The Mission Continues

Financial Statements

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Mission Continues
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of The Mission Continues ("TMC"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mission Continues as of December 31, 2022 and 2021, 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.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Mission Continues and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the TMC has adopted FASB Topic 842, *Leases*, as of January 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Mission Continues's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Mission Continues's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Armanino LLP

Armanino LLP
St. Louis, Missouri

June 22, 2023

The Mission Continues
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 1,685,508	$ 4,936,706
Certificates of deposit	531,598	529,000
Investments, at fair value	11,945,548	2,375,540
Promises to give, net	2,505,945	2,355,931
ERC receivable	775,271	-
Prepaid and other current assets	253,343	202,911
Property and equipment, net	775	10,678
Right-of-use asset	148,061	-
Total assets	$ 17,846,049	$ 10,410,766
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 334,260	$ 333,523
Accrued expenses	390,668	356,733
Operating lease liability	133,798	-
Total liabilities	858,726	690,256
Net assets		
Without donor restrictions	10,980,145	3,615,801
With donor restrictions	6,007,178	6,104,709
Total net assets	16,987,323	9,720,510
Total liabilities and net assets	$ 17,846,049	$ 10,410,766

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

The Mission Continues
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Public support	$ 11,714,787	$ 5,977,633	$ 17,692,420
Other in-kind goods and services	10,400	-	10,400
Other revenue	87,472	-	87,472
Net assets released from restriction	6,075,164	(6,075,164)	-
Total revenues and support	17,887,823	(97,531)	17,790,292
Functional expenses			
Program services	8,183,131	-	8,183,131
Fundraising	1,007,616	-	1,007,616
Administrative & General Operations	2,108,003	-	2,108,003
Total functional expenses	11,298,750	-	11,298,750
Change in net assets from operations	6,589,073	(97,531)	6,491,542
Non-operating			
Employee retention credits	775,271	-	775,271
Change in net assets	7,364,344	(97,531)	7,266,813
Net assets, beginning of year	3,615,801	6,104,709	9,720,510
Net assets, end of year	$ 10,980,145	$ 6,007,178	$ 16,987,323

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

The Mission Continues
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Public support	$ 2,395,619	$ 7,273,397	$ 9,669,016
Other in-kind goods and services	36,600	-	36,600
Other revenue	25,444	-	25,444
Net assets released from restriction	6,630,470	(6,630,470)	-
Total revenues and support	9,088,133	642,927	9,731,060
Functional expenses			
Program services	6,849,806	-	6,849,806
Fundraising	1,053,209	-	1,053,209
Administrative & General Operations	1,669,128	-	1,669,128
Total functional expenses	9,572,143	-	9,572,143
Change in net assets from operations	(484,010)	642,927	158,917
Non-operating			
Proceeds from Paycheck Protection Program	1,381,696	-	1,381,696
Change in net assets	897,686	642,927	1,540,613
Net assets, beginning of year	2,718,115	5,461,782	8,179,897
Net assets, end of year	$ 3,615,801	$ 6,104,709	$ 9,720,510

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

The Mission Continues
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services							Support Services		
	Service Leadership Corps	Service Platoon Program	Mass Deployment	Program Support	Women's Program	Inclusive Leadership	Total Program Services	Fundraising	Administrative & General Operations	Total
Expenses										
Platoon leader awards and grants	$ -	$ 249,022	$ -	$ -	$ -	$ -	$ 249,022	$ -	$ -	$ 249,022
Salaries	601,938	1,070,304	178,115	847,470	505,854	150,502	3,354,183	711,092	1,013,440	5,078,715
Payroll taxes	47,535	89,599	13,848	58,816	40,364	11,800	261,962	53,069	72,382	387,413
Employee benefits	66,555	98,634	19,647	88,937	64,021	14,322	352,116	60,719	127,308	540,143
Contract services	35,537	3,404	80,043	314,200	59,532	34,024	526,740	65,880	266,671	859,291
Contributed legal services	-	-	-	-	-	-	-	-	8,700	8,700
Awareness and messaging	13,524	57,250	45,136	38,793	11,090	11,579	177,372	-	4,379	181,751
Project supplies	33,861	366,583	168,252	25	44,482	6,356	619,559	-	-	619,559
Events and travel	379,521	39,681	362,575	87,885	617,577	335,148	1,822,387	47,322	162,485	2,032,194
Technology	26,805	130,120	8,396	260,811	24,657	6,632	457,421	30,296	146,517	634,234
Volunteer and staff recognition	1,990	11,054	2,340	2,870	1,626	-	19,880	1,690	184,881	206,451
Depreciation and amortization	-	9,903	-	-	-	-	9,903	-	-	9,903
Insurance	11,780	20,841	4,078	-	10,420	3,020	50,139	-	22,834	72,973
Banking amd processing fees	6,249	11,055	2,163	-	5,528	1,602	26,597	23,206	12,112	61,915
Office supplies	3,635	5,132	5,512	2,409	3,398	768	20,854	1,410	4,969	27,233
Postage and mailing	5,060	6,725	1,283	1,460	3,711	995	19,234	190	6,990	26,414
Printing and copying	3,016	3,676	982	57	4,361	470	12,562	12,742	3,551	28,855
Rent	27,714	134,270	9,593	-	24,517	7,106	203,200	-	70,784	273,984
Total expenses	$ 1,264,720	$ 2,307,253	$ 901,963	$ 1,703,733	$ 1,421,138	$ 584,324	$ 8,183,131	$ 1,007,616	$ 2,108,003	$11,298,750

