Helping Up Mission, Inc.
and Subsidiary

Audited Consolidated
Financial Statements

June 30, 2019 and 2018

Contents

FITZPATRICK, LEARY & SZARKO LLC
Certified Public Accountants and Business Advisors

Independent Auditor's Report

Board of Directors
Helping Up Mission, Inc. and Subsidiary
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Helping Up Mission, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated 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 consolidated 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 organization'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 organization'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.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helping Up Mission, Inc. and Subsidiary as of June 30, 2019 and 2018, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

September 24, 2019
Timonium, MD

Helping Up Mission, Inc. and Subsidiary

Consolidated Statements of Financial Position

June 30,	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,113,669	$ 771,387
Accounts receivable, net of allowance	335,614	193,264
Contributions receivable	172,930	-
Investments	2,259,308	3,069,730
Capital campaign pledges receivable	6,580,510	6,496,744
Operational pledges receivable	421,582	106,075
Prepaid expenses	69,510	59,836
Total current assets	10,953,123	10,697,036
Property and Equipment:		
Buildings and improvements	18,470,901	19,794,075
Furniture and equipment	1,437,300	1,419,503
Vehicles	218,062	237,736
Total	20,126,263	21,451,314
Less accumulated depreciation	5,300,960	4,755,105
	14,825,303	16,696,209
Land	770,700	770,700
Construction in progress	1,630,270	240,019
Net property and equipment	17,226,273	17,706,928
Other Assets:		
Restricted cash for building construction	29,093,672	5,454,832
Capital campaign pledges receivable - noncurrent	8,591,544	6,976,326
Operational pledges receivable - noncurrent	523,917	209,579
Deposits	2,900	2,800
Total other assets	38,212,033	12,643,537
Total Assets	$ 66,391,429	$ 41,047,501

The notes to consolidated financial statements are an integral part of these statements.

	2019	2018
Liabilities and Net Assets		
Current Liabilities:		
Current maturities of annuities payable	$ 4,850	$ 4,660
Accounts payable	393,451	356,110
Accrued expenses	224,607	189,303
Current lease liabilities	90,536	23,024
Total current liabilities	713,444	573,097
Long-Term Liabilities:		
Loans payable, net of current maturities	2,487,747	3,483,802
Annuities payable	33,543	38,393
Lease liabilities, net of current portion	65,450	-
Total long-term liabilities	2,586,740	3,522,195
Total liabilities	3,300,184	4,095,292
Net Assets:		
Without donor restrictions (Note 12)	15,143,719	17,174,305
With donor restrictions (Note 13)	47,947,526	19,777,904
Total net assets	63,091,245	36,952,209
Total Liabilities and Net Assets	$ 66,391,429	$ 41,047,501

The notes to consolidated financial statements are an integral part of these statements.

Helping Up Mission, Inc. and Subsidiary

Consolidated Statements of Activities

For the years ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Support:						
Contributions and gifts	$ 4,762,626	$ 696,645	$ 5,459,271	$ 4,743,112	$ 394,287	$ 5,137,399
In-kind donations	3,809,426	-	3,809,426	3,235,488	-	3,235,488
Operational pledges	463,894	375,951	839,845	-	315,654	315,654
Net assets released from restrictions	956,086	(956,086)	-	414,698	(414,698)	-
Total support	9,992,032	116,510	10,108,542	8,393,298	295,243	8,688,541
Revenue:						
Program fees	2,364,055	96,179	2,460,234	2,190,296	-	2,190,296
Government contracts	-	154,406	154,406	-	630,659	630,659
MRN client services	427,600	-	427,600	454,044	-	454,044
Rental income	46,589	-	46,589	58,178	-	58,178
Other income	24,976	86	25,062	15,554	-	15,554
Net assets released from restrictions	250,671	(250,671)	-	630,659	(630,659)	-
Total revenue	3,113,891	-	3,113,891	3,348,731	-	3,348,731
Total support and revenue	13,105,923	116,510	13,222,433	11,742,029	295,243	12,037,272
Functional Expenses:						
Program services	10,619,438	-	10,619,438	9,951,240	-	9,951,240
Administrative and general	584,618	-	584,618	587,904	-	587,904
Fundraising	1,944,848	-	1,944,848	1,954,696	-	1,954,696
Total functional expenses	13,148,904	-	13,148,904	12,493,840	-	12,493,840
(Decrease) increase in net assets from operations	(42,981)	116,510	73,529	(751,811)	295,243	(456,568)
Other Changes:						
Support:						
Capital campaign pledges and contributions, net	-	27,751,392	27,751,392	-	19,316,310	19,316,310
Kitchen renovations	-	-	-	-	1,600,000	1,600,000
Investment income	249,429	301,720	551,149	169,305	-	169,305
Loss on disposal of fixed assets	(2,236,434)	-	(2,236,434)	(4,340)	-	(4,340)
Uncollectible pledges	(600)	-	(600)	(7,180)	-	(7,180)
Net assets released from restrictions	-	-	-	2,664,578	(2,664,578)	-
Total other changes	(1,987,605)	28,053,112	26,065,507	2,822,363	18,251,732	21,074,095
(Decrease) increase in net assets	(2,030,586)	28,169,622	26,139,036	2,070,552	18,546,975	20,617,527
Net assets - beginning of year	17,174,305	19,777,904	36,952,209	15,103,753	1,230,929	16,334,682
Net assets - end of year	$ 15,143,719	$47,947,526	$ 63,091,245	$ 17,174,305	$19,777,904	$ 36,952,209

The notes to consolidated financial statements are an integral part of these statements.

