

WASHINGTON CITY MISSION
d/b/a City Mission
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Washington City Mission

We have audited the accompanying consolidated financial statements of *Washington City Mission d/b/a City Mission* (a Pennsylvania nonprofit corporation) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of *Washington City Mission* and subsidiary as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Houston & Associates, LLC

Washington, PA
February 14, 2018

WASHINGTON CITY MISSION
d/b/a City Mission
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 5,525,047	\$ 553,403
Accounts receivable	43,046	34,890
Grants receivable	1,268,155	1,266,000
Capital campaign pledges receivable, net	186,846	318,036
Insurance proceeds receivable	359,924	433,632
Prepaid expenses	67,572	51,201
Inventory	100,004	91,719
Land, building and equipment, net	8,783,823	6,907,855
New Market Tax Credit Financing	8,619,100	-
Interest reserve	100,000	-
Loan origination fee	148,480	-
TOTAL ASSETS	<u>\$ 25,201,997</u>	<u>\$ 9,656,736</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 87,723	\$ 136,599
Construction contracts payable	-	764,705
Accrued expenses	-	6,937
Payroll and withholdings payable	28,105	30,441
Line of credit	-	1,127,305
New Market Tax Credit Financing	12,760,000	-
Reinvestment Fund, Inc. notes payable <i>(see Note 10)</i>	5,300,000	-
Mortgage note payable	425,000	1,516,858
TOTAL LIABILITIES	<u>18,600,828</u>	<u>3,582,845</u>
NET ASSETS		
Unrestricted	4,902,367	4,748,274
Board designated	-	45,252
Temporarily restricted	1,698,802	1,280,365
TOTAL NET ASSETS	<u>6,601,169</u>	<u>6,073,891</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,201,997</u>	<u>\$ 9,656,736</u>

See accompanying notes to consolidated financial statements

WASHINGTON CITY MISSION

d/b/a City Mission

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES						
Contributions	\$ 3,474,084	\$ 44,115	\$ 3,518,199	\$ 2,727,653	\$ 163,841	\$ 2,891,494
Capital campaign contributions	-	700,470	700,470	-	679,877	679,877
In-kind contributions	312,083	-	312,083	392,289	-	392,289
Grants	264,081	4,000	268,081	145,085	2,108,000	2,253,085
United Way allocation	106,748	-	106,748	104,417	-	104,417
Total contributions	<u>4,156,996</u>	<u>748,585</u>	<u>4,905,581</u>	<u>3,369,444</u>	<u>2,951,718</u>	<u>6,321,162</u>
Business operations	1,370,206	-	1,370,206	1,166,406	-	1,166,406
Special events (net)	116,601	-	116,601	99,230	-	99,230
Program fees	39,311	-	39,311	32,047	-	32,047
Miscellaneous income	23,697	-	23,697	46,916	-	46,916
Investment income	24,090	419	24,509	430	1,520	1,950
Net assets released from restriction	330,567	(330,567)	-	2,582,848	(2,582,848)	-
	<u>6,061,468</u>	<u>418,437</u>	<u>6,479,905</u>	<u>7,397,373</u>	<u>270,338</u>	<u>7,667,711</u>
EXPENSES:						
PROGRAM EXPENSES						
Mission operations	2,452,793	-	2,452,793	2,336,053	-	2,336,053
Business operations	1,889,794	-	1,889,794	1,368,825	-	1,368,825
	<u>4,342,587</u>	<u>-</u>	<u>4,342,587</u>	<u>3,704,878</u>	<u>-</u>	<u>3,704,878</u>
SUPPORTING SERVICES						
Management and general	761,558	-	761,558	588,713	-	588,713
Fundraising	904,680	-	904,680	935,766	-	935,766
	<u>1,666,238</u>	<u>-</u>	<u>1,666,238</u>	<u>1,524,479</u>	<u>-</u>	<u>1,524,479</u>
CHANGE IN NET ASSETS FROM OPERATIONS	52,643	418,437	471,080	2,168,016	270,338	2,438,354
OTHER INCOME AND (EXPENSE)						
Loss on asset disposal	(311,346)	-	(311,346)	(17,344)	-	(17,344)
NMTC financing costs	(711,690)	-	(711,690)	-	-	-
Insurance proceeds	1,079,234	-	1,079,234	992,456	-	992,456
	<u>56,198</u>	<u>-</u>	<u>56,198</u>	<u>975,112</u>	<u>-</u>	<u>975,112</u>
CHANGE IN NET ASSETS	108,841	418,437	527,278	3,143,128	270,338	3,413,466
NET ASSETS - BEGINNING OF YEAR	4,793,526	1,280,365	6,073,891	1,650,398	1,010,027	2,660,425
NET ASSETS - END OF YEAR	<u>\$ 4,902,367</u>	<u>\$ 1,698,802</u>	<u>\$ 6,601,169</u>	<u>\$ 4,793,526</u>	<u>\$ 1,280,365</u>	<u>\$ 6,073,891</u>