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

The Mission Continues
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services							Support Services		
	Service Leadership Corps	Service Platoon Program	Mass Deployment	Program Support	Women's Program	Inclusive Leadership	Total Program Services	Fundraising	Administrative & General Operations	Total
Expenses										
Platoon leader awards and grants	$ -	$ 255,600	$ -	$ -	$ -	$ -	$ 255,600	$ -	$ -	$ 255,600
Salaries	610,652	1,251,175	2,100	878,199	594,286	2,100	3,338,512	717,589	628,913	4,685,014
Payroll taxes	52,359	99,817	-	55,161	50,178	-	257,515	52,689	48,437	358,641
Employee benefits	90,551	143,509	-	95,100	87,289	-	416,449	53,972	57,025	527,446
Contract services	256,253	387,950	-	32,515	240,220	20,000	936,938	151,084	382,372	1,470,394
Contributed legal services	-	-	-	-	-	-	-	-	36,100	36,100
Awareness and messaging	39,193	124,711	-	9,028	40,947	-	213,879	-	4,626	218,505
Project supplies	5,143	366,831	6	-	10,844	318	383,142	-	278	383,420
Events and travel	51,741	104,579	-	8,768	42,518	26,715	234,321	11,423	114,655	360,399
Technology	109,640	231,516	400	1,982	99,426	-	442,964	20,057	63,369	526,390
Volunteer and staff recognition	2,141	7,250	-	778	5,545	-	15,714	1,088	170,735	187,537
Depreciation and amortization	-	9,904	-	-	-	-	9,904	-	-	9,904
Insurance	11,990	21,230	-	-	10,780	-	44,000	14,319	26,491	84,810
Banking amd processing fees	5,450	9,650	-	-	4,900	-	20,000	8,863	10,639	39,502
Office supplies	5,044	8,701	-	1,677	4,023	175	19,620	481	7,566	27,667
Postage and mailing	2,565	2,835	-	185	2,079	-	7,664	381	3,946	11,991
Printing and copying	2,853	2,562	-	584	(563)	-	5,436	21,263	4,134	30,833
Rent	47,960	157,068	-	-	43,120	-	248,148	-	109,842	357,990
Total expenses	$ 1,293,535	$ 3,184,888	$ 2,506	$ 1,083,977	$ 1,235,592	$ 49,308	$ 6,849,806	$ 1,053,209	$ 1,669,128	$ 9,572,143

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

The Mission Continues
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 7,266,813	$ 1,540,613
Adjustments to reconcile change in net assets to net cash provided by operating activities		
In- kind donations, net	20,570	133,870
Unrealized/realized (gain)/loss on investments	40,846	17,211
Depreciation	9,903	9,904
Change in discount on promises to give	53,654	779
Changes in operating assets and liabilities		
Promises to give	(203,668)	(753,892)
ERC receivable	(775,271)	-
Other assets	(71,002)	(75,174)
Accounts payable	737	153,063
Accrued expenses	33,935	(116,194)
Operating lease assets and liability, net	(14,263)	-
Net cash provided by operating activities	6,362,254	910,180
Cash flows from investing activities		
Purchases of certificates of deposit	(1,040,200)	(500,000)
Maturities of certificates of deposit	1,037,602	537,302
Purchase of investments	(10,160,854)	(2,332,152)
Sale of investments	550,000	2,312,462
Net cash provided by (used in) investing activities	(9,613,452)	17,612
Net increase (decrease) in cash and cash equivalents	(3,251,198)	927,792
Cash and cash equivalents, beginning of year	4,936,706	4,008,914
Cash and cash equivalents, end of year	$ 1,685,508	$ 4,936,706

1. NATURE OF OPERATIONS

The Mission Continues ("TMC") is a 501(c)(3) not-for-profit organization established in 2007, headquartered in St. Louis, Missouri with another office in New York, New York.