Helping Up Mission, Inc. and Subsidiary

Consolidated Statements of Cash Flows

For the years ended June 30,	2019	2018
Cash flows from operating activities:		
Increase in net assets	$ 26,139,036	$ 20,617,527
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization of debt issuance costs included in interest expense	3,543	4,953
Depreciation	789,402	723,710
Donated securities	(409,755)	(280,358)
Realized gain on sale of investments	(62,005)	(259,333)
Unrealized loss (gain) on investments	(33,299)	262,439
Loss on disposal of property and equipment	2,236,434	4,340
New capital campaign pledges and capital campaign contributions, net	(28,590,637)	(19,243,556)
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(142,350)	(107,118)
Contributions receivable	(172,930)	200,000
Prepaid expenses	(9,674)	9,629
Deposits	(100)	-
(Decrease) increase in:		
Accounts payable	37,341	262,573
Accrued expenses	35,304	38,774
Lease liabilities	132,962	(6,135)
Net cash (used in) provided by operating activities	(46,728)	2,227,445
Cash flows from investing activities:		
Purchase of investments	(173,830)	(1,478,891)
Proceeds from sale of investments	1,489,311	2,115,315
Cash paid for purchase of property and equipment	(2,557,520)	(2,668,636)
Proceeds from sale of property and equipment	12,339	-
Net cash used in investing activities	(1,229,700)	(2,032,212)
Cash flows from financing activities:		
Payments received on capital campaign pledges and capital campaign contributions	26,261,808	5,454,832
Cash paid for loan acquisition costs	-	(17,752)
Repayments - long-term debt	(999,598)	(93,970)
Payments on annuities payable	(4,660)	(4,477)
Net cash provided by financing activities	25,257,550	5,338,633
Net increase in cash, cash equivalents and restricted cash	23,981,122	5,533,866
Cash, cash equivalents and restricted cash, beginning of year	6,226,219	692,353
Cash, cash equivalents and restricted cash, end of year	$ 30,207,341	$ 6,226,219

The notes to consolidated financial statements are an integral part of these statements.

Helping Up Mission, Inc. and Subsidiary

Consolidated Statements of Functional Expenses

For the year ended June 30, 2019 (with comparative totals for 2018)

	Program Services	Administrative and General	Fundraising	Total 2019	Total 2018
Annuity interest	$ -	$ 1,690	$ -	$ 1,690	$ 1,872
Bank fees	233	42,751	-	42,984	43,887
Banquet	130,709	-	-	130,709	142,694
Camps	86,027	-	-	86,027	80,570
Conference, seminars and meetings	12,601	19,713	15,372	47,686	46,551
Cultivation and acquisition	-	3,362	1,053,764	1,057,126	1,041,145
Depreciation	779,310	5,046	5,046	789,402	723,710
Equipment lease and maintenance	79,437	12,543	14,850	106,830	95,999
Kitchen	558,909	579	923	560,411	727,774
Housekeeping	84,027	-	-	84,027	76,540
Insurance	97,389	42,197	-	139,586	129,581
Interest	133,115	191	-	133,306	137,207
Memberships and subscriptions	6,513	10,853	5,111	22,477	21,502
MRN assistance to individuals	186,540	-	-	186,540	195,001
Newsletter expenses	118,357	-	-	118,357	120,676
Printing, postage and shipping	4,464	5,388	649	10,501	5,962
Professional and contractual services	172,181	75,318	119,180	366,679	432,760
Public awareness	1,689	-	63,584	65,273	72,502
Occupancy cost	169,306	5,327	-	174,633	170,279
Repairs and maintenance - building	214,558	85	1,578	216,221	289,807
Residents' assistance	253,090	-	-	253,090	227,614
Salaries and related expenses	3,104,012	336,985	631,488	4,072,485	3,804,226
Special events	-	3,434	14,226	17,660	32,685
Supplies	21,777	5,919	3,009	30,705	42,897
Telephone and communication	46,923	7,305	7,553	61,781	54,307
Travel and entertainment	8,371	3,500	6,025	17,896	26,061
Utilities	478,193	2,391	2,391	482,975	467,679
Vehicles	62,281	41	99	62,421	46,864
Subtotal	6,810,012	584,618	1,944,848	9,339,478	9,258,352
Non-cash distributions:					
Donated merchandise distribution	1,735,998	-	-	1,735,998	1,322,183
Donated professional services distribution	953,748	-	-	953,748	940,198
Donated food distribution	1,119,680	-	-	1,119,680	973,107
Subtotal - Non-cash distributions	3,809,426	-	-	3,809,426	3,235,488
Total functional expenses	$ 10,619,438	$ 584,618	$1,944,848	$13,148,904	$12,493,840

The notes to consolidated financial statements are an integral part of these statements.

Helping Up Mission, Inc. and Subsidiary

Consolidated Statements of Functional Expenses

For the year ended June 30, 2018

	Program Services	Administrative and General	Fundraising	2018
Annuity interest	$ -	$ 1,872	$ -	$ 1,872
Bank and investment fees	330	43,557	-	43,887
Banquet	134,499	-	8,195	142,694
Camps	80,570	-	-	80,570
Conference, seminars and meetings	14,301	17,656	14,594	46,551
Cultivation and acquisition	9,072	16,330	1,015,743	1,041,145
Depreciation	715,390	4,160	4,160	723,710
Equipment lease and maintenance	65,707	11,349	18,943	95,999
Kitchen	723,624	471	3,679	727,774
Housekeeping	76,540	-	-	76,540
Insurance	90,922	38,659	-	129,581
Interest	131,868	5,339	-	137,207
Memberships and subscriptions	7,274	10,391	3,837	21,502
MRN assistance to individuals	195,001	-	-	195,001
Newsletter expenses	120,676	-	-	120,676
Printing, postage and shipping	2,381	1,355	2,226	5,962
Professional and contractual services	141,862	102,456	188,442	432,760
Public awareness	-	-	72,502	72,502
Occupancy cost	170,279	-	-	170,279
Repairs and maintenance - building	289,698	27	82	289,807
Residents' assistance	227,614	-	-	227,614
Salaries and related expenses	2,926,696	311,688	565,842	3,804,226
Special events	2,540	933	29,212	32,685
Supplies	31,729	6,159	5,009	42,897
Telephone and communication	40,444	6,837	7,026	54,307
Travel and entertainment	6,604	6,459	12,998	26,061
Utilities	463,267	2,206	2,206	467,679
Vehicles	46,864	-	-	46,864
Subtotal	6,715,752	587,904	1,954,696	9,258,352
Non-cash distributions:				
Donated merchandise distribution	1,322,183	-	-	1,322,183
Donated professional services distribution	940,198	-	-	940,198
Donated food distribution	973,107	-	-	973,107
Subtotal - Non-cash distributions	3,235,488	-	-	3,235,488
Total functional expenses	$ 9,951,240	$ 587,904	$ 1,954,696	$ 12,493,840

The notes to consolidated financial statements are an integral part of these statements.

