



**WHEELER MISSION MINISTRIES, INC.**  
**AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**MAY 31, 2023 AND 2022**

*CPAs / ADVISORS*



**WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES**

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MAY 31, 2023 AND 2022

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Wheeler Mission Ministries, Inc. and Subsidiaries  
Indianapolis, Indiana

### Opinion

We have audited the accompanying consolidated financial statements of Wheeler Mission Ministries, Inc. and Subsidiaries, a nonprofit organization, (hereby collectively referred to as the Ministry), which comprise the consolidated statements of financial position as of May 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Ministry as of May 31, 2023 and 2022, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Ministry 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 Principles

As discussed in Note 3 to the consolidated financial statements, on June 1, 2022, the Ministry adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, on June 1, 2022, the Society adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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

## **REPORT OF INDEPENDENT AUDITORS** **(Continued)**

preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Ministry'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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry'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.

**REPORT OF INDEPENDENT AUDITORS**  
**(Continued)**

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statement of program expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Blue & Co., LLC*

Carmel, Indiana  
September 21, 2023

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION MAY 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 1,041,114	\$ 1,448,628
Restricted cash	207,961	342,315
Investments - capital and general operating	20,153,281	15,699,244
Accounts receivable, net	125,492	693,976
Contributions receivable, net	1,126,367	374,225
Government grants receivable	2,970,595	2,970,595
Note receivable	6,086,700	6,086,700
Inventory	390,017	188,982
Prepaid and other assets	73,457	52,960
Property and equipment, net	29,182,757	28,724,506
Right-of use assets under operating leases, net	1,983,061	-0-
Investments - endowment	14,869,661	14,765,744
Investments - other		
Charitable gift annuities	187,951	196,301
Charitable remainder trust	<u>3,278,206</u>	<u>3,668,696</u>
	<u>\$ 81,676,620</u>	<u>\$ 75,212,872</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 361,595	\$ 454,883
Accrued payroll and other liabilities	557,381	558,726
Operating lease liabilities	2,019,467	-0-
Charitable gift annuities payable	45,655	52,418
Charitable remainder trust payable	2,199,224	2,648,943
Notes payable	<u>8,640,000</u>	<u>8,640,000</u>
Total liabilities	13,823,322	12,354,970
Net assets		
Without donor restrictions		
Undesignated	46,073,708	43,967,363
Board designated - endowment	1,549,321	1,573,872
Board designated - operating reserve	<u>500,000</u>	<u>500,000</u>
	48,123,029	46,041,235
With donor restrictions		
Purpose restricted	4,278,038	2,239,872
Time restricted for future periods	1,380,222	1,384,923
Endowment	<u>14,072,009</u>	<u>13,191,872</u>
	<u>19,730,269</u>	<u>16,816,667</u>
Total net assets	<u>67,853,298</u>	<u>62,857,902</u>
	<u>\$ 81,676,620</u>	<u>\$ 75,212,872</u>

