emergency, the HCS In-Home Day Programming continued through the entirety of FY 2022 and continues to be extended until at least January 12, 2023. That continuation plus the continuing COVID concerns of many families contributed to an extremely slow re-opening pace. The Campus Day Program served 12,949 less days than anticipated with lost revenue of $361,579. The Job & Life Skills Program served 13,998 less days than anticipated with lost revenue of $378,385. The Site Based Habilitation Program served 10,157 less days than anticipated with lost revenue of $316,785. A portion of this shortfall in days was caused by a significant outbreak of COVID in January and February resulting in closing the Day Programs for four (4) weeks causing the loss of $100,693 in program revenue and the expenditure of $75,798 in COVID Hazard Pay.

The residential programs also encountered difficulty filling open beds and experienced $788,853 less revenue than planned.

The slow pace of reopening some lines of service may cause continued financial pressures into the new fiscal year. Though no drastic reductions from current service volumes are expected, any potential worsening of the pandemic brought on by seasonal changes in spread or new variants could potentially negatively impact the organization's operations and finances in the upcoming fiscal year.

SUPPLEMENTARY INFORMATION

MISSION ROAD MINISTRIES AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2022

	Mission Road Ministries	Mission Road Developmental Center, Inc.	200 Oblate, Inc.	Independence Square, Inc.	Meadow Brook Apartments	Clifford Craig Bledsoe Memorial Foundation	Eliminations	Total
ASSETS								
Current assets:								
Cash and cash equivalents	$ 276,460	$ 1,296,667	$ 6,811	$ 12,323	$ 1,402	$ -	$ -	$ 1,593,663
Restricted cash - client trust funds	-	233,429	5,487	3,605	3,832	-	-	246,353
Accounts receivable:								
Program fees, tuition, and expense reimbursements, net	-	1,978,360	1,110	1,369	-	-	-	1,980,839
Affiliate	103,956	10,339	-	-	-	-	(114,295)	-
Other	992	1,142	-	-	-	-	-	2,134
Unconditional promises to give, net	10,410	1,775	-	-	-	-	-	12,185
Prepaid expenses and other assets	1,500	45,948	-	-	-	-	-	47,448
Total current assets	393,318	3,567,660	13,408	17,297	5,234	-	(114,295)	3,882,622
Investments:								
Investments, general	3,348,392	9,467,298	-	-	-	290,998	-	13,106,688
Investments, endowment	849,307	-	-	-	-	-	-	849,307
Total investments	4,197,699	9,467,298	-	-	-	290,998	-	13,955,995
Property and equipment, net	-	13,223,931	507,033	230,592	845,267	-	-	14,806,823
Other assets:								
Restricted cash - HUD apartments	-	-	38,308	42,915	19,977	-	-	101,200
Total assets	$ 4,591,017	$ 26,258,889	$ 558,749	$ 290,804	$ 870,478	$ 290,998	$ (114,295)	$ 32,746,640
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable:								
Trade	$ 17,684	$ 438,240	$ 2,557	$ 826	$ 13,554	$ -	$ -	$ 472,861
Affiliate	-	103,956	597	642	9,100	-	(114,295)	-
Accrued retirement plan contribution	11,011	77,865	-	-	-	-	-	88,876
Accrued salary and related expenses	72,874	354,203	2,091	2,199	1,782	-	-	433,149
Client trust funds	-	233,429	5,373	3,605	3,831	-	-	246,238
Deferred revenue	58,800	-	1,151	450	620	-	-	61,021
Current portion of long-term debt	-	-	-	31,890	-	-	-	31,890
Other current liabilities	-	38,499	-	8,107	532	-	-	47,138
Total current liabilities	160,369	1,246,192	11,769	47,719	29,419	-	(114,295)	1,381,173
Long-term debt, net of current portion	-	-	868,200	111,709	-	-	-	979,909
Total liabilities	160,369	1,246,192	879,969	159,428	29,419	-	(114,295)	2,361,082
Net assets:								
Without donor restrictions:								
Operations	3,581,083	11,636,693	(321,220)	44,383	(557,941)	-	-	14,382,998
Property and equipment	-	13,223,931	-	86,993	-	-	-	13,310,924
Total net assets without donor restrictions	3,581,083	24,860,624	(321,220)	131,376	(557,941)	-	-	27,693,922
With donor restrictions	849,565	152,073	-	-	1,399,000	290,998	-	2,691,636
Total net assets	4,430,648	25,012,697	(321,220)	131,376	841,059	290,998	-	30,385,558
Total liabilities and net assets	$ 4,591,017	$ 26,258,889	$ 558,749	$ 290,804	$ 870,478	$ 290,998	$ (114,295)	$ 32,746,640