1. Nature of Operations

Helping Up Mission, Inc. is a non-profit organization whose purpose is to educate and engage the public in providing help for those experiencing homelessness, poverty or addiction through programs designed to meet unique physical, psychological, social and spiritual needs. The Organization operates primarily on funds received from the general public and program fees.

House of Freedom, Inc. is a non-profit organization whose purpose is to continue the work of Helping Up Mission, Inc. by providing transitional housing, supportive services, and other assistance to those who do not have permanent housing and are victims of substance abuse or the ill-effects of society in general in order to prepare them to become responsible and useful members of the community and society. The Organization operates primarily on funds received from the general public and program fees.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of Helping Up Mission, Inc. and Subsidiary include the accounts of Helping Up Mission, Inc. and House of Freedom, Inc., hereinafter collectively referred to as "the Organizations". Helping Up Mission, Inc. and House of Freedom, Inc. are governed by the same Board of Directors. All material inter-organization transactions and balances have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). As such, revenue is recorded when earned and expenses are recorded when an obligation is incurred.

Cash, Cash Equivalents and Restricted Cash

The Organizations consider all short-term investments with an original maturity of three months or less to be a cash equivalent. Restricted cash represents cash received with donor-imposed restrictions that limits the use of that cash to the payment of costs of constructing a new building used in future operations to support a women's and children's program.

The Organizations, at times throughout the year, have (or may have had) funds on deposit with a financial institution in excess of federally insured amounts. The Organizations have not experienced any losses on cash accounts and management believes they are not exposed to significant credit risk on cash. Total cash and cash equivalents that were not covered by Federal Deposit Insurance Corporation insurance at June 30, 2019 and 2018 was $29,896,333 and $5,864,288, respectively.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable, Credit Policies and Allowance for Doubtful Accounts

Accounts receivable are uncollateralized obligations due for program fees related to overnight boarding and transportation services provided to various partner organizations and other amounts billed for services provided to individuals under various programs. Payment is required within 30 days from the invoice date. Follow-up correspondence is made if unpaid accounts receivable go beyond 60 days. Statements for unpaid balances are not generated and delinquency fees are not assessed. Payments of accounts receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, are applied to the oldest unpaid invoices.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that may not be collected. Management individually reviews all accounts receivable balances that exceed the due date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful 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. Accounts receivable are deemed fully collectible at June 30, 2019 and 2018, and therefore, the Organizations have not established an allowance for doubtful accounts. There was no bad debt expense related to accounts receivable for the years ended June 30, 2019 and 2018.

Contributions Receivable

Contributions receivable represents unconditional promises to give to be collected within the next year and are recorded in the year the promise is made. Contributions receivable are considered fully collectible at June 30, 2019 and 2018 and accordingly, no allowance for doubtful accounts is required.

Property and Equipment and Depreciation

Property and equipment are stated at cost if purchased, or fair market value if obtained through donation. The Organizations capitalize expenditures greater than or equal to $2,500 that qualify as property and equipment. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	7 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	3 - 10 years

Depreciation expense was $789,402 and $723,710 for the years ended June 30, 2019 and 2018, respectively.

2. Summary of Significant Accounting Policies (continued)

Investments

Investment securities are carried at fair value based on quoted market prices. The change in net unrealized appreciation (depreciation) of marketable securities for the year is reflected in the Statements of Activities in “investment income.” Realized gains and losses on sales of investments are computed on an average cost basis and are recorded on the trade date of the transaction and are also included in “investment income.” Investment expenses, such as custodial, commission, and investment advisory fees, are netted against investment income in the Statements of Activities.

Financial Risk

The Organizations invest in a portfolio that contains mutual funds and common stocks. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Fair Value Measurements

The Organizations have characterized its investments and other assets based on the priority of inputs using the three-level fair value hierarchy in accordance with the provisions under generally accepted accounting principles. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investments. Investments and other assets recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

Level 1 - These are assets where values are based on unadjusted quoted prices for identical assets in the active market the Organizations have the ability to access. All mutual funds and common stocks held by the Organizations are considered to be level 1.

Level 2 - These are assets where values are based upon quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. The Organizations currently have no level 2 assets.

Level 3 - These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. Capital campaign pledges receivable and operational pledges receivable are considered to be level 3.

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Estimated fair value amounts have been determined using available market information and the valuation methodologies described below. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts the Organizations could realize in a current market. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

The carrying amounts of current receivables and payables approximate fair value due to the short-term nature of these assets.

Deferred Lease Liabilities

The Organizations recognize rental expense for leases with scheduled rent increases on the straight-line basis over the life of the lease. On certain leases, the Organizations receive improvement allowances to partially offset the cost of the build-out of the new space. These improvement allowances are amortized through rental income over the life of the lease.

Basis of Presentation

The Organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets without donor restrictions are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes (Note 12).

Net assets with donor restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organizations report contributions and grants as revenue with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. The Organization had net assets with donor restrictions totaling $47,947,526 and $19,777,904 at June 30, 2019 and 2018, respectively (Note 13).

2. Summary of Significant Accounting Policies (continued)

Contributions, Pledges and Grants

The Organizations recognize contributions, pledges and grants received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and reclassified as net assets released from restrictions in the same year. Promises to give that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the years ended June 30, 2019 and 2018.

