



# **THE MISSION CONTINUES**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

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**DECEMBER 31, 2020**

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THE FIRM FOR GROWTH.®

## Independent Auditor's Report

Board of Directors  
The Mission Continues  
St. Louis, Missouri

We have audited the accompanying financial statements of The Mission Continues ("TMC"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to TMC's preparation and fair presentation of the 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 TMC'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 financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mission Continues as of December 31, 2020 and 2019, 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.

***Emphasis of Matter***

As discussed in Note M to the financial statements, in March 2020, the World Health Organization has declared COVID 19 to constitute a “Public Health Emergency of International Concern.” Given the economic uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

*Brown Smith Wallace, LLP*

St. Louis, Missouri  
May 3, 2021

## THE MISSION CONTINUES

### Statements of Financial Position

December 31, 2020 and 2019

(See Independent Auditor's Report)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,008,914	\$ 1,980,866
Certificates of deposit	566,302	560,809
Investments, at fair value	2,373,061	3,100,208
Promises to give, net	1,602,818	2,360,166
Other assets	261,607	118,901
Property and equipment, net	20,582	48,011
<b>TOTAL ASSETS</b>	<u>\$ 8,833,284</u>	<u>\$ 8,168,961</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 180,460	\$ 170,322
Accrued expenses	472,927	241,552
Deferred revenue	-	35,200
<b>Total Liabilities</b>	<u>653,387</u>	447,074
<b>Net Assets</b>		
Without donor restrictions	2,718,115	1,903,316
With donor restrictions	5,461,782	5,818,571
<b>Total Net Assets</b>	<u>8,179,897</u>	<u>7,721,887</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,833,284</u>	<u>\$ 8,168,961</u>

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

## THE MISSION CONTINUES

### Statement of Activities

Year Ended December 31, 2020

(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>			
Public support	\$ 1,261,300	\$ 8,308,023	\$ 9,569,323
Special event revenue, net of \$12,760 direct expenses	8,059	-	8,059
Other in-kind goods and services	365,799	-	365,799
Other income	140,085	-	140,085
Net assets released from restrictions	8,664,812	(8,664,812)	-
<b>Total revenues and support</b>	<b>10,440,055</b>	<b>(356,789)</b>	<b>10,083,266</b>
<b>Expenses</b>			
Program services	8,229,205	-	8,229,205
Fundraising	1,103,087	-	1,103,087
Administrative & general operations	1,739,207	-	1,739,207
<b>Total expenses</b>	<b>11,071,499</b>	<b>-</b>	<b>11,071,499</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(631,444)</b>	<b>(356,789)</b>	<b>(988,233)</b>
Proceeds from Paycheck Protection Program	1,446,243	-	1,446,243
<b>CHANGE IN NET ASSETS</b>	<b>814,799</b>	<b>(356,789)</b>	<b>458,010</b>
<b>Net assets at beginning of year</b>	<b>1,903,316</b>	<b>5,818,571</b>	<b>7,721,887</b>
<b>Net assets at end of year</b>	<b>\$ 2,718,115</b>	<b>\$ 5,461,782</b>	<b>\$ 8,179,897</b>

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

## THE MISSION CONTINUES

### Statement of Activities

Year Ended December 31, 2019

(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>			
Public support	\$ 1,612,984	\$ 6,023,142	\$ 7,636,126
Special event revenue, net of \$29,024 direct expenses	59,713	-	59,713
Other in-kind goods and services	39,915	-	39,915
Other income	242,064	-	242,064
Net assets released from restrictions	7,354,042	(7,354,042)	-
<b>Total revenues and support</b>	<b>9,308,718</b>	<b>(1,330,900)</b>	<b>7,977,818</b>
<b>Expenses</b>			
Program services	9,632,234	-	9,632,234
Fundraising	1,503,264	-	1,503,264
Administrative & general operations	2,050,814	-	2,050,814
<b>Total expenses</b>	<b>13,186,312</b>	<b>-</b>	<b>13,186,312</b>
<b>CHANGE IN NET ASSETS</b>	<b>(3,877,594)</b>	<b>(1,330,900)</b>	<b>(5,208,494)</b>
<b>Net assets at beginning of year</b>	<b>5,780,910</b>	<b>7,149,471</b>	<b>12,930,381</b>
<b>Net assets at end of year</b>	<b>\$ 1,903,316</b>	<b>\$ 5,818,571</b>	<b>\$ 7,721,887</b>

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

## THE MISSION CONTINUES

### Statement of Functional Expenses

Year Ended December 31, 2020

(See Independent Auditor's Report)