See accompanying notes to consolidated financial statements

WASHINGTON CITY MISSION
d/b/a City Mission

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	PROGRAM		SUPPORTING SERVICES			TOTAL
	Mission Operations	Business Operations	Total	Management and General	Fund Raising	
PERSONNEL EXPENSE						
Salaries	\$ 945,408	\$ 848,068	\$ 1,793,476	\$ 329,437	\$ 282,393	\$ 2,405,306
Employee benefits	225,821	106,174	331,995	90,561	28,996	451,552
Payroll taxes and insurance	112,223	110,710	222,933	38,020	21,487	282,440
TOTAL PERSONNEL EXPENSE	1,283,452	1,064,952	2,348,404	458,018	332,876	3,139,298
OPERATING EXPENSES						
Facilities and equipment	434,141	498,289	932,430	87,732	14,432	1,034,594
In-kind donations	286,000	-	286,000	-	-	286,000
Professional services	136,170	28,089	164,259	102,342	401,778	668,379
Supplies	100,101	61,100	161,201	5,055	2,012	168,268
Vehicle expense	13,301	125,149	138,450	3,079	831	142,360
Postage	67	-	67	3,471	12,614	16,152
Advertising	1,889	13,305	15,194	2,013	98,538	115,745
Printing	-	120	120	-	-	120
Direct assistance	47,520	116	47,636	-	-	47,636
Insurance	174	-	174	2,244	-	2,418
Communications	15,822	18,292	34,114	1,432	6,374	41,920
Bank fees	220	19,613	19,833	2,518	9,131	31,482
Conferences and training	105	-	105	-	500	605
Miscellaneous	11,578	1,652	13,230	3,415	2,615	19,260
Uncollectible pledges	15,360	-	15,360	-	-	15,360
Dues and subscriptions	3,431	350	3,781	7,226	456	11,463
Travel	3,603	782	4,385	1,996	1,153	7,534
Interest	29,652	25,674	55,326	71,488	21,370	148,184
Depreciation	70,207	32,311	102,518	9,529	-	112,047
TOTAL OPERATING EXPENSE	1,169,341	824,842	1,994,183	303,540	571,804	2,869,527
TOTAL FUNCTIONAL EXPENSES	\$ 2,452,793	\$ 1,889,794	\$ 4,342,587	\$ 761,558	\$ 904,680	\$ 6,008,825

See accompanying notes to consolidated financial statements

WASHINGTON CITY MISSION
d/b/a City Mission

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM		SUPPORTING SERVICES			TOTAL
	Mission Operations	Business Operations	Total	Management and General	Fund Raising	
PERSONNEL EXPENSE						
Salaries	\$ 945,902	\$ 635,526	\$ 1,581,428	\$ 275,050	\$ 237,578	\$ 2,094,056
Employee benefits	223,450	83,976	307,426	65,627	18,438	391,491
Payroll taxes and insurance	99,094	87,562	186,656	24,550	21,313	232,519
TOTAL PERSONNEL EXPENSE	<u>1,268,446</u>	<u>807,064</u>	<u>2,075,510</u>	<u>365,227</u>	<u>277,329</u>	<u>2,718,066</u>
OPERATING EXPENSES						
Facilities and equipment	832,056	350,599	1,182,655	79,553	14,489	1,276,697
In-kind donations	402,719	-	402,719	-	-	402,719
Professional services	249,245	19,398	268,643	96,328	328,383	693,354
FHLB grant writing	-	-	-	-	100,000	100,000
Supplies	117,946	50,400	168,346	3,609	4,378	176,333
Vehicle expense	14,323	109,845	124,168	551	422	125,141
Postage	48	3,185	3,233	2,916	12,225	18,374
Advertising	1,194	769	1,963	68	104,585	106,616
Printing	49	545	594	414	20,394	21,402
Direct assistance	22,591	-	22,591	-	-	22,591
Insurance	236	-	236	2,244	-	2,480
Communications	15,560	14,080	29,640	3,797	1,971	35,408
Bank fees	1,455	15,237	16,692	(1,018)	10,042	25,716
Conferences and training	-	-	-	1,187	429	1,616
Miscellaneous	23,987	233	24,220	3,048	8,162	35,430
Uncollectible pledges	(15,360)	-	(15,360)	-	45,360	30,000
Dues and subscriptions	7,283	575	7,858	5,928	1,424	15,210
Travel	4,170	6,397	10,567	843	5,718	17,128
Interest	3,036	2,380	5,416	18,390	-	23,806
Depreciation	80,569	24,118	104,687	5,628	455	110,770
Less insurance reimbursement	(693,500)	(36,000)	(729,500)	-	-	(729,500)
TOTAL OPERATING EXPENSE	<u>1,067,607</u>	<u>561,761</u>	<u>1,629,368</u>	<u>223,486</u>	<u>658,437</u>	<u>2,511,291</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,336,053</u>	<u>\$ 1,368,825</u>	<u>\$ 3,704,878</u>	<u>\$ 588,713</u>	<u>\$ 935,766</u>	<u>\$ 5,229,357</u>

See accompanying notes to consolidated financial statements

WASHINGTON CITY MISSION, INC.

d/b/a City Mission

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 527,278	\$ 3,413,466
Noncash items included in change in net assets:		
Depreciation	112,047	110,770
Loss on assets disposed	311,346	17,344
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(476,968)	17,853
(Increase) decrease in grants receivable	(2,155)	(1,266,000)
(Increase) decrease in pledges receivable	131,190	(67,162)
(Increase) decrease in insurance proceeds receivable	73,708	(433,632)
(Increase) decrease in prepaid expenses	(16,371)	(25,720)
(Increase) decrease in inventory	(8,285)	15,163
Increase (decrease) in accounts payable	(48,876)	20,720
Increase (decrease) in construction payable	(764,705)	764,705
Increase (decrease) in resident holding account	-	(495)
Increase (decrease) in payroll and withholdings payable	(2,336)	(1,541)
Increase (decrease) in accrued expenses	(6,937)	(15,479)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(171,064)</u>	<u>2,549,992</u>
CASH USED BY INVESTING ACTIVITIES		
Purchase of equipment and construction in progress	<u>(2,276,361)</u>	<u>(5,328,567)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal borrowings on mortgages payable	50,000	1,200,000
Principal paid on mortgages	(322,629)	(178,642)
Net borrowings (repayments) on line-of-credit	(1,127,305)	1,127,305
Net cash used for interest reserve	(100,000)	-
Net cash received from NMTC financing (see Note 4)	<u>8,919,003</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>7,419,069</u>	<u>2,148,663</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	4,971,644	(629,912)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>553,403</u>	<u>1,183,315</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>\$ 5,525,047</u>	<u>\$ 553,403</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 148,184</u>	<u>\$ 23,806</u>
Cash paid for purchase of land and building:		
Cost of purchase, including closing costs	\$ 388,976	\$ -
Less mortgage obtained	<u>(375,000)</u>	<u>-</u>
Net cash paid	<u>\$ 13,976</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 1 – NATURE OF ACTIVITIES

The *Washington City Mission* (Mission) is a nonprofit Christian corporation established in 1941 and incorporated in 1943 to help the homeless. The Mission exists to share Christ; to shelter, to heal, and to restore the homeless to independent living without discrimination. A person's descent into homelessness, hunger, and despair can only be transformed into recovery through a comprehensive set of solutions. As a Christ-centered rehabilitative homeless shelter, the Mission facilitates this transformation by providing food, shelter, case management, biblically based counseling and life-changing programming. The goal is for each person who walks through the Mission's doors to become a healthy, productive member of society.