*See accompanying notes to consolidated financial statements.*

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MAY 31, 2023

(With Comparative Total for the Year Ended May 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenue</b>				
Support				
Contributions	\$ 12,464,965	\$ 7,315,114	\$ 19,780,079	\$ 17,166,032
Contributions - wills and estates	682,733	-0-	682,733	420,910
Government grants - employee retention credits	-0-	-0-	-0-	2,970,595
Other fees and grants from government agencies - contributions	26,307	-0-	26,307	1,337,139
Gifts-in-kind	1,444,397	-0-	1,444,397	1,067,854
Revenue				
Program service revenue	2,517,427	-0-	2,517,427	2,708,495
Loss on disposal of property and equipment	(534,420)	-0-	(534,420)	(5,793)
Other	122,216	-0-	122,216	124,865
Change in value of annuity and trust liabilities	212	136,774	136,986	(211,581)
Investment return, net	225,025	(187,810)	37,215	(1,660,255)
Net assets released from restrictions	<u>4,350,476</u>	<u>(4,350,476)</u>	<u>-0-</u>	<u>-0-</u>
	21,299,338	2,913,602	24,212,940	23,918,261
Special events				
Registration fees and other support	1,361,791	-0-	1,361,791	1,511,135
Gift-in-kind support	794,494	-0-	794,494	803,038
Direct expenses of events	(484,340)	-0-	(484,340)	(445,803)
Gift-in-kind expenses	<u>(794,494)</u>	<u>-0-</u>	<u>(794,494)</u>	<u>(803,038)</u>
	877,451	-0-	877,451	1,065,332
<b>Total support and revenue</b>	<b>22,176,789</b>	<b>2,913,602</b>	<b>25,090,391</b>	<b>24,983,593</b>
<b>Expenses</b>				
Program services				
Men's residential center	1,472,680	-0-	1,472,680	1,247,260
Shelter for men	2,744,694	-0-	2,744,694	2,482,545
Center for women and children	3,555,890	-0-	3,555,890	2,849,320
Camp Hunt	1,095,675	-0-	1,095,675	1,068,211
Industry	1,394,150	-0-	1,394,150	1,719,750
Edwards residence	104,813	-0-	104,813	98,205
Thrift shop	1,238,907	-0-	1,238,907	586,884
Ministry services	1,600,900	-0-	1,600,900	1,540,475
Center for men (Bloomington)	977,107	-0-	977,107	807,052
Center for women and children (Bloomington)	191,868	-0-	191,868	154,111
Food services	3,053	-0-	3,053	1,261,951
Restored creations	<u>79,312</u>	<u>-0-</u>	<u>79,312</u>	<u>94,645</u>
	14,459,049	-0-	14,459,049	13,910,409
Supporting activities				
Management and general	1,313,407	-0-	1,313,407	1,114,156
Fundraising and development	<u>4,322,539</u>	<u>-0-</u>	<u>4,322,539</u>	<u>4,005,654</u>
	5,635,946	-0-	5,635,946	5,119,810
<b>Total expenses</b>	<b><u>20,094,995</u></b>	<b><u>-0-</u></b>	<b><u>20,094,995</u></b>	<b><u>19,030,219</u></b>
<b>Change in net assets</b>	<b>2,081,794</b>	<b>2,913,602</b>	<b>4,995,396</b>	<b>5,953,374</b>
<b>Net assets, beginning of year</b>	<b><u>46,041,235</u></b>	<b><u>16,816,667</u></b>	<b><u>62,857,902</u></b>	<b><u>56,904,528</u></b>
<b>Net assets, end of year</b>	<b><u>\$ 48,123,029</u></b>	<b><u>\$ 19,730,269</u></b>	<b><u>\$ 67,853,298</u></b>	<b><u>\$ 62,857,902</u></b>

*See accompanying notes to consolidated financial statements.*

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED MAY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Support			
Contributions	\$ 12,731,738	\$ 4,434,294	\$ 17,166,032
Contributions - wills and estates	420,910	-0-	420,910
Government grants - employee retention credits	2,970,595	-0-	2,970,595
Other fees and grants from government agencies - contributions	1,337,139	-0-	1,337,139
Gifts-in-kind	1,067,854	-0-	1,067,854
Revenue			
Program service revenue	2,708,495	-0-	2,708,495
Loss on disposal of property and equipment	(5,793)	-0-	(5,793)
Other	124,865	-0-	124,865
Change in value of annuity and trust liabilities	5,298	(216,879)	(211,581)
Investment return, net	(355,361)	(1,304,894)	(1,660,255)
Net assets released from restrictions	<u>14,234,264</u>	<u>(14,234,264)</u>	<u>-0-</u>
	35,240,004	(11,321,743)	23,918,261
Special events			
Registration fees and other support	1,511,135	-0-	1,511,135
Gift-in-kind support	803,038	-0-	803,038
Direct expenses of events	(445,803)	-0-	(445,803)
Gift-in-kind expenses	<u>(803,038)</u>	<u>-0-</u>	<u>(803,038)</u>
	1,065,332	-0-	1,065,332
 Total support and revenue	 36,305,336	 (11,321,743)	 24,983,593
<b>Expenses</b>			
Program services			
Men's residential center	1,247,260	-0-	1,247,260
Shelter for men	2,482,545	-0-	2,482,545
Center for women and children	2,849,320	-0-	2,849,320
Camp Hunt	1,068,211	-0-	1,068,211
Industry	1,719,750	-0-	1,719,750
Edwards residence	98,205	-0-	98,205
Thrift shop	586,884	-0-	586,884
Ministry services	1,540,475	-0-	1,540,475
Center for men (Bloomington)	807,052	-0-	807,052
Center for women and children (Bloomington)	154,111	-0-	154,111
Food services	1,261,951	-0-	1,261,951
Restored creations	<u>94,645</u>	<u>-0-</u>	<u>94,645</u>
	13,910,409	-0-	13,910,409
Supporting activities			
Management and general	1,114,156	-0-	1,114,156
Fundraising and development	<u>4,005,654</u>	<u>-0-</u>	<u>4,005,654</u>
	5,119,810	-0-	5,119,810
 Total expenses	 <u>19,030,219</u>	 <u>-0-</u>	 <u>19,030,219</u>
 <b>Change in net assets</b>	 17,275,117	 (11,321,743)	 5,953,374
<b>Net assets, beginning of year</b>	<u>28,766,118</u>	<u>28,138,410</u>	<u>56,904,528</u>
<b>Net assets, end of year</b>	<u>\$ 46,041,235</u>	<u>\$ 16,816,667</u>	<u>\$ 62,857,902</u>