	Program Services							Support Services		Total
	Service Leadership Corps	Service Platoon Program	Mass Deployment	Program Support	Advocacy Program	Women's Program	Total Program	Fundraising	Administrative & General Operations	
Platoon Leader Awards and Grants	\$ 45,000	\$ 290,400	\$ -	\$ -	\$ -	\$ -	\$ 335,400	\$ -	\$ -	\$ 335,400
Salaries	819,703	2,140,395	287,488	583,941	63,317	558,987	4,453,831	842,083	636,958	5,932,872
Payroll Taxes	67,128	177,745	23,704	44,329	4,717	45,612	363,235	63,903	47,559	474,697
Employee Benefits	107,266	297,862	37,768	60,753	7,565	68,418	579,632	82,277	107,690	769,599
Contract Services	43,220	103,765	27,276	129,216	4,960	49,920	358,357	38,921	412,314	809,592
Contributed Legal Services	-	-	-	-	-	-	-	-	76,100	76,100
Awareness & Messaging	11,915	56,074	26,886	25,823	-	15,483	136,181	-	36	136,217
Project Grants and supplies	50	394,408	134,334	142	-	9,486	538,420	-	-	538,420
Events and Travel	111,326	112,823	21,574	15,685	-	183,444	444,852	3,628	17,145	465,625
Technology	33,067	304,650	19,878	193,061	-	23,349	574,005	26,524	113,619	714,148
Volunteer Recognition and Staff Recognition	1,080	12,269	2,445	2,458	-	1,663	19,915	511	100,589	121,015
Depreciation	107	14,746	57	-	-	79	14,989	-	1,033	16,022
Insurance	4,978	56,946	2,629	-	-	3,642	68,195	24,558	47,921	140,674
Banking/Online Processing Fees	1,383	15,824	731	-	-	1,012	18,950	9,322	13,316	41,588
Office/Supplies	1,612	15,218	1,055	777	-	1,123	19,785	79	10,838	30,702
Postage, Mailing	4,471	8,775	484	687	-	1,416	15,833	534	5,600	21,967
Printing and Copying	1,057	6,275	188	77	-	3,304	10,901	10,747	3,352	25,000
Rent	15,075	242,588	7,963	70	-	11,028	276,724	-	145,137	421,861
<b>Expenses per statement of activities</b>	<b>1,268,438</b>	<b>4,250,763</b>	<b>594,460</b>	<b>1,057,019</b>	<b>80,559</b>	<b>977,966</b>	<b>8,229,205</b>	<b>1,103,087</b>	<b>1,739,207</b>	<b>11,071,499</b>
Special event expense	-	-	-	-	-	-	-	12,760	-	12,760
<b>Total expenses</b>	<b>\$ 1,268,438</b>	<b>\$ 4,250,763</b>	<b>\$ 594,460</b>	<b>\$ 1,057,019</b>	<b>\$ 80,559</b>	<b>\$ 977,966</b>	<b>\$ 8,229,205</b>	<b>\$ 1,115,847</b>	<b>\$ 1,739,207</b>	<b>\$ 11,084,259</b>

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



## THE MISSION CONTINUES

### Statement of Functional Expenses

Year Ended December 31, 2019

(See Independent Auditor's Report)

	Program Services					Support Services			Total
	Service Leadership Corps	Service Platoon Program	Mass Deployment	Program Support	Women's Program	Total Program	Fundraising	Administrative & General Operations	
Platoon Leader Awards and Grants	\$ 100,000	\$ 354,000	\$ -	\$ -	\$ -	\$ 454,000	\$ -	\$ -	\$ 454,000
Salaries	469,449	3,238,718	228,439	858,507	117,150	4,912,263	1,014,477	473,471	6,400,211
Payroll Taxes	38,272	250,326	17,256	65,447	9,032	380,333	69,361	51,210	500,904
Employee Benefits	39,319	418,786	31,351	91,010	8,843	589,309	99,333	57,895	746,537
Contract Services	69,178	119,513	61,691	118,544	15,000	383,926	186,259	272,129	842,314
Awareness & Messaging	19,628	126,143	27,425	17,431	7,224	197,851	-	-	197,851
Project Grants and Supplies	17,336	681,590	156,939	-	11,555	867,420	-	38	867,458
Events and Travel	409,589	410,456	212,404	40,192	126,572	1,199,213	42,961	142,674	1,384,848
Technology	41,417	188,536	4,389	171,565	35	405,942	29,780	249,012	684,734
Volunteer Recognition and Staff Recognition	16,181	73,315	2,266	10,572	1,703	104,037	5,890	289,872	399,799
Depreciation	1,229	15,169	-	-	-	16,398	-	30,590	46,988
Insurance	1,846	-	-	-	-	1,846	23,576	45,920	71,342
Banking/Online Processing Fees	992	66	-	-	-	1,058	9,997	24,673	35,728
Office/Supplies	1,671	10,686	2,105	2,062	-	16,524	154	27,759	44,437
Postage, Mailing	1,881	5,095	13	641	1,201	8,831	2,172	22,593	33,596
Printing and Copying	898	13,280	877	279	2,485	17,819	19,304	14,299	51,422
Rent	14,013	61,451	-	-	-	75,464	-	348,679	424,143
Expenses per statement of activities	1,242,899	5,967,130	745,155	1,376,250	300,800	9,632,234	1,503,264	2,050,814	13,186,312
Special event expense	-	-	-	-	-	-	29,024	-	29,024
Total expenses	\$ 1,242,899	\$ 5,967,130	\$ 745,155	\$ 1,376,250	\$ 300,800	\$ 9,632,234	\$ 1,532,288	\$ 2,050,814	\$ 13,215,336