The Mission Continues' mission is to connect veterans with opportunities to continue their service and leadership in under-resourced communities. For more than 15 years, The Mission Continues has built on the strengths of the veterans and communities they serve. TMC is active in more than 40 cities across the U.S. and Puerto Rico. Within each community, service platoons create opportunities for veteran-led volunteer teams. They are supported and fed by three leadership programs-the Service Leadership Corps, Mass Deployment, the Women Veterans Leadership Program, and Leading for All- which empower approximately 350 veteran community leaders annually, in addition to the 4,600 annual service platoon volunteers. Descriptions of these programs are listed below:

The Service Platoon Program connects veterans in a city to tackle a new mission in their community. Volunteers without previous military service are welcome, and platoons often form partnerships with other community groups. Each platoon is veteran-led, supported by a leadership team, and directed by a platoon leader. Platoon leaders commit to one year of service, participate in leadership training through the Service Leadership Corps, and have access to mentoring and other individual growth opportunities through TMC's staff and partners.

The Service Leadership Corps (SLC) develops veterans' leadership and project management skills using asset-based community development and human-centered design principles in order to prepare them for leadership roles within TMC's Service Platoon Program. A virtual learning curriculum complements in-person sessions spanning the six-month program.

The Mass Deployment Program brings veterans from across the country together with community members and local veterans for a week of impact in an under-resourced community. Over seven full days, veterans connect deeply to each other and to a community that is facing significant challenges. Throughout the week, they gain new skills in an experiential learning environment, connecting with their fellow veterans and with the community in which they serve, and through their community impact, they find a renewed sense of purpose. Furthermore, the large infusion of resources into an under-resourced community serve as a catalyst for continued engagement and advocacy by community members. Mass Deployment participants (aka "crew members") return home prepared and energized to lead movements of change in their own local communities. Although this program took a temporary pause in 2021 due to Covid restrictions, it returned with it's sixth installment last summer in Chicago.

The Women Veteran's Leadership Program changes the narrative on what it means to be a woman veteran by leveraging their leadership skills and authentic selves to become change-makers, all while enhancing their personal and professional networks. By the end of this one-of-a-kind program, cohort members will have formed lasting connections with other women veterans and will have developed the skill set to lean into leadership in their communities and beyond.

1. NATURE OF OPERATIONS (continued)

Leading For All is The Mission Continues' newest initiative that pulls on veterans' ability to serve as "bridge builders" with others and lead in a way that truly brings people together. This three-day intensive builds upon the strengths and experiences veterans have leading across lines of difference to cultivate an environment where all feel valued and respected. Veteran participants come away from the workshop with deeper understanding, specific tools, and a personalized plan of action for putting what they learned into practice.

All of TMC's programs require three primary functions that are delivered in a scalable way: technology tools, program design and training, and external affairs support. This also includes TMC research into impact on both veterans and communities around our Empowered Veterans Index and our Community Impact Framework.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenues and expenses are recognized in the period in which they are earned or incurred.

Basis of presentation

Financial statement presentation follows the requirements of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 958. The presentation of the financial statements requires TMC to report information regarding its 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 available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions that limit the use of the donated asset. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When stipulated time restrictions expire or purpose restrictions are accomplished, these assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity with use of income for unrestricted or temporarily restricted purposes. There are no net assets with donor restrictions held in perpetuity as of December 31, 2022 and 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates in financial statement preparation

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

TMC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. TMC's cash is on deposit at two major domestic financial institutions. At times, bank deposits may be in excess of federally insured limits.

Certificates of deposit

Certificates of deposit ("CDs") are recorded at cost, which approximates fair value at December 31, 2022 and 2021 . As of December 31, 2022, TMC owns one CD. The CD was purchased on July 1, 2022 with maturity of January 1, 2023. The CD earns interest at an annual percentage yield of 4.44%.