*See accompanying notes to consolidated financial statements.*



## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MAY 31, 2023 (With Comparative Total for the Year Ended May 31, 2022)

	2023						2022 Total
	Program Services	Supporting Activities			Total		
		Management and General	Fundraising and Development	Total Supporting Activities			
Salaries and benefits	\$ 7,536,385	\$ 387,070	\$ 1,627,736	\$ 2,014,806	\$ 9,551,191	\$ 8,904,180	
Gift-in-kind expenses	1,252,579	-0-	794,494	794,494	2,047,073	1,869,841	
Public relations and direct mailing	2,863	-0-	1,790,249	1,790,249	1,793,112	1,767,295	
Direct expenses of events	-0-	-0-	484,340	484,340	484,340	445,803	
Telephone and utilities	782,686	35,183	4,725	39,908	822,594	703,317	
Depreciation expense	1,424,457	111,697	-0-	111,697	1,536,154	1,442,704	
Postage	1,407	1,046	613,100	614,146	615,553	441,448	
Maintenance	452,553	30,312	42,781	73,093	525,646	515,497	
Insurance	288,519	741	4,810	5,551	294,070	224,891	
Food	234,759	-0-	-0-	-0-	234,759	959,984	
Equipment repair and maintenance	275,238	18,454	19,691	38,145	313,383	217,864	
Cleaning supplies	116,319	2,204	-0-	2,204	118,523	98,644	
Fuel and oil	76,855	2,294	46	2,340	79,195	67,075	
Professional services	411,831	502,998	125,688	628,686	1,040,517	779,710	
Program materials	165,881	-0-	9,228	9,228	175,109	121,009	
Office supplies	18,355	5,420	2,557	7,977	26,332	21,379	
Staff travel and conferences	66,783	6,427	14,567	20,994	87,777	56,215	
Industry and supplies	990,917	-0-	-0-	-0-	990,917	1,298,770	
Grants and scholarships	31,055	24,800	-0-	24,800	55,855	29,575	
Interest	-0-	-0-	-0-	-0-	-0-	(333)	
Membership fees	17,441	-0-	2,501	2,501	19,942	21,553	
Sales and property tax	-0-	2,176	-0-	2,176	2,176	3,339	
Capital campaign expenses	-0-	74,676	-0-	74,676	74,676	95,040	
Lockbox and bank fees	19,202	104,664	64,850	169,514	188,716	187,313	
Facility lease and other costs	233,003	-0-	-0-	-0-	233,003	-0-	
Miscellaneous	59,961	3,245	10	3,255	63,216	6,947	
Total expenses	14,459,049	1,313,407	5,601,373	6,914,780	21,373,829	20,279,060	
Less expenses netted with support and revenues on the statement of activities	-0-	-0-	(1,278,834)	(1,278,834)	(1,278,834)	(1,248,841)	
Total expenses reported on the statement of activities	<u>\$ 14,459,049</u>	<u>\$ 1,313,407</u>	<u>\$ 4,322,539</u>	<u>\$ 5,635,946</u>	<u>\$ 20,094,995</u>	<u>\$ 19,030,219</u>	