The Mission's Compassionate Care program reaches out to those most in need by offering basic services such as meals, shelter and medical care. The Life Recovery Program assists men, women and children who are in crisis and looking for life transformation. Each program is committed to providing the tools one needs to bring about a permanent positive change in their life.

The Mission's main source of support is contributions from individuals and businesses in the southwestern Pennsylvania community. These contributions are given in two primary forms: (1) cash and (2) merchandise which is primarily sold for cash in one of the six (6) Hidden Treasures stores located throughout southwestern Pennsylvania and Morgantown, West Virginia. Items not sold in stores are sold to recycling brokers.

CAPITAL CAMPAIGN AND FIRE EVENTS - On March 1, 2014, the Board authorized a capital campaign drive to raise funds to create a Transitional Veterans Facility to help veterans return to civilian life. In June 2015, right as the silent phase of the campaign began, the Mission suffered a devastating fire and the kitchen, men's dorms, medical clinic and chapel were destroyed. The facility was deemed uninhabitable. After finding a location, staff and residents working and living in the facility were placed in rented temporary trailers for shelter and office space. Management also needed to find alternatives to feed all residents including women and children as well as space to provide classroom instruction for Bible Study, Life Recovery Classes and to continue medical care. Not only did this disrupt daily operations and delay the campaign, it also caused management to reprioritize its construction strategy entirely. The insurance policy provided payments for the temporary trailer and property for only one year. Management needed to make the decision to either rebuild the men's facility or move to another location.

REBUILDING FROM THE FIRE - It was determined that the City Mission could not comply with current building code standards and accommodate the same number of residents that were previously housed in the burned out building. After considering several alternatives, the decision was made to relocate the distribution center operations and convert that building into a housing facility, allowing the program to return to complete functionality, including serving the same number of men. Insurance proceeds were not adequate to cover the costs of rebuilding and financing was obtained through the New Markets Tax Credits Program (*See Note 10*). As part of the New Market Tax Credits Program financing structure, a significant portion of the land and buildings owned by the Mission were transferred to WCM Real Estate NFP, a newly formed entity with the sole member being the Mission. The transfer of property was completed in May 2017.

OPERATIONAL IMPACT OF THE FIRE - During the disaster recovery and construction phases, several sources of revenue for the City Mission were disrupted. As noted previously, the distribution center operation that processed and supplied product to the Hidden Treasure Stores needed to be relocated. Because of this disruption, the revenue ordinarily generated by the Hidden Treasure Stores decreased due to the lack and timely rotation of product. The opening of another store was also delayed so that staff could focus on relocating and restructuring the processing of donations in a temporary rented warehouse space. Eventually, a permanent space was obtained for the distribution center, which then disrupted operations again as staff relocated for the second time in one year. In addition to lost sales, revenue from special events, grant writing and capital campaign were impacted as staff attention was directed towards addressing the immediate needs, including organizing community efforts and media response. (*See Note 2*)

NOTE 2 – CAPITAL CAMPAIGN and GRANTS RECEIVABLE

As noted previously, the Board authorized a capital campaign drive to raise funds to create a Transitional Veterans Shelter. This campaign has a goal of raising \$5.0 million. Contributions are reflected in the statement of financial position as temporarily restricted net assets.

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 2 – CAPITAL CAMPAIGN and GRANTS RECEIVABLE (continued)

Grants receivable of \$1,000,000 from two (2) FHLB Pittsburgh AHP projects and \$266,000 due from the County of Washington Local Share Account Program are included in the statement of financial position.

Capital Campaign pledges receivable are due according to the following schedule:

Receivable in one year	\$ 151,585
Receivable in two or three years	<u>35,261</u>
	<u>\$ 186,846</u>

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies and practices of the Mission conform to the accounting principles generally accepted in the United States of America. The following is a summary of the Mission’s significant accounting policies.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Washington City Mission and WCM Real Estate NFP (NFP) because the Mission has both control and an economic interest in the NFP. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are referred to as “City Mission”.

BASIS OF PRESENTATION – The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statement presentation follows the recommendations of ASC 958-205 *Not-for-profit Entities – Presentation of Financial Statements* and net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Mission.

CONTRIBUTIONS - The City Mission reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted net assets are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted in perpetuity by the donor are recorded as permanently restricted support.

DONATED SERVICES AND IN-KIND CONTRIBUTIONS - Volunteers contribute significant amounts of time to the City Mission’s program services, administration, fundraising and development activities. The financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Management estimated that volunteers provided over 18,500 hours of services in business activities, programs, development and administrative areas with a fair value of these services to be approximately \$434,000 for the year ended June 30, 2017. Contributed medical services provided by doctors and nurses, contributed legal services by attorneys and contributed accounting services were estimated to be \$123,600 and \$136,800 for the years ended June 30, 2017 and 2016, respectively.

Contributed goods are recorded at fair value at the date of donation. Contributed goods consist mainly of food, clothing and furniture donated for use or sale. Total in-kind contributions were \$312,083 and \$392,289 for the years ended June 30, 2017 and 2016, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNTS RECEIVABLE - The City Mission considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is reported. If amounts become uncollectible, they will be charged to operations when that determination is made.