Investments

Investments are stated at fair value using quoted market prices. Investment income is recognized when earned. Interest and dividend income along with realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Promises to give

Promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. Promises to give are considered conditional when a measurable barrier and right of return or realese exists. The promise to give become unconditional and is recognized as revenue when the barriers upon which they depend are overcome. When the satisfaction of a barrier is accomplished in the same period that the contribution was made, conditional contributions are recorded as unconditional. At December 31, 2022 and 2021 , management considers all outstanding promises to give to be collectible, but has discounted the value of these receivables using a 3.25% discount rate (See Note 5).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are carried at cost or, if donated, are recorded based on the estimated fair values of the assets at the time of donation. Laptops and smaller computer equipment are not capitalized but expensed in period purchased. Major renewals and betterments greater than $2,000 are capitalized and maintenance and repairs which do not improve or extend the life of the respective assets are expensed in the current period. Leasehold improvements are depreciated over the lesser of the useful life of the asset or the term of the lease. Depreciation and amortization are calculated using a method that approximates straight-line over the estimated useful life of the asset.

Leases

TMC recognizes and measures its leases in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). For operating leases TMC recognizes a lease liability and a right of use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. If TMC's lease arrangements do not provide an implicit rate, TMC has elected to use the risk free rate commensurate with the lease term based on the information available at the lease commencement date in determining the present value of future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received and any impairment recognized. Lease expense is recognized on a straight-line basis over the lease term.

TMC has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have an expected lease term of 12 months or less at lease commencement. TMC recognizes lease cost associated with short-term leases on a straight-line basis over the lease term. TMC has elected to combine lease and nonlease components into a single combined component.

Revenue and support with and without donor restriction

Contributions are recognized when cash, securities or other assets, or an unconditional pledge receivable is received. Contributions received are recorded as with or without donor restrictions support depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and support with and without donor restriction (continued)

Promises to give are recognized in the period the it is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. Unconditional promises to give expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a rate to commensurate with the risks involved, at the date the pledge was made. An allowance is recorded based on management's estimate of uncollectibility, including such factors as prior collection history, type of contribution, and the nature of the fundraising activity.

Revenues from special events are recognized as revenue when earned. Revenue is earned upon completion of an event over the course of the time. Special event ticket sales received in advance are deferred to the period in which the related event is held.

Donated services, supplies, and facilities

Donated services, supplies, and facilities are recorded as support at their estimated values at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Donated services are recognized when the service either creates or enhances a non-financial asset or requires specialized skill that would be purchased if the service was not donated.

Functional allocation of expenses

Costs have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated between program service expenses and support service expenses.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of TMC. Staff salaries, benefits, and payroll taxes are allocated to programs and support services based upon job role and job description. Office rents and costs are allocated based on the office designation, each region maintaining one regional office and the Saint Louis office costs designated as a national headquarters and allocated to general operations. Depreciation of leasehold assets is allocated similar to office costs, and vehicle depreciation is based on usage. Program technology costs are allocated to programs based on estimated usage. TMC allocates program support costs (such as campaign marketing, program technologies, and program consulting support) to each program based on a pro-rata basis based on planned program participation (e.g., number of SLC corps members and service platoon leaders). All other costs are directly costed to programs based on the purpose of the activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

TMC constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes. In accordance with accounting principles generally accepted in the United States of America, TMC uses a loss contingency approach for evaluating uncertain tax positions. Management continually evaluates expiring statute of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. TMC has addressed the provisions of FASB ASC 740, Accounting for Income Taxes. In that regard, TMC has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

Paycheck Protection Program

During 2021, the Organization applied and was awarded loans in the amount of $1,371,297 under the Paycheck Protection Program ("PPP"), respectively. The Organization elected to account for the loans using the grant-model under ASU 2018-08. The grant-model requires the initial recording of the proceeds received as operating activities and the funds as an advance liability (deferred revenue) until the Organization has overcome the barriers associated with the funds. As of December 31, 2021, the Organization was released from all requirements to pay back the loans by the Small Business Association ("SBA"). All barriers associated with the funds had been met and the principal balances of $1,371,297, along with accrued interest of $10,399 was recorded as proceeds from paycheck protection program below expenses on the statement of activities.