*See accompanying notes to consolidated financial statements.*

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MAY 31, 2022

	Supporting Activities				Total
	Program Services	Management and General	Fundraising and Development	Total Supporting Activities	
Salaries and benefits	\$ 7,057,706	\$ 291,784	\$ 1,554,690	\$ 1,846,474	\$ 8,904,180
Gift-in-kind expenses	1,066,803	-0-	803,038	803,038	1,869,841
Public relations and direct mailing	3,491	4,780	1,759,024	1,763,804	1,767,295
Direct expenses of events	-0-	-0-	445,803	445,803	445,803
Telephone and utilities	665,410	33,420	4,487	37,907	703,317
Depreciation expense	1,299,977	142,727	-0-	142,727	1,442,704
Postage	1,084	27,470	412,894	440,364	441,448
Maintenance	431,048	33,070	51,379	84,449	515,497
Insurance	217,361	1,536	5,994	7,530	224,891
Food	957,984	-0-	2,000	2,000	959,984
Equipment repair and maintenance	194,903	13,083	9,878	22,961	217,864
Cleaning supplies	97,210	1,434	-0-	1,434	98,644
Fuel and oil	64,250	2,021	804	2,825	67,075
Professional services	313,710	352,052	113,948	466,000	779,710
Program materials	119,359	-0-	1,650	1,650	121,009
Office supplies	17,968	996	2,415	3,411	21,379
Staff travel and conferences	36,586	7,692	11,937	19,629	56,215
Industry and supplies	1,298,770	-0-	-0-	-0-	1,298,770
Grants and scholarships	29,575	-0-	-0-	-0-	29,575
Interest	-0-	(333)	-0-	(333)	(333)
Membership fees	19,376	277	1,900	2,177	21,553
Sales and property tax	-0-	3,339	-0-	3,339	3,339
Capital campaign expenses	-0-	95,040	-0-	95,040	95,040
Lockbox and bank fees	11,097	103,795	72,421	176,216	187,313
Miscellaneous	6,741	(27)	233	206	6,947
Total expenses	13,910,409	1,114,156	5,254,495	6,368,651	20,279,060
Less expenses netted with support and revenues on the statement of activities	-0-	-0-	(1,248,841)	(1,248,841)	(1,248,841)
Total expenses reported on the statement of activities	<u>\$ 13,910,409</u>	<u>\$ 1,114,156</u>	<u>\$ 4,005,654</u>	<u>\$ 5,119,810</u>	<u>\$ 19,030,219</u>

*See accompanying notes to consolidated financial statements.*

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MAY 31, 2023 AND 2022

	2023	2022
<b>Operating activities</b>		
Change in net assets	\$ 4,995,396	\$ 5,953,374
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,536,154	1,442,704
Loss on disposal of property and equipment	534,420	5,793
Realized and unrealized losses on investments, net	1,236,574	2,728,723
Change in value of annuity and trust liabilities	(136,986)	211,581
Change in allowance for doubtful accounts	74,676	95,041
Proceeds from contributions restricted for purchase and renovation of buildings	(91,346)	(1,418,732)
Proceeds from contributions restricted for investment in endowment	(333,334)	-0-
Changes in assets and liabilities		
Accounts receivable	510,641	(333,733)
Contributions receivable	(768,975)	(96,782)
Government grants receivable	-0-	(2,970,595)
Other assets	(221,532)	(2,228)
Right-of-use assets under operating leases, net	(1,983,061)	-0-
Accounts payable	(131,011)	107,820
Accrued payroll and other liabilities	(1,345)	175,280
Operating lease liabilities	2,019,467	-0-
Net cash flows from operating activities	7,239,738	5,898,246
<b>Investing activities</b>		
Capital expenditures	(2,491,102)	(2,932,449)
Purchases of investments	(31,301,363)	(17,241,401)
Proceeds from sale of investments	25,905,675	8,677,779
Net cash flows from investing activities	(7,886,790)	(11,496,071)
<b>Financing activities</b>		
Proceeds from contributions restricted for purchase and renovation of buildings	91,346	1,418,732
Proceeds from contributions restricted for investment in endowment	333,334	-0-
Proceeds from issuance of notes payable	500,000	-0-
Principal payments on notes payable	(500,000)	-0-
Annuities and trusts payments	(319,496)	(311,563)
Net cash flows from financing activities	105,184	1,107,169
Net change in cash	(541,868)	(4,490,656)
<b>Cash and restricted cash, beginning of year</b>	1,790,943	6,281,599
<b>Cash and restricted cash, end of year</b>	\$ 1,249,075	\$ 1,790,943
<b>Included in the consolidated statements of financial position as</b>		
Cash	\$ 1,041,114	\$ 1,448,628
Restricted cash	207,961	342,315
Total cash and restricted cash, end of year	\$ 1,249,075	\$ 1,790,943
<b>Supplemental disclosure of cash flow information</b>		
Change in accounts payable related to capital expenditures	\$ 37,723	\$ (996,384)