Donated Materials and Services

In-kind donations consist of donated food, supplies, merchandise and professional services. Members of the Board of Directors and others have made significant contributions of their time and talents in development of the programs and fundraising operations of the Organizations. These services include medical care, counseling, education, legal and income tax preparation. These donations are recorded at their estimated fair value at the date of receipt. Donated food and merchandise distributions and professional service distribution equal the value of the donations. These expenses are recorded at the date of receipt due to the rapid turnover of donated items.

Income Taxes

The Organizations are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in these financial statements.

The Organizations account for income tax provisions in accordance with Financial Accounting Standards Board Accounting Standards Concept Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Organizations believe that its income tax filing positions and deductions will be sustained upon examination and, accordingly, have not recorded any reserves, or related accruals for interest and penalties, at June 30, 2019 and 2018 for uncertain income tax positions. The Organizations continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organizations have adopted a policy under which, if required to be recognized in the future, will classify interest related to the underpayment of income taxes as a component of interest expense, and will classify any related penalties in administrative and general expenses in the Consolidated Statements of Functional Expenses and Consolidated Statements of Activities. With few exceptions, the Organizations are no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years ending before June 30, 2016.

2. Summary of Significant Accounting Policies (continued)

Advertising

The Organizations expense advertising costs the first time the advertising takes place. The amounts charged to advertising expense totaled $49,658 and $55,792 for the years ended June 30, 2019 and 2018, respectively. Advertising expense is included in "public awareness" in the Consolidated Statements of Functional Expenses.

Functional Allocation of Expenses

The Statements of Functional Expenses present expenses by function and natural classification. The functional classification of expenses includes the following:

Program activities
Program activities are direct and indirect costs related to providing the Organizations programs and services. These expenses relate directly to the purpose for which the Organizations exist.

General and Administrative
The supporting service category includes general and administrative costs necessary to secure proper administrative function of the governing board, maintain an adequate working environment, and manage the financial responsibilities of the Organizations.

Fundraising
The supporting service category also includes expenditures which provide the structure necessary to encourage and secure outside financial support for the Organization's operations and special projects.

Expenses are charged to each functional classification based on direct expenditures incurred. Indirect expenses are allocated to the various programs and supporting services based on an allocation formula and in accordance with the various grant agreements. Certain costs have been allocated between program and supporting services based on the proportion of program-related salaries and benefits to total salaries and benefits.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts from 2018 have been reclassified to conform to the 2019 presentation. These reclassifications had no change on previously reported net assets.

Accounting Pronouncement Adopted

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic* 958) - *Presentation of Financial Statements of Not-for-Profit Entities.* The Organizations implemented this ASU during the year ended June 30, 2019 and have adjusted the presentation of their financial statements accordingly, applying the changes retrospectively to the comparative period presented. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: 1) requiring the presentation of only two net asset classes now entitled "net assets with donor restrictions" and "net assets without donor restrictions," 2) modifying the presentation of underwater endowment funds and related disclosures, 3) requiring the use of the place in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, 4) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs 5) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, 6) presenting investment return net of external and direct internal investment expenses and, 7) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Certain amounts from the prior year financial statements have been reclassified for comparative purposes to confirm with the presentation in the current-year financial statements.

3. Cash, Cash Equivalents and Restricted Cash

During the year ended June 30, 2018, the Organizations implemented the requirements of *ASU 2016-18, Statement of Cash Flows: Restricted Cash*, which requires that restricted cash and cash equivalents be included in the total cash and cash equivalents at the beginning and end of the period for which changes are shown in the statement of cash flows. Cash, cash equivalents and restricted cash consist of the following at June 30:

	2019	2018
Cash and cash equivalents	$ 1,113,669	$ 771,387
Restricted cash	29,093,672	5,454,832
Cash, cash equivalents, and restricted cash shown on in the statement of cash flows	$ 30,207,341	$ 6,226,219

4. Capital Campaign Pledges Receivable

Helping Up Mission, Inc. is conducting a capital campaign to raise funds to support the construction of a new building to be used in future operations to support a women's and children's program. The capital campaign pledges are payable over a one to five year period. The total amount expected to be received at June 30, 2019 and 2018 was recorded at the present value of the expected future cash flows discounted at 3.90% and 3.70%, respectively.

Capital campaign pledges receivable consist of the following at June 30:

	2019	2018
Capital campaign pledges receivable	$ 16,191,155	$ 14,355,098
Less: unamortized discount	(1,019,101)	(882,028)
Total	$ 15,172,054	$ 13,473,070

The total of capital campaign pledges receivable is reflected in the Consolidated Statements of Financial Position as follows at June 30:

	2019	2018
Capital campaign pledges receivables - current	$ 6,580,510	$ 6,496,744
Capital campaign pledges receivables - noncurrent	8,591,544	6,976,326
	$ 15,172,054	$ 13,473,070
Amounts due in:		
Less than one year	$ 6,836,821	$ 6,737,123
One to five years	9,354,334	7,617,975
Total	$ 16,191,155	$ 14,355,098

Management evaluates the collectability of capital campaign pledges receivable based on payment patterns and continued correspondence with donors. During the years ended June 30, 2019 and 2018, capital campaign pledges totaling $600 and $7,180, respectively, were considered uncollectible by management. This amount was included under other changes as "uncollectible pledges" in the accompanying Consolidated Statements of Activities for the years ended June 30, 2019 and 2018, respectively.

5. Operational Pledges Receivable

From time to time, the Organizations receive pledges to support various operational activities. The operational pledges are payable over a one to five year period. The total amount expected to be received at June 30, 2019 and 2018 was recorded at the present value of the expected future cash flows discounted at 3.90% and 3.70%, respectively.

Operational pledges receivable consist of the following at June 30:

	2019	2018
Operational pledges receivable	$ 1,015,000	$ 340,000
Less: unamortized discount	(69,501)	(24,346)
Total	$ 945,499	$ 315,654

The total of capital campaign pledges receivable is reflected in the Consolidated Statements of Financial Position as follows at June 30:

	2019	2018
Operational pledges receivables - current	$ 421,582	$ 106,075
Operational pledges receivables - noncurrent	523,917	209,579
	$ 945,499	$ 315,654
Amounts due in:		
Less than one year	$ 438,000	$ 110,000
One to five years	577,000	230,000
Total	$ 1,015,000	$ 340,000

Management evaluates the collectability of operational pledges receivable based on payment patterns and continued correspondence with donors. All operational pledges receivable are considered fully collectible at June 30, 2019 and 2018.