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

## THE MISSION CONTINUES

### Statements of Cash Flows

Years Ended December 31, 2020 and 2019  
(See Independent Auditor's Report)

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 458,010	\$ (5,208,494)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
In-kind donations, net	(148,245)	189,505
Unrealized/realized (gain) loss on investments	(17,652)	(55,102)
Gain on disposal of equipment	(14,803)	-
Depreciation	16,022	46,988
Change in discount on long-term pledges	(17,452)	(58,779)
(Increase) decrease in operating assets:		
Promises to give	774,800	519,480
Other assets	5,539	(30,898)
Increase (decrease) in operating liabilities:		
Accounts payable	10,138	(54,342)
Accrued expenses	231,375	129,625
Deferred revenue	(35,200)	35,200
<b>Net cash provided by (used in) operating activities</b>	<b>1,262,532</b>	<b>(4,486,817)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of equipment	26,210	-
Purchase of certificates of deposit	(1,106,059)	(1,037,602)
Maturities of certificates of deposit	1,106,059	1,037,602
Purchase of investments	(2,800,315)	(2,871,739)
Sale of investments	3,539,621	2,820,915
<b>Net cash provided by (used in) investing activities</b>	<b>765,516</b>	<b>(50,824)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,028,048</b>	<b>(4,537,641)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,980,866</b>	<b>6,518,507</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,008,914</b>	<b>\$ 1,980,866</b>

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

## THE MISSION CONTINUES

### Notes to Financial Statements

December 31, 2020

(See Independent Auditor's Report)

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#### Note A - Nature of Activities

The Mission Continues ("TMC" or the "Organization") is a 501(c)(3) not-for-profit organization established in 2007, headquartered in St. Louis, Missouri with offices in New York, New York, and Washington, D.C.

The Mission Continues' mission is to connect veterans with under-resourced communities, empowering veterans to continue their service while empowering communities with the talent, skills, and preparedness of veterans to generate visible impact. For over 14 years, The Mission Continues has built on the strengths of the veterans and communities they serve. The Organization 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, and the Women Veterans Leadership Program—which empower approximately 350 veteran community leaders annually, in addition to the 20,000 annual service platoon volunteers. Descriptions of these programs are listed below:

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 the Organization's Service Platoon Program. A virtual learning curriculum complements in-person sessions spanning the six-month program.

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 squad, 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 the Organization's staff and partners.

The Mass Deployment Program brings 100 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. In 2020, the Organization scaled down this program due to the COVID-19 pandemic, but they look forward to restarting it when it is safe to do so.

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

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#### Note A - Nature of Activities (Continued)

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 made lifelong friends and lasting connections with other women veterans. Everyone will feel empowered to lead the charge for gender equality in their communities.

Program Support and Thought Leadership. All of the Organization'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 long-term veteran impact around our Empowered Veteran's index.

#### Note B - 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 updated 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, 2020 and 2019.

##### ***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.

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

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#### Note B - Summary of Significant Accounting Policies (Continued)

##### ***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, 2020 and 2019. As of December 31, 2020, TMC owns two CDs. The CDs were purchased on July 1, 2020, and September 23, 2020, with maturities of January 1, 2021, and September 23, 2021, respectively. The CDs earn interest at an annual percentage yield of 0.15% and 0.01%, respectively.

##### ***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. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2020 and 2019, management considers all outstanding promises to give to be collectible, but has discounted the value of these receivables using a 1.55% discount rate.

##### ***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.

##### ***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. Contributions received with restrictions that are satisfied within the same year are recorded as increases in net assets without donor restrictions.