*See accompanying notes to consolidated financial statements.*

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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### 1. NATURE OF ACTIVITIES

The accompanying consolidated financial statements include the accounts of Wheeler Mission Ministries, Inc. and its wholly owned subsidiaries, Wheeler East Street Holdings, Inc., Drumstick Dash, LLC and Wheeler Stores, LLC (collectively referred to as the Ministry). All significant intercompany balances and transactions have been eliminated in consolidation.

Wheeler Mission Ministries, Inc. (WMM), an Indiana not-for-profit corporation, is a non-denominational Christian organization that exists to provide Christ-centered programs and services for individuals experiencing homelessness and those in need. The vision of the Ministry is to see every man, woman, and child we serve be equipped to be productive citizens who enjoy lasting success in Christ.

Services to the community are provided through seven separate facilities, each offering unique programs to the homeless and those in need in Indiana. These facilities include Men's Residential Center, Shelter for Men, Center for Women and Children, and Edwards Residence in the greater Indianapolis, Indiana area, as well as the Training Center at Camp Hunt, the Center for Men, and Center for Women and Children in Bloomington, Indiana.

WMM offers a long-term residential treatment program for addiction recovery that is offered to men at the Training Center at Camp Hunt and to women at the Center for Women and Children.

In addition to the seven service centers, WMM owns and operates a thrift shop in Fishers, Indiana and a pallet manufacturing shop at the Training Center on the Camp Hunt campus in Bloomington. The Wheeler Mission Thrift Store sells used clothing and household items, along with providing no-cost items to individuals and families in need and employment opportunities and training to program participants. Wheeler Pallet and Industry manufactures pallets and provides employment opportunities and training to program participants. Through Restored Creations, women being served by WMM produce candles and develop transferable job skills needed to obtain and maintain employment.

WMM is a member of the Citygate Network, the Evangelical Council for Financial Accountability, and the National Society of Fund Raising Executives.

WMM receives the majority of its support from individuals, churches, businesses, civic organizations, and foundations within the Indianapolis metropolitan area.

Wheeler East Street Holdings, Inc. (ESH), an Indiana public benefit corporation, serves as a holding company for two properties that WMM utilizes to operate various programs. ESH received its initial start-up funding from WMM. WMM also provides ongoing operational support to ESH.

Drumstick Dash, LLC (DD) is a single member limited liability company. DD was formed to house the activities of the annual Drumstick Dash event.

Wheeler Stores, LLC (WS) is a single member limited liability company. WS was formed to house activities of the Wheeler Mission Thrift Store.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The consolidated financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Ministry, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Ministry's unspent contributions are classified in this class if the donor limited their use. Earnings on donor restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure. Additionally, some net assets are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Ministry. Included in this classification are endowment funds, which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested for the purpose of producing present and future income.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated statement of activities by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of property and equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the donated or acquired assets are placed in service, unless the donor provides more specific directions about the period of its use.

#### 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, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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### Cash and Restricted Cash

For purposes of the consolidated statement of cash flows, cash excludes cash held by various fund managers which is included in investments.

At May 31, 2023 and 2022, restricted cash consists of ESH funds which are required to be set aside as a reserve related to the net market tax credits (Note 14).

### Accounts Receivable

Accounts receivable (contract receivables) are recorded at net invoice amounts and consist primarily of billings for the Ministry's enterprise operations at the Training Center on the Camp Hunt campus, which include the production and sales of wood pallets and other wood products. The Ministry's policy for determining when receivables are past due is on a case by case basis. Management estimates an allowance for uncollectible accounts receivable based on an evaluation of current economic conditions, historical trends, and other factors unique to the Ministry's customer base. No late fees or finance charges are assessed. Amounts are considered uncollectible at the time management believes all collection efforts have been exhausted. Management has determined that an allowance for doubtful accounts receivable of \$-0- and \$57,843 was determined necessary at May 31, 2023 and 2022, respectively. At May 31, 2023 and 2022 and June 1, 2021, net accounts receivable have a balance of \$125,492, \$693,976 and \$418,086, respectively.

### Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable are initially recorded at fair value based on estimated future cash flows of the unconditional pledges and are reported net of an allowance for doubtful amounts. The computation of a present value discount on contributions due in future years has been determined to be insignificant.

Management estimates an allowance for uncollectible contributions receivable based on current economic conditions, historical trends, and current and past experience with their donor base.

### Government Grants Receivable

Government grants receivable represent amounts awarded by government agencies. Government grants receivable are due within one year and are recorded at their net realizable value. Management estimates an allowance for uncollectible government grants receivable based on current economic conditions, historical trends, and current and past experience with the individual grantors. Management determined that no allowance was necessary as of May 31, 2023 and 2022.

The Coronavirus Aids, Relief, and Economic Security (CARES) Act included a provision for the Employee Retention Credit (ERC). The ERC is a fully refundable tax credit for employers that may be available based on specified declines in gross receipts (revenues) in calendar quarters in 2020 or 2021 compared to the corresponding quarters in 2019. The credit is calculated at

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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defined percentages of qualified wages that eligible employers pay their employees during the qualifying quarters. The Ministry recognized \$2,970,595 of ERC grant revenue during fiscal 2022, which is included in government grants – employee retention credits in the consolidated statement of activities. Additionally, \$2,970,595 has not yet been received and is included in government grants receivable in the consolidated statements of financial position at May 31, 2023 and 2022.

### Note Receivable

The note receivable represents the outstanding amount due to the Ministry from Chase NMTC Wheeler Mission Investment Fund, LLC which matures March 1, 2051. At May 31, 2023 and 2022, the outstanding balance of this note is \$6,086,700. It is secured by a 99.9% interest in the sub-CDE (see Note 14). The note requires quarterly interest payments through March 10, 2027, then quarterly principal and interest payments of \$74,854 through maturity (interest rate of 1.411%).

The note receivable is reported at its carrying value. The Ministry considers the note to be fully collectible; therefore, no allowance for doubtful accounts has been provided. Interest income related to the note receivable is recorded as an increase in net assets without donor restrictions.

### Inventory

Inventory consists of thrift store goods donated for resale and lumber used to build pallets. Purchased items of inventory are valued at the lower of cost or net realizable value with cost being determined using the first-in, first-out (FIFO) basis. Donated goods received by the Ministry that are to be distributed or sold in the thrift stores are valued as discussed in Note 12.

### Property and Equipment

Property and equipment are capitalized at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred.

Gifts for the acquisition of property and equipment are reported as support in net assets with donor restrictions. Absent explicit donor restrictions on use or how long such assets must be maintained, the Ministry reports expirations of donor restrictions when the acquired assets are placed in service. The Ministry reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Buildings and improvements	5 – 40 years
Equipment	3 – 20 years
Vehicles	3 – 10 years

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# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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### Impairment of Long-Lived Assets

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended May 31, 2023 and 2022, there was no impairment loss recognized for long-lived assets.

### Investments and Investment Return

Investments having a readily determinable market value are carried at fair value.

Investment return includes interest, dividends, and realized and unrealized gains and losses. Changes in unrealized appreciation or depreciation of investments are recorded in the period in which such changes occur. Interest and dividend income are recorded when earned. Realized gains and losses are recorded based on the cost of the specific securities sold.

### Split-Interest Agreements

#### *Charitable Gift Annuities*

The Ministry administers (through a third party administrator) various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries over a specified term (usually the designated beneficiary's lifetime). At the end of the specified term, the remaining assets are available for the unrestricted use of the Ministry. The portion of the charitable gift annuities attributable to the present value of future benefits to be received by the Ministry is recorded in the consolidated statement of activities as donor restricted contributions in the period the gift is received. There were no such contributions during the years ended May 31, 2023 and 2022. There were no liabilities released for the years ended May 31, 2023 and 2022.

Assets held in trust total \$187,951 and \$196,301 at May 31, 2023 and 2022, respectively, and primarily consist of mutual funds and are reported at their fair value as charitable gift annuity investments in the consolidated statements of financial position. The present value of the estimated future payments to beneficiaries amounts to \$45,655 and \$52,418 at May 31, 2023 and 2022, respectively. The fair value (Level 2 in the fair value hierarchy – see Note 6 for definition) of the estimated future payments to beneficiaries is based on the present value of the future payments and was calculated using a discount rate of 5.0% and the applicable mortality tables.