6. Investments

Investments are recorded at fair value and consist of the following at June 30:

2019	Cost	Net Unrealized Appreciation (Depreciation)	Fair Value
Mutual funds	$1,972,537	$ 266,927	$ 2,239,464
Common stocks	20,822	(978)	19,844
	$1,993,359	$ 265,949	$ 2,259,308

2018	Cost	Net-Unrealized Appreciation	Fair Value
Mutual funds	$2,837,080	$ 232,650	$ 3,069,730

The following schedule summarizes investment return and its classification in the Statements of Activities for the years ended June 30:

2019	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 154,125	$ 301,720	$ 455,845
Gain on sale of investments	62,005	-	62,005
Change in unrealized appreciation (depreciation) on investments	33,299	-	33,299
Total return on investments	$ 249,429	$ 301,720	$ 551,149

2018	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 172,411	$ -	$ 172,411
Gain on sale of investments	259,333	-	259,333
Change in unrealized appreciation (depreciation) on investments	(262,439)	-	(262,439)
Total return on investments	$ 169,305	$ -	$ 169,305

6. Investments (continued)

Investment fees are netted with interest and dividends for the years ended June 30, 2019 and 2018.

An investment may be considered to be impaired if its cost basis exceeds its fair value thus resulting in unrealized depreciation. Investments are reported at their fair market value, thus any impairment losses have already been recognized through unrealized gains or losses in the Consolidated Statements of Activities. Management considers any investment portfolio losses to be temporary.

Investments included in the portfolio that have been in a continuous loss position are as follows at June 30, 2019:

	Less than 12 months	
	Fair Value	Unrealized Losses
Mutual funds	$ 324,378	$ 6,123
Common stocks	19,844	978
Total	$ 344,222	$ 7,101

	More than 12 months	
	Fair Value	Unrealized Losses
Mutual funds	$ 198,769	$ 5,157

7. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 2)	Significant Unobservable Inputs (Level 3)
2019				
Mutual funds	$ 2,239,464	$ 2,239,464	$ -	$ -
Stocks	19,844	19,844	-	-
Total investments	$ 2,259,308	$ 2,259,308	$ -	$ -
Capital campaign pledges receivable	$ 15,172,054	$ -	$ -	$ 15,172,054
Operational pledges receivable	$ 945,499	$ -	$ -	$ 945,499
2018				
Mutual funds	$ 3,069,730	$ 3,069,730	$ -	$ -
Capital campaign pledges receivable	$ 13,473,070	$ -	$ -	$ 13,473,070
Operational pledges receivable	$ 315,654	$ -	$ -	$ 315,654

Capital campaign pledges receivable are recorded at the present value of the expected future cash flows discounted at 3.90% and 3.70% for the years ended June 30, 2019 and 2018, respectively. The following table presents information about the change in capital campaign pledges receivable (level 3 asset), which are measured at fair value on a recurring basis using significant unobservable inputs:

7. Fair Value Measurements (continued)

Balance at July 1, 2017	$	-
New capital campaign pledges		19,817,110
Receipts from capital campaign pledges		(5,454,832)
Uncollectible capital campaign pledges		(7,180)
Discount on capital campaign pledges receivable		(882,028)
Balance at June 30, 2018	$	13,473,070
New capital campaign pledges		8,617,130
Receipts from capital campaign pledges		(6,780,473)
Uncollectible capital campaign pledges		(600)
Change in discount on capital campaign pledges receivable		(137,073)
Balance at June 30, 2019		15,172,054

Operational pledges receivable are recorded at the present value of the expected future cash flows discounted at 3.90% and 3.70% for the years ended June 30, 2019 and 2018, respectively. The following table presents information about the changes in operational pledges receivable (level 3 asset), which are measured at fair value on a recurring basis using significant unobservable inputs:

Balance at July 1, 2017	$	-
New operational pledges		550,000
Receipts from operational pledges		(210,000)
Uncollectible operational pledges		-
Discount on operational pledges receivable		(24,346)
Balance at June 30, 2018	$	315,654
New operational pledges		885,000
Receipts from operational pledges		(210,000)
Uncollectible operational pledges		-
Change in discount on operational pledges receivable		(45,155)
Balance at June 30, 2019		945,499

8. Lines of Credit

Helping Up Mission, Inc. had an equipment line of credit authorized to $100,000. Draws under this line were to be supported by individual notes for a term not to exceed 60 months and bear interest at 275 basis points over the U.S. Treasury rate when they became notes. There were no equipment loans outstanding as of June 30, 2019 or 2018. This line of credit was closed on July 18, 2019.

Helping Up Mission, Inc. has an available line of credit authorized up to $500,000 with interest computed on the aggregate unpaid balance based on the prime rate as published in the money rates section of the Wall Street Journal. The balance outstanding on the line of credit was $-0- at June 30, 2019 and 2018. The line of credit is secured by certain real property and House of Freedom, Inc. is a guarantor. The line of credit contains certain financial covenants which were met at June 30, 2019 and 2018.

9. Long-Term Debt

In March 2017, Helping Up Mission entered into a loan agreement with a bank for $1,000,000. The loan required payments of interest only through the maturity date of March 20, 2020, with interest computed on the aggregate unpaid balance based on the LIBOR daily floating rate plus 2%. The loan was secured by property at 1216 E. Baltimore Street. The balance of the loan was repaid in full during the year ended June 30, 2019. The outstanding balance on the loan was $-0- and $999,598 at June 30, 2019 and 2018, respectively.