PROPERTY, EQUIPMENT AND DEPRECIATION - Property and equipment are capitalized when the value is greater than \$750. Purchased assets are recorded at cost or, if donated, at its estimated fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense for the years ended June 30, 2017 and 2016 was \$112,047 and \$110,770, respectively.

INVENTORY - Inventory consists of donated goods and is recorded at estimated fair value. The estimated fair value of inventory on hand in the stores is valued using the subsequent sales method; this inventory method uses the annual sales volume average for a 4 week period to project ending inventory fair value. At June 30, 2017 and 2016 the inventory value was \$100,004 and \$91,719, respectively.

INCOME TAXES - Washington City Mission and WCM Real Estate NFP are organized as Pennsylvania nonprofit corporations and have been recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Management does not believe it has any activities that are unrelated to their exempt purposes. As a result, no provision for federal or state income taxes have been made.

We believe that each entity has appropriate support for any tax position taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax years including the year ended June 30, 2014 and later are subject to examination by tax authorities. We are not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months from the date of these financial statements.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. Actual results could differ from those estimates and those differences could be material.

ADVERTISING COSTS - Advertising costs are charged to expense as incurred which was \$115,745 and \$106,616 for the years ended June 30, 2017 and 2016, respectively.

SUBSEQUENT EVENTS - We have evaluated subsequent events through February 14, 2018, the date the consolidated financial statements were available to be issued. Management has elected to change the fiscal year end from June 30 to September 30, effective September 30, 2018.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows, the City Mission considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

RECENT ACCOUNTING PRONOUNCEMENTS - On August 18, 2016, the FASB released ASU 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities," which strives to improve not-for-profit entity (NFP) financial statements, and to provide more useful information to donors, grantors, creditors, and other financial statements users. The pronouncement changes how NFP's present net assets on the face of the financial statements, how underwater donor-restricted endowment funds are treated, as well as requires additional disclosures for expenses by nature and function. It also requires additional disclosures for the liquidity and availability of resources. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The implementation of this standard is not expected to have a significant impact on the City Mission's financial reporting.

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 4 – FIXED ASSETS AND DEPRECIATION

At June 30, 2017 and 2016 assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Men's Shelter	\$ 4,120,494	\$ 3,072,401
Vocational Training Center	2,047,991	1,851,983
Administrative Facility	1,233,355	171,957
Veteran's Facility	291,991	90,474
Avis Arbor Women's Shelter	717,506	716,242
Land and improvements	281,222	996,045
Equipment and vehicles	301,876	406,261
Furniture and fixtures	165,096	157,838
Leasehold improvements	135,606	148,055
Computer software & equipment	55,752	57,725
	<u>9,350,889</u>	<u>7,668,981</u>
Less accumulated depreciation	<u>(567,066)</u>	<u>(761,126)</u>
	<u>\$ 8,783,823</u>	<u>\$ 6,907,855</u>

NOTE 5 - OPERATING LEASES and COMMITMENTS

BUSINESS ENTERPRISE (HIDDEN TREASURES) RETAIL STORE LOCATIONS – The City Mission rents its store facilities under various long-term and month-to-month arrangements as follows:

- Lease requiring monthly installments of \$8,248 through March 2027.
- Lease requiring monthly installments of \$4,500 through February 2019.
- Lease requiring minimum monthly installments of \$4,591 through February 2020.
- Lease requiring minimum monthly installments of \$7,850 through August 2022.
- Lease requiring minimum monthly installments of \$3,090 through May 2020.
- Lease requiring minimum monthly installments of \$5,800 through June 2021.
- Month to month lease with current monthly installments of \$3,000.

Retail stores rental expense was \$279,785 and \$205,028 for the years ended June 30, 2017 and 2016, respectively.

ADMINISTRATIVE OFFICE SPACE – The Mission rents administrative office space under a long-term lease arrangement requiring minimum monthly installments of \$3,733 through July 2018. Rental expense under this lease was \$41,063 and \$44,796 for the years ended June 30, 2017 and 2016, respectively. This lease was terminated early with no penalty assessed in May 2017.

TEMPORARY LOCATIONS DUE TO FIRE – The Mission rented trailers, office and warehouse space under various leasing arrangements. Rent expense was \$61,316 and \$232,305 for the years ended June 30, 2017 and 2016, respectively.

TRUCK LEASE - The Mission leases three (3) trucks under an agreement which calls for sixty monthly payments of \$4,000, expiring in September 2018. Truck lease expense for the years ended June 30, 2017 and 2016 was \$66,557 and \$52,587, respectively.

EQUIPMENT AND COMPUTER SOFTWARE LEASES – The Mission rents equipment and computer software under several lease agreements requiring monthly installments totaling \$5,299 which expire at various times between June 2018 and July 2022.

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 5 - OPERATING LEASES and COMMITMENTS (continued)

Future minimum payments under these lease agreements are as follows:

Year ending June 30, 2018	\$	422,521
2019		358,697
2020		292,020
2021		183,949
2022		115,127
thereafter		570,856
		<u>\$ 1,943,170</u>

NOTE 6 – MORTGAGES PAYABLE

The Mission had the following mortgages outstanding at June 30, 2016:

COMMUNITY BANK - The Mission obtained a mortgage loan for \$495,500 to purchase twenty-two (22) acres of land in South Strabane Township, Washington County, Pennsylvania also known as the Crile Road Property. The loan required interest only to be paid monthly at three (3%) percent, with the principal balance due August 1, 2015. A payment of \$150,000 was made in August 2015 and the remaining balance of \$345,000 was mortgaged with the following terms: interest at 4.4% ; ten (10) year amortization; and a five (5) year balloon payment due August 2020. The outstanding balance at June 30, 2016 was \$322,269. This loan was repaid when the property was sold during the year ended June 30, 2017.