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

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#### Note B - Summary of Significant Accounting Policies (Continued)

##### ***Revenue and Support With and Without Donor Restriction (Continued)***

Contributions of assets other than cash are recorded at their estimated fair value or present value of future cash flows at the date of donation. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues in the net asset with donor restrictions class; the restrictions are considered to be released at the time when such long-lived assets are placed in service. Contributions of services are recognized in the financial statements when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Pledge receivables are recognized in the period the pledge is made. Conditional pledge receivables are not recognized until they become unconditional, that is when the conditions are substantially met. Unconditional pledges 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.

In-kind contributions are contributions of assets other than cash and contributions of services that are recorded at their estimated fair value at the date of donation. Contributions of services are recognized in the financial statements when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

##### ***Paycheck Protection Program***

During 2020, the Organization applied and was awarded a loan in the amount of \$1,435,200 under the Paycheck Protection Program ("PPP"). The Organization has elected to account for the loan 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, 2020, the Organization was not released from all requirements to pay back the loan by the Small Business Association ("SBA"), however all barriers associated with the funds have been met and the principal balance of \$1,435,200 along with accrued interest of \$11,043 was recorded as other income below expenses on the statement of activities.

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

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#### Note B - Summary of Significant Accounting Policies (Continued)

##### ***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 the Organization. TMC allocates staff salaries, benefits, and payroll taxes 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 fellows, SLC corps members, service platoon leaders). All other costs are directly costed to programs based on the purpose of the activity.

##### ***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.

##### ***Reclassification***

Certain 2019 figures have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020. The reclassifications had no impact on previously reported net assets.

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

#### Note C - 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. As of December 31, 2020, and 2019, TMC had the following assets available to meet operating cash needs:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,008,914	\$ 1,980,866
Certificates of deposit	566,302	560,809
Investments, available for liquidation	2,373,061	3,100,208
Promises to give, due in current period	<u>1,602,818</u>	<u>1,722,618</u>
Liquid Assets	<u>\$ 8,551,095</u>	<u>\$ 7,364,501</u>

TMC had \$5,461,782 and \$5,818,571 in net assets with donor restrictions at December 31, 2020 and 2019, respectively. The restrictions were for programs that are in TMC's operations and therefore, no adjustments have been made in the liquid financial assets listed above as these gifts are expected to be used in the next operating cycle. For the year ended December 31, 2019, the liquid assets above exclude \$1,500,000 available line of credit.

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

#### Note D - Conditional Promises to Give

As of December 31, 2019, TMC had conditional promises to give amounting to \$2,722,500, with payments scheduled through December 2021. During 2020, the conditions under the conditional promises to give were changed by TMC and the donors which resulted in all remaining conditional promises to give at December 31, 2020, amounting to \$0.

All payments are contingent upon meeting specific goals and milestones as defined in the agreements. During 2020 and 2019, the Organization met the conditions defined in the agreements and received payments totaling \$2,560,000 and \$192,500, respectively. As of December 31, 2020 and 2019, the Organization had \$120,000 and \$0 within promises to give.

#### Note E - Promises to Give

Promises to give are unconditional promises made by donors but not yet received by TMC. The balance of promises to give at December 31, 2020 and 2019, was \$1,602,818 and \$2,377,618, respectively. Promises to give are discounted at 1.55% from expected date of receipt to reflect fair value of the asset.



## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

#### Note E - Promises to Give (Continued)

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

	<u>2020</u>	<u>2019</u>
Due in 1 year	\$ 1,602,818	\$ 1,722,618
Due in 1 to 5 years	-	655,000
Total promises to give	<u>1,602,818</u>	2,377,618
Less: discount on promises to give	-	(17,452)
Total promises to give, net	<u>\$ 1,602,818</u>	<u>\$ 2,360,166</u>

#### Note F - 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.

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.

Corporate bonds 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.

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

#### Note F - Investments and Fair Value Measurements (Continued)

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, and the cost basis of \$1,842,762.