Employee Retention Credit ("ERC") program

On December 27, 2020, in response to the COVID-19 pandemic, the U.S. Congress enacted the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which among other things, provides for the employer to receive a refundable payroll credit on wages and health benefits paid to employees not providing services or for employers who experienced a decline in gross receipts, as a result of the COVID-19 pandemic. TMC has applied FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition, which considers the ERC as a nonexchange transaction that is accounted for as a conditional contribution which calls for a measurable barrier to be overcome and a right of return or release of those funds. The barriers were overcome in the period TMC was eligible for the credit during the years ended December 31, 2021 and 2020. While TMC was eligible for the credit in 2021 and 2020, this eligibility was determined and the refundable credit was calculated in 2023 prior to the issuance of these financial statements. As a result of the CARES Act, TMC claimed the employee retention credit, which was recorded as an ERC receivable on the statement of financial position and employee retention credits on the statement of activities in 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which provides for new presentation and disclosure requirements for recognized contributed services. TMC adopted ASU 2020-07 with a date of initial application of January 1, 2022, using the modified retrospective method. The adoption of ASU 2020-07 did not have a significant impact on TMC's financial position, results of operations, or cash flows.

In February 2016, the FASB ASU 2016-02, Leases (Topic 842), including subsequently issued ASUs to clarify the implementation guidance in ASU 2016-02. Under the lease standard, lessees recognize a right-of-use asset and a lease liability for virtually all lease (other than short-term leases). This ASU may be applied retrospectively in each reporting period presented or modified retrospectively with the cumulative effect adjustment to the opening balance of net assets. TMC adopted this ASU on January 1, 2022 on a modified basis, with no effect on net assets.

Subsequent events

The Organization has evaluated all subsequent events through June 22, 2023 the date the financial statements were available to be issued.

Reclassification

Certain 2021 figures have been reclassified, where appropriate, to conform to the financial statement presentation used in 2022. The reclassifications had no impact on previously reported net assets.

3. ORGANIZATIONAL LIQUIDITY AND MANAGEMENT

TMC provides the following information regarding its ability to meet cash needs within one year of the statements of financial position.

TMC had the following assets available to meet operating cash needs as of December 31:

	2022	2021
Cash and cash equivalents	$ 1,685,508	$ 4,936,706
Certificates of deposit	531,598	529,000
Investments	11,945,548	2,375,540
Promises to give	2,505,945	2,355,931
Less: Net assets with donor restrictions	(6,007,178)	(6,104,709)
	$ 10,661,421	$ 4,092,468

3. ORGANIZATIONAL LIQUIDITY AND MANAGEMENT (continued)

TMC monitors liquidity by reporting and reviewing Days of Cash, separated into three classes: Days of Cash; Days of Receivables and other liquid assets, and Days of Reserve Funds (Investments).

4. CONDITIONAL PROMISES TO GIVE

TMC had conditional promises to give amounting to $120,000, with payments scheduled through February 2022. During 2021, the Organization met the conditions defined in the agreement which resulted in no outstanding conditional promises to give at December 31, 2022 and 2021.

5. PROMISES TO GIVE

Promises to give are unconditional promises made by donors but not yet received by TMC. At December 31, 2022 and 2021, promises to give due in one to five years are discounted at 3.25% from expected date of receipt to reflect fair value of the asset.

As of December 31, TMC had promises to give for the following amounts:

	2022	2021
Promises to give		
Due in 1 year	$ 1,205,378	$ 2,341,710
Due in 1 to 5 years	1,355,000	15,000
	2,560,378	2,356,710
Less: discount on promises to give	(54,433)	(779)
	$ 2,505,945	$ 2,355,931

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

TMC adopted FASB ASC 820-10 Fair Value Measurements and Disclosures. FASB ASC 820-10 establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities that are readily available to TMC.

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Bonds and brokered certificates of deposit are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Management determines the fair value measurement valuation policies and procedures, subject to Board of Directors assessment and approval, including those for Level 3 recurring and nonrecurring measurements. At least annually, management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

TMC recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. TMC approved for an investment in a conservative bond portfolio to preserve capital and support future operations. The portfolio is actively managed by UMB and targets a 75 - 100% bond, 0 - 25% cash ratio.

Fair value of assets measured on a recurring basis at December 31, 2022, are as follows:

	Level 1	Level 2	Level 3	Fair Value
Investments				
Corporate bonds	$ -	$ 860,659	$ -	$ 860,659
Government & agency bonds	-	902,461	-	902,461
	$ -	$ 1,763,120	$ -	1,763,120
Cash equivalents				10,182,428
				$11,945,548

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Fair value of assets measured on a recurring basis at December 31, 2021, are as follows:

	Level 1	Level 2	Level 3	Fair Value
Investments				
Equity Securities	$ 7,140	$ -	$ -	$ 7,140
Corporate bonds	-	1,089,808	-	1,089,808
Government & agency bonds	-	604,748	-	604,748
Certificate of deposit	-	125,266	-	125,266
	$ 7,140	$ 1,819,822	$ -	1,826,962
Cash equivalents				548,578
				$ 2,375,540

7. PROPERTY AND EQUIPMENT

During 2022, TMC had no capital additions to property and equipment, and recorded depreciation expense for the years ended December 31, 2022 and 2021, of $9,903 and $9,904, respectively, related to leasehold improvements and vehicles.