COMMUNITY BANK - The Mission obtained a \$1,200,000 mortgage loan to acquire property located at 1000 Sheffield Street, Washington, PA for their distribution center. Interest accrues at 4.76 percent (4.76%); principal and interest due in 120 monthly installments based on a 240 month amortization; with a balloon payment due May 1, 2026. The outstanding balance at June 30, 2016 was \$1,194,589. This loan was paid in full as part of the New Market Tax Credits Financing discussed in *Note 10*.

The Mission incurred the following mortgages during the year ended June 30, 2017:

SLOVENIAN SAVINGS AND LOAN ASSOCIATION – The Mission obtained a mortgage loan for \$575,000 to purchase the property at 58-62 West Wheeling Street, Washington, PA for \$375,000 plus and additional \$200,000 for improvements. The outstanding balance at June 30, 2017 was \$425,000. Interest accrues on the loan at three and one-half (3.5%) percent. Monthly principal and interest payments are due in the amount of \$2,582. The loan matures December 1, 2046.

Future minimum payments due under this note is as follows:

Year ending June 30, 2018	\$	16,369
2019		16,952
2020		17,555
2021		18,180
2022		18,826
thereafter		337,118

NOTE 7 – PENSION PLAN

The City Mission implemented a SIMPLE IRA plan effective August 2009. The plan requires the employer to match each employee's salary reduction contribution on a dollar-for-dollar basis with a maximum contribution of 3% of the employee's compensation. Matching contributions of \$24,138 and \$22,689 were made to the plan for the years ended June 30, 2017 and 2016, respectively.

WASHINGTON CITY MISSION
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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2017 and 2016

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are funds which are restricted for use by the donor. The assets are reclassified when the specified use of the funds is fulfilled. Temporarily restricted net assets at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
RESTRICTED FOR CAPITAL PROJECTS		
Capital Campaign	\$ 878,952	\$ 100,869
Fire Damage Relief	9,040	317,806
Avis Building	600,434	597,754
Avis Next Step	35,518	35,518
Avis play room	32,249	31,124
Medical room equipment	-	9,293
Clinic expansion	1,359	1,359
	<u>1,557,552</u>	<u>1,093,723</u>
RESTRICTED FOR OPERATIONS		
We Care Case Manager	11,486	11,478
Video	-	7,317
We Care Ministry	14,372	14,506
Children	-	9,994
Avis child care	-	3,935
Chaplain's fund	-	4,060
Higher education	-	3,182
Bibles	-	519
Homeless Voucher	-	1,679
Resident Education	-	2,192
Chapel	221	221
Food Pantry	-	700
Legal	-	992
Aftercare	-	102
Veterans	2,674	21,307
Miscellaneous	-	1,552
Vehicles	-	10,004
	<u>28,753</u>	<u>93,740</u>
BOARD RESTRICTED		
Memorial	112,497	71,911
Homewood Renaissance	-	20,991
	<u>112,497</u>	<u>92,902</u>
	<u>\$ 1,698,802</u>	<u>\$ 1,280,365</u>

WASHINGTON CITY MISSION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 9 – SPECIAL EVENT PROGRAM REVENUES AND EXPENSES

The City Mission holds several events throughout the year for the purpose of raising funds as well as providing public awareness of the organization’s mission. Special program revenues and expenses consist of the following:

	2017			2016		
	REVENUES	EXPENSES	NET	REVENUES	EXPENSES	NET
Sweet Sunday	\$ 123,411	\$ 30,946	\$ 92,465	\$ 106,098	\$ 24,553	\$ 81,545
Gala	54,234	35,096	19,138			
Celebrate Success	100	-	100	58,909	37,738	21,171
Other	4,705	(192)	4,897	-	3,486	(3,486)
	<u>\$ 182,450</u>	<u>\$ 65,850</u>	<u>\$ 116,600</u>	<u>\$ 165,007</u>	<u>\$ 65,777</u>	<u>\$ 99,230</u>

NOTE 10 – NEW MARKET TAX CREDIT FINANCING

On May 12, 2017, the Mission entered into a debt transaction to access additional funds through the New Market Tax Credit (NMTC) Program. These funds were used towards the construction of the City Mission's new Veterans Shelter, Avis Arbor Women’s Shelter, and Vocational Training Center. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICs). The tax credits are claimed over a seven-year period and equate to 39% of the QLICs. The City Mission has partnered with an investor, PNC Bank, to utilize the NMTC Program.

PNC Bank through its wholly owned subsidiary PNC New Markets Investment Partners, LLC, (PNCNMIP) established a special purpose entity called City Mission Investment Fund, LLC (CMIF) to raise the capital for the transaction. CMIF was funded with \$4,410,900 of equity from PNC Bank, and two loans totaling \$8,619,100 from the Mission, (the Leverage Loans), in the amounts of \$5,300,000, (the Senior Loan) and \$3,319,100, (the Junior Loan).

The Senior Loan in the amount of \$5,300,000, from the Mission to CMIF requires that interest be paid in advance on the date of the closing May 12, 2017 through June 30, 2017 at a rate of 2.0%, thereafter the note requires quarterly interest-only payments due on the 15th day of March, June, September and December at 2.00% until March, 2024. In May 2024, CMIF will make an additional payment of all accrued and unpaid interest calculated from April 1, 2024 through and including May 12, 2024; and a principal payment in the amount of \$2,255,621 to the Mission. On June, 30, 2024 CMIF will make a payment of accrued and unpaid interest from May 13, 2024 through and including June 30, 2024. Thereafter, the payments will consist of quarterly installments of approximately \$60,600 of principal plus accrued interest at 2.00% until December 2038. A final payment of the remaining principal and interest will be due December 2038. The note is secured by the CMIF ownership interest in Commonwealth Cornerstone Group Ltd. XXXVII, a Pennsylvania limited liability company and PNC CDE 73, LP, a Pennsylvania limited partnership, the Sub-CDEs.