Fair value of assets measured on a recurring basis at December 31, 2020 and 2019, are as follows:

<u>December 31, 2020</u>	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Corporate Bonds	\$ 1,269,209	\$ -	\$ 1,269,209	\$ -
Government & Agency Bonds	584,140	-	584,140	-
<b>Total</b>	<b>\$ 1,853,349</b>	<b>\$ -</b>	<b>\$ 1,853,349</b>	<b>\$ -</b>
Investments required to be shown in fair value hierarchy				\$ 1,853,349
Cash equivalents				<u>519,712</u>
<b>Total Investments</b>				<b>\$ <u>2,373,061</u></b>
<u>December 31, 2019</u>	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Corporate Bonds	\$ 2,603,320	\$ -	\$ 2,603,320	\$ -
Investments required to be shown in fair value hierarchy				\$ 2,603,320
Cash equivalents				<u>496,888</u>
<b>Total Investments</b>				<b>\$ <u>3,100,208</u></b>

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

#### Note G - Property and Equipment

During 2020, TMC had no capital additions to property and equipment, and recorded depreciation expense for the years ended December 31, 2020 and 2019, of \$16,022 and \$46,988, respectively, related to leasehold improvements and vehicles. As of December 31, 2020 and 2019, property and equipment consisted of:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 71,354	\$ 97,954
Equipment	91,805	91,805
Information technology	160,376	160,376
Furniture and fixtures	36,963	36,963
Website	32,300	32,300
Vehicles	<u>49,521</u>	<u>75,844</u>
Total property and equipment	442,319	495,242
Less: accumulated depreciation	<u>(421,737)</u>	<u>(447,231)</u>
Total property and equipment, net	<u>\$ 20,582</u>	<u>\$ 48,011</u>

#### Note H - Operating Line-of-Credit

During the year ended December 31, 2020, the line of credit was not renewed after its maturity date in August 2020. There were no draws taken on the line-of-credit during the years ended December 31, 2020 and 2019, respectively.

#### Note I - Net Assets with Donor Restrictions

At December 31, 2020 and 2019, net assets with donor restriction were restricted for the following:

	<u>2020</u>	<u>2019</u>
Purpose restrictions	\$ 4,859,376	\$ 4,918,571
Time restrictions	<u>602,406</u>	<u>900,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,461,782</u>	<u>\$ 5,818,571</u>
Releases:		
Purpose restrictions	\$ 8,164,812	\$ 5,679,042
Time restrictions	<u>500,000</u>	<u>1,675,000</u>
Total Releases	<u>\$ 8,664,812</u>	<u>\$ 7,354,042</u>

## THE MISSION CONTINUES

### Notes to Financial Statements - Continued

December 31, 2020

(See Independent Auditor's Report)

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#### Note J - Concentrations of Direct Support

For the years ended December 31, 2020 and 2019, TMC received 38% and 24% of its total revenue from two donors, 69% and 58% from its top 10 donors, and 94% and 89% from its top 50 donors, respectively.

#### Note K - In-Kind Donations

During the years ended December 31, 2020 and 2019, TMC received donated professional services and supplies valued at \$365,799 and \$39,915, respectively. These donations consisted of donated legal services, consulting services, as well as airline and hotel vouchers.

#### Note L - Lease Commitments

At December 31, 2020, TMC has a 36-month lease in St. Louis expiring January 2020 for \$4,750 per month, with two options to extend the lease for an additional year. During 2020, TMC exercised the second of the two options and extended the St. Louis lease until January 2022. Additionally, during 2020, TMC terminated its leases in Los Angeles, California and Chicago, Illinois.

TMC leases offices space in primary locations under varying terms and expirations as follows:

<u>Location</u>	<u>Term</u>	<u>Expiration</u>
New York, NY	87 months	March 2022
Washington, DC	36 months	October 2021
St. Louis, MO	36 months	January 2022

Future minimum rental commitments under these operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2021	\$ 261,303
2022	<u>36,643</u>
Total	<u>\$ 297,946</u>

Total rent expense for the above office lease commitments for the years ended December 31, 2020 and 2019, was \$339,123 and \$355,472, respectively.

#### Note M - Risks and Uncertainties

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of the coronavirus disease 19. The pandemic has significantly impacted economic conditions in the U.S. and globally, as federal, state, and local governments reacted to the public health crisis, which has created significant uncertainties in the U.S. economy. The Organization cannot predict the ultimate impact the pandemic will have on its results of operations, financial position, liquidity, or capital resources.

## **THE MISSION CONTINUES**

### **Notes to Financial Statements - Continued**

December 31, 2020

(See Independent Auditor's Report)

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#### **Note N - Subsequent Events**

The Organization evaluated all subsequent events through May 3, 2021, the date the financial statements were available to be issued.

In January 2021, the Organization was released of all requirements to repay the full PPP loan that was obtained in April 2020 in the amount of \$1,435,200 principal and \$11,043 in accrued interest.

On December 27, 2020, the Coronavirus Relief Bill was signed into law. The legislation included provisions for the U.S. Small Business Administration's 7(a) Loan Program to support a second round of PPP loans. The Organization received a second PPP loan in March 2021 in the amount of \$1,371,297.