As of December 31, property and equipment consisted of:

	2022	2021
Leasehold improvements	$ 71,354	$ 71,354
Equipment	91,805	91,805
Information technology	160,376	160,376
Furniture and fixtures	36,963	36,963
Website	32,300	32,300
Automobiles	49,521	49,521
	442,319	442,319
Accumulated depreciation and amortization	(441,544)	(431,641)
	$ 775	$ 10,678

8. LEASES

TMC adopted FASB Topic 842, Leases, using the modified-retrospective transition as of January 1, 2022 for the date of initial adoption. TMC elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed TMC to not reassess expired or existing contracts for lease identification, the lease classification for any existing or expired leases, or the initial direct costs for any existing leases.

8. LEASES (continued)

As a result of adopting the new standards effective January 1, 2022, TMC recorded net lease assets and lease liabilities of approximately $217,355 and $220,481, respectively. Adoption of the new standard does not impactTMC's net income and had no impact on beginning net assets.

The following summarizes the line items on the statement of financial position as of December 31, 2022

Operating Leases	
Right-of-use asset	$ 148,061
Operating lease liabilities:	
Current portion of operating lease liabilities	91,524
Noncurrent operating lease liabilities	42,274
	$ 133,798

The following summarizes the line items on the statement of activities for the year ended December 31, 2022

Operating	
Operating leases included in operating expenses	$ 81,592
Short- term leases included in operating expenses	230,678
	$ 312,270

The following summarizes the cash flow information related to operating leases for the year ended December 31, 2022

Cash paid for amounts included in the measurements of lease liabilities:	
Operating cash flows from operating leases	$ 91,106
Lease assets obtained in exchange for lease obligations:	
Operating leases	$ 217,355

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022.

Weighted average remaining lease term in months	
Operating leases	21.9
Weighted average discount rate	
Operating leases	3.00 %

8. LEASES (continued)

The maturities of lease liabilities as of December 31, 2022:

Year ending December 31,	
2023	$ 93,839
2024	41,589
	135,428
Less: debt interest	(1,630)
	$ 133,798

9. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022 and 2021, net assets with donor restrictions were restricted for the following:

	2022	2021
Purpose restrictions	$ 5,564,429	$ 5,557,709
Time restrictions	442,749	547,000
	$ 6,007,178	$ 6,104,709

Net assets with donor restrictions released from restriction during the year were as follows:

	2022	2021
Purpose restrictions	$ 2,442,968	$ 6,045,064
Time restrictions	3,632,196	585,406
	$ 6,075,164	$ 6,630,470

10. CONCENTRATIONS OF DIRECT SUPPORT

For the years ended December 31, 2022 and 2021, TMC received 74% and 44% of its total revenue from two donors, 87% and 68% from its top 10 donors, and 98% and 92% from its top 50 donors, respectively.

11. IN-KIND DONATIONS

The Organization receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

For the years ended December 31, 2022 and 2021, TMC received donated professional services and goods valued at $10,400 and $36,600, respectively.

During the year ended December 31, 2022 and 2021, the Organization received the following in-kind donations:

	2022	2021
In-Kind Donations - Professional Services	$ 8,700	$ 36,600
In-Kind Donations - Goods	1,700	-
	$ 10,400	$ 36,600

12. SUBSEQUENT EVENT - EMPLOYEE RETENTION CREDIT

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") provides an employee retention credit ("CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers for eligible periods in calendar year 2020. In calendar year 2021, the tax credit is equal to 70% of the qualified wages paid to employees from December 31, 2020, through September 30, 2021. These qualified wages are capped to $10,000 per employee per calendar quarter in 2021. The maximum employee retention credit available is $7,000 per employee per calendar quarter, for a total of $21,000 for the first three calendar quarters of 2021.

During 2023, TMC evaluated and identified that TMC qualified for the tax credits and recorded $775,271 of revenue related to the CARES Employee Retention Credit in the accompanying statements of activities as employee retention credits for the year ended December 31, 2022. This amount was included as ERC receivable on the statement of financial position at December 31, 2022.