At June 30, 2017 the balance of the note was \$5,300,000. There was no accrued interest at June 30, 2017 as the interest was paid at the closing on May 12, 2017.

The Junior Loan in the amount of \$3,319,100, from the Mission to CMIF requires that interest be paid in advance on the date of the closing May 12, 2017 through June 30, 2017, thereafter the note requires quarterly interest-only payments due on the 15th day of March, June, September and December at 2.00% until March, 2024. In May 2024, CMIF will make an additional payment of all accrued and unpaid interest calculated from April 1, 2024 through and including May 12, 2024. On June, 30, 2024 CMIF will make a payment of accrued and unpaid interest from May 13, 2024 through and including June 30, 2024. Thereafter, the payments will consist of quarterly installments of approximately \$66,066 of principal plus accrued interest at 2.00% until December 2038. A final payment of the remaining principal and interest will be due December 2038. The note is secured by the CMIF ownership interest in Commonwealth Cornerstone Group Ltd. XXXVII, a Pennsylvania limited liability company and PNC CDE 73, LP, a Pennsylvania limited partnership, the Sub-CDEs. At June 30, 2017, the balance of the note was \$3,319,100. There was no accrued interest at June 30, 2017 as the interest was paid at the closing on May 12, 2017.

This capital raised by CMIF was used to make a \$13,000,000 QEI in two CDE’s called Commonwealth Cornerstone Group Ltd. XXXVII (CCG) a 99.99% subsidiary of CMIF and PNC CDE 73, LP (PNC) a 99.99% owned subsidiary of CMIF. The CDE’s then loaned these funds to WCM Real Estate NFP (NFP) in the form of six notes.

WASHINGTON CITY MISSION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 10 – NEW MARKET TAX CREDIT FINANCING (continued)

Notes payable to Commonwealth Cornerstone Group Ltd. XXXVII (CCG):

QLICI Loan A1 has an outstanding balance of \$4,894,615 at June 30, 2017 and bears interest at 1.97022% payable in advance and in quarterly interest only payments through May 12, 2024, with a principal payment then due in the amount of \$2,255,625. Thereafter, the payments will consist of quarterly installments of \$145,484 consisting of principal and interest at 1.97022% until December 2046. This note is secured by substantially all of the assets of the NFP.

QLICI Loan B1 has an outstanding balance of \$3,063,785 at June 30, 2017 and bears interest at 1.97022%. The note requires quarterly interest only payments through May 12, 2024, at which time payments increase to fully amortize the note over 23 years. This note matures December 31, 2046 and is guaranteed by substantially all of the assets of the NFP.

QLICI Loan C1 has an outstanding balance of \$3,801,600 at June 30, 2017 and bears interest at 1.97022%. The note requires quarterly interest only payments through May 12, 2024, at which time payments increase to fully amortize the note over 23 years. This note matures December 31, 2046 and is guaranteed by substantially all of the assets of the NFP.

Notes payable to PNC CDE 73, LP (PNC):

QLICI Loan A2 has an outstanding balance of \$405,385 at June 30, 2017 and bears interest at 1.97022%. The note requires quarterly interest only payments through May 12, 2024, at which time payments increase to fully amortize the note over 23 years. This note matures December 31, 2046 and is guaranteed by substantially all of the assets of the NFP.

QLICI Loan B2 has an outstanding balance of \$255,315 at June 30, 2017 and bears interest at 1.97022%. The note requires quarterly interest only payments through May 12, 2024, at which time payments increase to fully amortize the note over 23 years. This note matures December 31, 2046 and is guaranteed by substantially all of the assets of the NFP.

QLICI Loan C2 has an outstanding balance of \$339,300 at June 30, 2017 and bears interest at 1.97022%. The note requires quarterly interest only payments through May 12, 2024, at which time payments increase to fully amortize the note over 23 years. This note matures December 31, 2046 and is guaranteed by substantially all of the assets of the NFP.

Notes receivable and notes payable related to the NMTC financing reflected on the consolidated statements of financial position as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
<u>CMIF Notes Receivable:</u>		
Senior Loan	\$ 5,300,000	\$ -
Junior Loan	3,319,100	-
	<u>\$ 8,619,100</u>	<u>\$ -</u>
<u>QLICI Notes Payable:</u>		
CCG Loan A1	\$ 4,894,615	\$ -
CCG Loan B1	3,063,785	-
CCG Loan C1	3,801,600	-
PNC Loan A2	405,385	-
PNC Loan B2	255,315	-
PNC Loan C2	339,300	-
	<u>\$ 12,760,000</u>	<u>\$ -</u>

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 10 – NEW MARKET TAX CREDIT FINANCING (continued)

Interest income and expense related to NMTC financing for the years ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest income	\$ -	\$ -
Interest expense	\$ 85,500	\$ -

The seven-year compliance period for the NMTCs will end May 12, 2024, at which time PNC Bank may exit the transaction through the exercise of a call/put agreement which it has entered into with the City Mission. Under the agreement, PNC NMIP may "put" its interest in CMIF to the City Mission for a purchase price of \$1,000. In the event that PNC NMIP has not exercised this put option, the City Mission has 180 days to exercise its call option to purchase PNC NMIP's entire interest in CMIF for a purchase price equal to the fair market value of PNC NMIP membership interest. To exercise the call option, the City Mission must be current on all payments under the six notes payable and must not owe any additional amounts to CMIF or PNC NMIP. The City Mission will realize its savings from the NMTC transactions through the exercise of this put or call option, at which time it will control CMIF and can effectively forgive the QLICI Loans. No amounts have been recorded in the accompanying consolidated financial statements related to these put and call options.