In December 2017, Helping Up Mission entered into a loan agreement with a bank for $2,500,000. The loan requires payments of interest only through the maturity date of December 12, 2022, with interest computed on the aggregate unpaid balance based on the LIBOR daily floating rate plus 1.5% (3.90% at June 30, 2019). The loan is secured by property at 1017 E. Baltimore Street and $1,200,000 of marketable securities held with the bank are also pledged as collateral. The loan is guaranteed by House of Freedom, Inc. The balance outstanding on the loan was $2,500,000 at June 30, 2019 and 2018, respectively.

The above loans contain certain financial covenants which were met as of June 30, 2019 and 2018, respectively.

A summary of long-term debt at June 30, 2019 and 2018 consists of the following:

	2019	2018
Total long-term debt related to above loans	$ 2,500,000	$ 3,499,598
Less: Unamortized debt issuance costs	12,253	15,796
Long-term debt, less unamortized debt issuance costs	2,487,747	3,483,802
Less: current portion of long-term debt	-	-
Total long-term debt, less current portion	$ 2,487,747	$ 3,483,802

9. Long-Term Debt (continued)

Future minimum principal payments for long-term debt include one lump sum payment due in December 2022 totaling $2,500,000.

Consolidated interest expense on the long-term debt and lines of credit (including amortization of loan issuance costs reported as interest expense) was $133,306 and $137,207 for the years ended June 30, 2019 and 2018, respectively on this debt.

10. Annuities Payable

Helping Up Mission, Inc. currently has three agreements to provide periodic payments to one individual during the remainder of her life in return for a charitable gift to Helping Up Mission, Inc. The aggregate annual estimated payments on the annuity obligations at June 30, 2019 and 2018 are $38,393 and $43,053, respectively, based on IRS life expectancy tables. Helping Up Mission, Inc. reviews the life expectancy tables published by the IRS annually and records any material changes in the projected liability as a charge to the change in value of the annuity payable. At June 30, 2019 and 2018, the liability based on updated IRS life expectancy tables did not differ materially from what was recorded and no adjustment was made. A portion of the gift represents an obligation by Helping Up Mission, Inc. to make the annual payments (recorded at present value based on the donor's life expectancy and market interest rates, which are currently 4%) and the remainder represents a contribution. At June 30, 2019 and 2018, Helping Up Mission, Inc. has sufficient reserves to fund these obligations.

Interest expense related to annuities payable totaled $1,690 and $1,872 for the years ended June 30, 2019 and 2018, respectively. Future estimated minimum principal payments for the remaining annuities are as follows:

Years Ending June 30,	Amount
2020	$ 4,850
2021	5,048
2022	5,254
2023	5,468
2024	5,691
Thereafter	12,082
Total	$ 38,393

11. Lease Liabilities

The Organizations recognize rental expense for leases with scheduled rent increases over the life of the lease using the straight line method. The difference between the actual rent payments and rent expense calculated using the straight line method represents a lease liability. Additionally, Helping Up Mission received a reimbursement for leasehold improvements made to 1017 E. Baltimore Street on behalf of a new tenant during the year ended June 30, 2019. This improvement reimbursement is recorded as a liability and amortized to offset rental income over the estimated life of the related lease, which is two years and two months.

A summary of lease liabilities is as follows at June 30:

	2019	2018
Straight line rent adjustments	$ 24,906	$ 23,024
Lease incentive reimbursement	131,080	-
Total	155,986	23,024
Less: current lease liabilities	90,536	23,024
Long-term lease liabilities	$ 65,450	$ -

12. Net Assets Without Donor Restrictions

The Organizations' net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes at June 30:

	2019	2018
Undesignated	$ 14,943,719	$ 16,374,305
Board designated for capital needs	200,000	800,000
Total net assets without donor restrictions	$ 15,143,719	$ 17,174,305

13. Net assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2019	2018
Art fund	$ -	$ 1,417
Camps	43,234	18,524
Chapel renovations	10,882	8,238
Continuing education	-	187
Cornerstone	8,635	12,433
Dental services	82,167	-
Eye care	1,274	2,500
Foot care	-	191
"Inspiring Hope" capital campaign fund - women's and children's program	47,151,642	19,074,785
Library fund	15,438	17,863
Peer support	51,667	-
Program retreats	51,516	49,272
Psychiatric services	-	61,965
Spiritual recovery & alumni	-	10,800
Stabilization project	-	7,500
Truck fund	6,630	17,719
Volunteer coordinator	100,000	-
Women's center	424,441	494,510
Total net assets with donor restrictions	$ 47,947,526	$ 19,777,904

14. Program Fees

Program fees consist of the following for the years ended June 30:

	2019	2018
Lodging	$1,747,184	$ 1,586,020
Food stamps	418,604	377,615
Temporary disability assistance	294,446	226,661
	$2,460,234	$ 2,190,296

15. Rental Income

A small portion of Helping Up Mission, Inc. and Subsidiaries' office space at 1017 and 1029 E. Baltimore Street is leased to outside tenants under non-cancelable operating leases. Two leases have automatic one-year renewals unless written notice is provided to the other party ninety days before the renewal date. The consolidated monthly rental payments under these two leases total $2,363.

In April 2019, Helping Up Mission entered into a new lease agreement to provide certain facilities, equipment and administrative services for the operation of a primary care medical center in 1017 E. Baltimore Street. The lease has a term of two years and provides for base monthly rentals to be received in the amount of $6,036 throughout the life of the lease. As part of the lease agreement, the tenant has reimbursed Helping Up Mission for a total of $143,621 of leasehold improvements, which are being amortized over the lease term (See Note 11). The lease is subject to yearly renewals.

Future minimum rental income due under the lease agreements totals $74,926 for the year ending June 30, 2020 and $72,426 for the year ending June 30, 2021.

Rental income totaled $46,589 and $58,178 for the years ended June 30, 2019 and 2018, respectively. The cost of the buildings was $8,873,424 and $8,445,847 at June 30, 2019 and 2018, respectively and accumulated depreciation totaled $1,912,732 and $1,688,609 at June 30, 2019 and 2018, respectively. The portion of the building being rented is diminutive.