MISSION ROAD MINISTRIES AND AFFILIATES

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions							
	Mission Road Ministries	Mission Road Developmental Center, Inc.	200 Oblate, Inc.	Independence Square, Inc.	Meadow Brook Apartments	Clifford Craig Bledsoe Memorial Foundation	Eliminations	**Subtotal**
Support and revenue:								
Special events:								
Gross revenue	$ 731,867	$ 215,992	$ -	$ -	$ -	$ -	$ -	$ 947,859
Less direct expenses	(91,872)	(27,896)	-	-	-	-	-	(119,768)
Net special events support	639,995	188,096	-	-	-	-	-	828,091
Contributions:								
Individuals	84,145	19,126	-	-	-	-	-	103,271
Corporations	25,048	151,744	-	-	-	-	-	176,792
Foundations	46,529	336,073	-	-	-	-	-	382,602
Affiliates	-	743,788	-	-	-	-	(743,788)	-
United Way allocation	-	334,500	-	-	-	-	-	334,500
Allocations from MRM Shindig	-	-	-	-	-	-	-	-
Governmental support:								
Program service fees and tuition	-	11,741,270	-	-	-	-	-	11,741,270
CARES Act grants	-	287,186	-	-	-	-	-	287,186
Private program service fees and tuition	-	2,381,114	-	-	-	-	(19,500)	2,361,614
Rental revenue, net	-	-	183,118	230,715	143,258	-	-	557,091
Management fees	1,412,443	-	-	-	-	-	(1,412,443)	-
Interest and dividends, net of fees	56,659	105,203	-	-	-	-	-	161,862
Realized gains on investments, net	98,816	284,351	-	-	-	-	-	383,167
Gains on disposal of property and equipment	-	59,783	-	-	-	-	-	59,783
Miscellaneous	423	32,393	314	466	171	-	-	33,767
Related agency revenue - affiliate	15,895	-	-	-	-	-	(15,895)	-
	2,379,953	16,664,627	183,432	231,181	143,429	-	(2,191,626)	17,410,996
Net assets released from restrictions	218,480	3,038,765	-	-	-	103,500	(218,480)	3,142,265
Total support and revenue	2,598,433	19,703,392	183,432	231,181	143,429	103,500	(2,410,106)	20,553,261
Expenses:								
Program services:								
Habilitation and care	-	16,513,661	189,788	190,521	180,581	-	-	17,074,551
Affiliate expenses	881,768	15,895	-	-	-	100,000	(997,663)	-
Supporting services:								
Administrative and general	1,513,225	1,381,617	20,026	25,458	18,279	3,500	(1,412,443)	1,549,662
Fundraising	-	131,608	-	-	-	-	-	131,608
Total expenses	2,394,993	18,042,781	209,814	215,979	198,860	103,500	(2,410,106)	18,755,821
Change in net assets before unrealized losses	203,440	1,660,611	(26,382)	15,202	(55,431)	-	-	1,797,440
Unrealized losses on investments	(713,706)	(2,161,420)	-	-	-	-	-	(2,875,126)
Change in net assets	(510,266)	(500,809)	(26,382)	15,202	(55,431)	-	-	(1,077,686)
Net assets at beginning of year	4,091,349	25,361,433	(294,838)	116,174	(502,510)	-	-	28,771,608
Net assets at end of year	$ 3,581,083	$ 24,860,624	$ (321,220)	$ 131,376	$ (557,941)	$ -	$ -	$ 27,693,922

With Donor Restrictions						
Mission Road Ministries	Mission Road Developmental Center, Inc.	Meadow Brook Apartments	Clifford Craig Bledsoe Memorial Foundation	Eliminations	**Subtotal**	**Total**
$ 218,480	$ -	$ -	$ -	$ -	$ 218,480	$ 1,166,339
-	-	-	-	-	-	(119,768)
218,480	-	-	-	-	218,480	1,046,571
1,258	2,000	-	-	-	3,258	106,529
-	74,182	-	-	-	74,182	250,974
-	5,000	-	73,000	-	78,000	460,602
-	-	-	-	-	-	-
-	-	-	-	-	-	334,500
-	218,480	-	-	(218,480)	-	-
-	-	-	-	-	-	11,741,270
-	-	-	-	-	-	287,186
-	-	-	-	-	-	2,361,614
-	-	-	-	-	-	557,091
-	-	-	-	-	-	-
13,557	-	-	7,482	-	21,039	182,901
(10,727)	-	-	(3,271)	-	(13,998)	369,169
-	-	-	-	-	-	59,783
-	-	-	-	-	-	33,767
-	-	-	-	-	-	-
222,568	299,662	-	77,211	(218,480)	380,961	17,791,957
(218,480)	(3,038,765)	-	(103,500)	218,480	(3,142,265)	-
4,088	(2,739,103)	-	(26,289)	-	(2,761,304)	17,791,957
-	-	-	-	-	-	17,074,551
-	-	-	-	-	-	-
-	-	-	-	-	-	1,549,662
-	-	-	-	-	-	131,608
-	-	-	-	-	-	18,755,821
4,088	(2,739,103)	-	(26,289)	-	(2,761,304)	(963,864)
(141,018)	-	-	(61,719)	-	(202,737)	(3,077,863)
(136,930)	(2,739,103)	-	(88,008)	-	(2,964,041)	(4,041,727)
986,495	2,891,176	1,399,000	379,006	-	5,655,677	34,427,285
$ 849,565	$ 152,073	$ 1,399,000	$ 290,998	$ -	$ 2,691,636	$ 30,385,558