As part of its agreement with PNC NMIP, the City Mission has guaranteed the completion of the project and in effect the return PNC Bank's expected on its investment in the event of certain defaults by the City Mission. This return includes both interest income earned by PNC under the QLICI Loans and its return in the form of \$4,410,900 of NMTCs. The City Mission's guarantee would become effective in the event that the City Mission ceases to be a Qualified Active Low-Income Community Business as defined by IRC 45D, the failure of the CDE to maintain substantially all of the QEI because of a foreclosure or otherwise, the failure of any portion of the QLICI Loans to constitute a QLICI due directly or indirectly due to the City Mission's violation of the CDE loan documents, any violations of the abuse provisions of Section 1.45D-1(g)(l) of the Treasury Regulations, or in the event of default under the QLICI Loans. The City Mission believes that the likelihood of these events occurring is very remote, and accordingly, no liability has been recorded in the accompanying consolidated financial statements for this guarantee.

In connection with the NMTC financing, the City Mission entered into two (2) loans with the Reinvestment Fund, Inc. as follows:

	<u>2017</u>	<u>2016</u>
Note payable to Reinvestment Fund, Inc. (Note A); interest at 6.72%; interest only payable through May 31, 2018; effective July 1, 2018 monthly principal and interest installments totaling \$20,679 through April 2024 at which time a balloon payment of \$2,187,955 will be due and payable. All campaign pledges received are to be forwarded to the Reinvestment Fund and held as collateral for the note.	\$ 2,726,000	\$ -
Note payable to Reinvestment Fund, Inc. (Note B); interest at 6.09%; interest only until December 31, 2017 and then in quarterly installments until paid in full. The note can be prepaid at any time and matures June 2021. The note is collateralized by all capital campaign contributions, pledged and received, and a second position in substantially all the assets of the City Mission.	2,574,000	-
	<u>\$ 5,300,000</u>	<u>\$ -</u>

WASHINGTON CITY MISSION
d/b/a City Mission
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

NOTE 10 – NEW MARKET TAX CREDIT FINANCING (continued)

Future minimum payments due under these notes are as follows:

Year ending June 30, 2018	\$	1,616,480
2019		338,919
2020		65,002
2021		368,848
2022		81,917
Thereafter		2,428,834

NOTE 11 – CONCENTRATIONS and COMMITMENTS

The City Mission maintains its cash in bank deposit accounts with several financial institutions. The balances, at times, may exceed federally insured limits.

The City Mission provides services primarily in the Southwestern Pennsylvania area.

The City Mission has a contract with Nello Construction Company for the renovations to the properties. The contract is a cost plus 7% fee arrangement. Amounts due under this contract at June 30, 2017 were \$225,626.

NOTE 12 – LINE OF CREDIT

The Mission had a \$1,500,000 line of credit with a bank, of which \$1,127,305 was outstanding at June 30, 2016. The line is secured by Mission properties located on Wheeling Street, Washington, Pennsylvania. Interest is at prime plus .5% which was 3.75% at June 30, 2017. This loan was paid in full as part of the New Market Tax Credits Financing discussed in *Note 10*.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION

To the Board of Directors of
Washington City Mission

We have audited the consolidated financial statements of *Washington City Mission* and subsidiary as of and for the years ended June 30, 2017 and 2016, and our report thereon dated February 14, 2018, which expressed an unmodified opinion on those financial statements, appears on page 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating statements of financial position information and consolidating statements of activities information are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Houston & Associates, LLC

Washington, PA
February 14, 2018

WASHINGTON CITY MISSION

d/b/a City Mission

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION

JUNE 30, 2017

	Washington City Mission	WCM Real Estate NFP	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 355,867	\$ 5,169,180	\$ -	\$ 5,525,047
Accounts receivable	78,226	-	(35,180)	43,046
Grants receivable	1,268,155	-	-	1,268,155
Capital campaign pledges receivable, net	186,846	-	-	186,846
Insurance proceeds receivable	359,924	-	-	359,924
Prepaid expenses	67,572	-	-	67,572
Inventory	100,004	-	-	100,004
Land, building and equipment, net	2,030,623	6,753,200	-	8,783,823
New Market Tax Credit Financing (see Note 4)	8,619,100	-	-	8,619,100
Interest reserve	100,000	-	-	100,000
Loan origination fee	84,250	64,230	-	148,480
TOTAL ASSETS	\$ 13,250,567	\$ 11,986,610	\$ (35,180)	\$ 25,201,997
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 87,723	\$ 35,180	\$ (35,180)	\$ 87,723
Payroll and withholdings payable	28,105	-	-	28,105
New Market Tax Credit Financing (see Note 4)	-	12,760,000	-	12,760,000
Reinvestment Fund, Inc. notes payable (see Note 4)	5,300,000	-	-	5,300,000
Mortgage note payable	425,000	-	-	425,000
TOTAL LIABILITIES	5,840,828	12,795,180	(35,180)	18,600,828
NET ASSETS				
Unrestricted	5,710,937	(808,570)	-	4,902,367
Board designated	-	-	-	-
Temporarily restricted	1,698,802	-	-	1,698,802
TOTAL NET ASSETS	7,409,739	(808,570)	-	6,601,169
TOTAL LIABILITIES AND NET ASSETS	\$ 13,250,567	\$ 11,986,610	\$ (35,180)	\$ 25,201,997