16. Commitments

<u>Operating Leases</u>

Helping Up Mission, Inc. entered into an operating lease agreement in April of 2015 for various office equipment. The lease had a term of five years and provided for base monthly rentals of $2,658. In December 2017, the lease was renegotiated and extended for an additional five years, expiring in December 2022. The lease provides for base monthly rentals of $2,971, with certain provisions for additional amounts due depending on total usage of the associated equipment.

Total payments under this equipment lease for the years ended June 30, 2019 and 2018 were $68,320 and $59,855, respectively. These amounts have been included in “equipment lease and maintenance” in the accompanying Consolidated Statements of Functional Expenses.

Helping Up Mission, Inc. has an operating lease agreement for a townhouse in Baltimore City for the “3/4 Housing Program”. The program provides for Helping Up Mission, Inc. to lease the townhouse from the landlord and in turn, offer it to program graduates who live independently. This is a 60-month lease, expiring in February 2020. Annual lease payments total $44,400 in year one, followed by varying annual lease payments based on a lump sum payable at the beginning of each lease year and subsequent monthly payments as determined by the lease agreement. The lease contains an option to renew for a period of up to five years.

16. Commitments (continued)

Operating Leases (continued)

Helping Up Mission, Inc. also has an operating lease agreement for another townhouse in Baltimore City for the "3/4 Housing Program". This is a 60-month lease, expiring in April 2020. Annual lease payments total $34,100 in year one, followed by varying annual lease payments based on a lump sum payable at the beginning of each lease year and subsequent monthly payments as determined by the lease agreement. The lease contains an option to renew for a period of up to five years.

Helping Up Mission, Inc. entered into an operating lease agreement in March 2016 in Baltimore City for a nearby office building for additional office space. This is a 60-month lease, expiring in May 2020. Under the terms of the lease agreement, Helping Up Mission, Inc. received one year of free rent, followed by base monthly rent payments of $2,800, with escalation provisions at 3% per year thereafter.

Helping Up Mission, Inc. entered into an operating lease agreement in November 2016 for a nearby property to be used as a day shelter for a women's program. This was a one-year lease, expiring in October 2017. During the year ended June 30, 2018, the lease was renegotiated and extended for seven years, expiring October 2024. During the year ended June 30, 2019, the lease was renegotiated again and extended for an additional seven years, expiring in October 2031. Base monthly rent under this lease agreement is $4,500 throughout the life of the lease. The lease agreement includes a reimbursement credit for capital improvements paid each month to Helping Up Mission, Inc. totaling $2,380 through October 2024.

Helping Up Mission, Inc. entered into an operating lease agreement in May 2017 for a nearby delicatessen to be used as a temporary kitchen facility during kitchen renovations on the main campus. Base monthly rent under the lease agreement was $3,750. The lease expired in December 2017. Upon expiration, the lease continues on a month-to-month basis under reduced terms at base monthly rent of $1,000.

Helping Up Mission, Inc. entered into an operating lease agreement in January 2019 for another townhouse in Baltimore city for the "3/4 Housing Program". This is an 18-month lease, expiring in June 2020. Base monthly rent under the lease agreement is $2,850 throughout the life of the lease. The lease contains an option to renew for a period of up to five years.

Total payments under these lease arrangements for the years ended June 30, 2019 and 2018 were $174,633 and $170,279, respectively, and are included in "occupancy cost" in the accompanying Consolidated Statements of Functional Expenses.

16. Commitments (continued)

Operating Leases (continued)

The aggregate minimum future rental payments under operating leases are as follows:

Years Ending June 30,	Amount
2020	$ 192,259
2021	95,780
2022	62,124
2023	43,782
2024	25,440
Thereafter	386,480
Total	$ 805,865

Accumulated Vacation

Employees of Helping Up Mission, Inc. earn a vested right to compensation for unused vacation. Accordingly, Helping Up Mission, Inc. has made an accrual for vacation compensation that employees have earned but not taken. Accrued vacation totaled $178,961 and $184,787 at June 30, 2019 and 2018, respectively, and is included in the balance of "accrued expenses" on the Consolidated Statements of Financial Position.

Grant Commitments

In June 2006, Helping Up Mission, Inc. was awarded a conditional promise to give from FHLBank Atlanta, a Federal Home Loan Bank, in the amount of $500,000. The grant was to be used to support capital costs for the renovations to 1023 East Baltimore Street and provide additional beds for emergency shelter for homeless men in Baltimore City. Helping Up Mission, Inc. met all the requirements under this grant agreement and the grant was recognized as revenue in years prior to June 30, 2019. The grant must be repaid if Helping Up Mission, Inc. is not in compliance with the terms of the application, which includes the use of the building for the services noted above for a period of fifteen years, expiring in 2021.

In December 2006, Helping Up Mission, Inc. was awarded a grant from the State of Maryland, Board of Public Works for an amount not to exceed $200,000, provided Helping Up Mission, Inc. meets certain matching requirements. The grant was recognized as revenue in full in years prior to June 30, 2019. The grant is to be used for the construction, repair and renovation of 1031 East Baltimore Street. Under the terms of the agreement, Helping Up Mission, Inc. may not sell, lease, exchange or give away any interest in the real or personal property acquired with the grant funds without prior written consent of the Board of Public Works. If the Board of Public Works permits the transfer or disposition, Helping Up Mission, Inc. may be required to repay the State the percentage of the proceeds allocable to the grant.

16. Commitments (continued)

Grant Commitments (continued)

In August 2007, Helping Up Mission, Inc. was awarded a conditional promise to give from The Harry and Jeanette Weinberg Foundation in the amount of $1,500,000. The grant is to be used to support capital costs for the renovations to buildings which serve as emergency shelter, transitional housing, and school for homeless men in Baltimore City. All conditions were met and the entire amount of the grant was recognized as revenue in years prior to June 30, 2019. Under the terms of the grant agreement, Helping Up Mission, Inc. must have prior approval from The Harry and Jeanette Weinberg Foundation to sell or transfer ownership of the property through the year 2031. The proceeds received from any sale must be used for the construction or purchase of a replacement property.

In December 2008, Helping Up Mission, Inc. was awarded a conditional promise to give from FHLBank Atlanta, a Federal Home Loan Bank, in the amount of $1,000,000. The grant was to be used to support capital costs for the renovations to 1029 East Baltimore Street which will house a new chapel, overnight emergency services with beds for 60 men, classrooms and a library for homeless men in Baltimore City. The grant provides for payment in full on the conditions that the Organization complete construction at 1029 E. Baltimore Street and that 100% of ownership units and 75% of the assisted rental units must be occupied. Helping Up Mission, Inc. met all the requirements under this grant agreement and the grant was recognized as revenue in years prior to June 30, 2019. The grant must be repaid if Helping Up Mission, Inc. is not in compliance with the terms of the application, which includes the use of the building for the services noted above for a period of fifteen years, expiring in 2026.

In December 2010, Helping Up Mission, Inc. was awarded a conditional promise to give from FHLBank Atlanta in the amount of $1,000,000. The grant is to be used to support capital costs for the renovations to 1031 East Baltimore Street. The grant provides for payment in full on the conditions that the Organization complete construction at 1031 E. Baltimore Street and that 100% of ownership units and 75% of the assisted rental units must be occupied. Helping Up Mission, Inc. met all the requirements under this grant agreement and the grant was recognized as revenue in years prior to June 30, 2019. The grant must be repaid if Helping Up Mission, Inc. is not in compliance with the terms of the application, which includes the use of the building for the services noted above for a period of fifteen years, expiring in 2028.

In September 2011, House of Freedom, Inc. was awarded a grant from The Department of Housing and Community Development in the amount of $740,838. The grant was recognized as revenue in full in years prior to June 30, 2019. The grant is to be used for the construction, repair, renovation and capital equipping of 1031 East Baltimore Street. The Organizations must use this building as a shelter, transitional or other housing facility for the homeless, for a period of not less than fifteen years, expiring in 2027. If the properties are sold, transferred, or not used for the specified purpose prior to the year 2027, House of Freedom, Inc. must repay the grant in full.

16. Commitments (continued)

Grant Commitments (continued)

In July 2017, House of Freedom, Inc. was awarded a grant from The Maryland Department of Housing and Community Development in the amount of $1,400,000. The grant was recognized as revenue in full during the year ended June 30, 2019. The grant is to be used for the rehabilitation of the commercial kitchen and dining hall located at 1023 E. Baltimore Street. The Organizations must use this building as a shelter, transitional or other housing facility for the homeless, for a period of not less than fifteen years, expiring in 2032. If the properties are sold, transferred, or not used for the specified purpose prior to the year 2032, House of Freedom, Inc. must repay the grant in full.

17. Liquidity and Availability of Resources

The Organizations' financial assets available within one year of the Statements of Financial Position date for general expenditures are as follows at June 30:

	2019	2018
Financial assets available within one year:		
Cash and cash equivalents	$ 1,113,669	$ 771,387
Accounts receivable, net of allowance	335,614	193,264
Contributions receivable	172,930	-
Investments	2,259,308	3,069,730
Capital campaign pledges receivable	6,580,510	6,496,744
Operational pledges receivable	421,582	106,075
Total financial assets available within one year	10,883,613	10,637,200
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	7,078,771	6,506,568
Investments pledged as collateral	1,200,000	1,200,000
Less: Amounts unavailable to management without Board's approval:		
Board designated for capital needs	200,000	800,000
Total financial assets available to management for general expenditures within one year	$ 2,404,842	$ 2,130,632

17. Liquidity and Availability of Resources (continued)

Liquidity Management

The Organizations maintain a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organizations have a committed line of credit of $500,000 which it could draw upon. Additionally, the Organizations have Board Designated net assets without donor restrictions, that, while the Organizations do not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

18. Retirement Plan

Helping Up Mission, Inc. sponsors and contributes to an employee SIMPLE IRA plan. Contributions to this Plan totaled $61,125 and $60,800 for the years ended June 30, 2019 and 2018, respectively.

19. Supplemental Disclosure of Cash Flow Information

Cash paid for interest totaled $133,306 and $134,126 for the years ended June 30, 2019 and 2018, respectively. In addition, during the year ended June 30, 2018, principal repayments under loan agreements totaling $2,500,000 were financed through new debt acquisition.

20. Concentration

During the year ended June 30, 2019 one donor contributed $18,000,000 to the "Inspiring Hope" capital campaign fund - women's and children's program. This contribution represents approximately 65% of the capital campaign pledges and contributions recognized for the year ended June 30, 2019.

21. Recently Issued Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers (Topic 606)”. The core principle of this standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The FASB issued four additional standards that amended and/or clarified certain guidance and provisions in ASU 2014-09, all of which are effective for the Organization July 1, 2019. The Organization is currently evaluating the impact on its financial statements as a result of the adoption of these new standards.

21. Recently Issued Accounting Standards (continued)

Grants and Contracts - Not-for-Profit Entities

In June 2018, the FASB issued ASU 2018-08, "Not-for-Profit Entities" to clarify the scope and accounting guidance for contributions received and made. The purpose of this guidance is to assist entities in (1) evaluating whether transactions should be accounted for as contributions that fall within the scope of ASU 2018-08 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The guidance specifies that a benefit received by the public as a result of a grant between the grantor and grantee is not equivalent to commensurate value received by the grantee, and as such, many of these agreements will be considered a contribution to the Organization rather than an exchange transaction. The new standard will be effective for the Organization July 1, 2019, and the Organization is currently evaluating the effect this accounting standard may have on its financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, “Leases”. Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective for the Organization July 1, 2020, and the Organization is currently evaluating the effect this accounting standard may have on its financial statements.

22. Subsequent Events

Subsequent to year-end, the Organizations entered into a guaranteed maximum price construction contract totaling $40,377,690 with The Whiting-Turner Contracting Company to build a new women's and children's facility.

Subsequent events were evaluated for disclosure through September 24, 2019, the date the financial statements were available to be issued. There were no other subsequent events requiring disclosure.