See independent auditor's report on consolidating information

WASHINGTON CITY MISSION

d/b/a City Mission

CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION

JUNE 30, 2016

	Washington City Mission	WCM Real Estate NFP **	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 553,403	\$ -	\$ -	\$ 553,403
Accounts receivable	34,890	-	-	34,890
Grants receivable	1,266,000	-	-	1,266,000
Capital campaign pledges receivable, net	318,036	-	-	318,036
Insurance proceeds receivable	433,632	-	-	433,632
Prepaid expenses	51,201	-	-	51,201
Inventory	91,719	-	-	91,719
Land, building and equipment, net	6,907,855	-	-	6,907,855
TOTAL ASSETS	\$ 9,656,736	\$ -	\$ -	\$ 9,656,736
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 136,599	\$ -	\$ -	\$ 136,599
Construction contracts payable	764,705	-	-	764,705
Accrued expenses	6,937	-	-	6,937
Payroll and withholdings payable	30,441	-	-	30,441
Line of credit	1,127,305	-	-	1,127,305
Mortgage notes payable	1,516,858	-	-	1,516,858
TOTAL LIABILITIES	3,582,845	-	-	3,582,845
NET ASSETS				
Unrestricted	4,748,274	-	-	4,748,274
Board designated	45,252	-	-	45,252
Temporarily restricted	1,280,365	-	-	1,280,365
TOTAL NET ASSETS	6,073,891	-	-	6,073,891
TOTAL LIABILITIES AND NET ASSETS	\$ 9,656,736	\$ -	\$ -	\$ 9,656,736

** WCM Real Estate NFP was not formed until May 2017, presented for comparative purposes only

See independent auditor's report on consolidating information

WASHINGTON CITY MISSION

d/b/a City Mission

CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION

YEAR ENDED JUNE 30, 2017

	Washington City Mission	WCM Real Estate NFP	Eliminations	Consolidated
SUPPORT AND REVENUES				
Contributions	\$ 3,518,199	\$ -	\$ -	\$ 3,518,199
Capital campaign contributions	700,470	-	-	700,470
In-kind contributions	312,083	-	-	312,083
Grants	268,081	-	-	268,081
United Way allocation	106,748	-	-	106,748
Total contributions	<u>4,905,581</u>	<u>-</u>	<u>-</u>	<u>4,905,581</u>
Business operations	1,370,206	-	-	1,370,206
Special events (net)	116,601	-	-	116,601
Program fees	39,311	-	-	39,311
Miscellaneous income	58,877	-	(35,180)	23,697
Investment income	669	23,840	-	24,509
	<u>6,491,245</u>	<u>23,840</u>	<u>(35,180)</u>	<u>6,479,905</u>
EXPENSES:				
PROGRAM EXPENSES				
Mission operations	2,452,793	35,180	(35,180)	2,452,793
Business operations	1,889,794	-	-	1,889,794
	<u>4,342,587</u>	<u>35,180</u>	<u>(35,180)</u>	<u>4,342,587</u>
SUPPORTING SERVICES				
Management and general	676,018	85,540	-	761,558
Fundraising	904,680	-	-	904,680
	<u>1,580,698</u>	<u>85,540</u>	<u>-</u>	<u>1,666,238</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>567,960</u>	<u>(96,880)</u>	<u>-</u>	<u>471,080</u>
OTHER INCOME AND (EXPENSE)				
Loss on asset disposal	(311,346)	-	-	(311,346)
NMTC financing costs	-	(711,690)	-	(711,690)
Insurance proceeds	1,079,234	-	-	1,079,234
	<u>767,888</u>	<u>(711,690)</u>	<u>-</u>	<u>56,198</u>
CHANGE IN NET ASSETS	<u>1,335,848</u>	<u>(808,570)</u>	<u>-</u>	<u>527,278</u>
NET ASSETS - BEGINNING OF YEAR	<u>6,073,891</u>	<u>-</u>	<u>-</u>	<u>6,073,891</u>
NET ASSETS - END OF YEAR	<u>\$ 7,409,739</u>	<u>\$ (808,570)</u>	<u>\$ -</u>	<u>\$ 6,601,169</u>

See independent auditor's report on consolidating information

WASHINGTON CITY MISSION

d/b/a City Mission

CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION

YEAR ENDED JUNE 30, 2016

	Washington City Mission	WCM Real Estate NFP**	Eliminations	Consolidated
SUPPORT AND REVENUES				
Contributions	\$ 2,891,494	\$ -	\$ -	\$ 2,891,494
Capital campaign contributions	679,877	-	-	679,877
In-kind contributions	392,289	-	-	392,289
Grants	2,253,085	-	-	2,253,085
United Way allocation	104,417	-	-	104,417
Total contributions	<u>6,321,162</u>	<u>-</u>	<u>-</u>	<u>6,321,162</u>
Business operations	1,166,406	-	-	1,166,406
Special events (net)	99,230	-	-	99,230
Program fees	32,047	-	-	32,047
Miscellaneous income	46,916	-	-	46,916
Investment income	1,950	-	-	1,950
	<u>7,667,711</u>	<u>-</u>	<u>-</u>	<u>7,667,711</u>
EXPENSES:				
PROGRAM EXPENSES				
Mission operations	2,336,053	-	-	2,336,053
Business operations	1,368,825	-	-	1,368,825
	<u>3,704,878</u>	<u>-</u>	<u>-</u>	<u>3,704,878</u>
SUPPORTING SERVICES				
Management and general	588,713	-	-	588,713
Fundraising	935,766	-	-	935,766
	<u>1,524,479</u>	<u>-</u>	<u>-</u>	<u>1,524,479</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>2,438,354</u>	<u>-</u>	<u>-</u>	<u>2,438,354</u>
OTHER INCOME AND (EXPENSE)				
Loss on asset disposal	(17,344)	-	-	(17,344)
Insurance proceeds	992,456	-	-	992,456
	<u>975,112</u>	<u>-</u>	<u>-</u>	<u>975,112</u>
CHANGE IN NET ASSETS	<u>3,413,466</u>	<u>-</u>	<u>-</u>	<u>3,413,466</u>
NET ASSETS - BEGINNING OF YEAR	<u>2,660,425</u>	<u>-</u>	<u>-</u>	<u>2,660,425</u>
NET ASSETS - END OF YEAR	<u>\$ 6,073,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,073,891</u>

** WCM Real Estate NFP was not formed until May 2017, presented for comparative purposes only

See independent auditor's report on consolidating information