#### *Charitable Remainder Trust*

The Ministry, serving as the trustee, administers (through a third party administrator) a charitable remainder trust. The trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (the designated beneficiaries' lifetimes). At the end of the trust's term, the remaining assets are available for the Ministry's use. The portion of the charitable remainder trust attributable to the present value of future benefits to be received by the Ministry is reported in the consolidated statement of activities as donor

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## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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restricted contributions in the period the contributions are made to the trust. No contributions were made to the trust during the year ended May 31, 2023. Contributions of \$410,556 were made to the charitable remainder trust during the year ended May 31, 2022.

Assets held in trust total \$3,278,206 and \$3,668,696 at May 31, 2023 and 2022, respectively, and primarily consist of mutual funds and are reported at their fair value as charitable remainder trust investments in the consolidated statements of financial position. On an annual basis, the Ministry revalues the liability for distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments to beneficiaries amounted to \$2,199,224 and \$2,648,943 at May 31, 2023 and 2022, respectively. The fair value (Level 2 in the fair value hierarchy – see Note 6 for definition) of the estimated future payments is calculated using a discount rate of 5.0% and the applicable mortality tables.

#### Accounting for Contributions and Revenue Recognition

The Ministry recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as contributions with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year.

Program service revenues relate to pallet sales and thrift store sales and are recorded as revenue at the point of sale. Program service revenues also include services provided to individuals in need and are recorded as revenue over time in the year to which they relate (in which performance obligations are fulfilled). All program service revenues represent exchange transactions.

All other revenues are recognized when earned.

#### Functional Allocation of Expenses

The costs of providing the programs and services of the Ministry have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting activities benefited based on estimates of time and usage by personnel and programs and the benefits derived. Expenses allocated include salaries and benefits, telephone and utilities, depreciation, maintenance, insurance, professional services and travel. Although the method used was appropriate, other methods could produce different results.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Ministry generally does not conduct its fundraising activities in conjunction with its other activities. In a case in which it does, such costs have been allocated between fundraising and development, program services or management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

### Income Taxes

WMM and ESH are exempt from Federal and state income taxes on related income under Section 501(c)(3) of the United States Internal Revenue Code and similar state law.

The activities of DD and WS are exempt as programs under WMM's not-for-profit exemption and are included in the income tax filings of WMM. The exemption is on all income except unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Ministry and recognize a tax liability if the Ministry has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management believes that as of May 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Ministry is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Ministry is generally exempt from income taxes. However, WMM and ESH are required to file Federal Form 990 – Return of Organization Exempt from Income Tax and a corresponding state return, which are informational returns only. WMM and ESH have filed their federal and state income tax returns for periods through May 31, 2022. The activities of DD and WS are included in WMM's tax filings. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

### Reclassifications

Certain amounts in the fiscal 2022 consolidated statement of activities have been reclassified herein in order to conform to the presentation in fiscal 2023. These reclassifications had no effect on total support and revenue, total expenses, or the change in net assets for fiscal 2022.

### Subsequent Events

The Ministry evaluates events or transactions occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through September 21, 2023, which is the date the consolidated financial statements were available to be issued.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

### 3. CHANGE IN ACCOUNTING PRINCIPLE - LEASES

On June 1, 2022, the Ministry adopted the new lease accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in the Accounting Standards Codification (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 intended to improve financial reporting about leasing transactions by requiring entities to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in ASC 842) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Ministry applied the modified retrospective approach to all lease agreements when adopting ASC 842. ASC 842 was applied retrospectively to the beginning of the period of adoption through a cumulative-effect adjustment recognized as of June 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance in ASC 840. The adoption of ASC 842 had a material impact on the consolidated statements of financial position but did not have a significant impact on the consolidated statements of activities and the consolidated statements of cash flows. As of June 1, 2022, the Ministry's total assets and total liabilities increased by \$55,073 as a result of ASC 842. The most significant impact was the recognition of right-of-use (ROU) assets under operating leases and operating lease liabilities for operating leases. See Note 9 for the impacts of the adoption of ASC 842 on the consolidated statement of financial position as of June 30, 2023.

The Ministry elected the available practical expedients to account for its existing operating leases under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. In addition, the Ministry elected the hindsight practical expedient to determine the lease term for existing leases.

### 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at May 31:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 699,471	\$ 362,777
Due in one to five years	<u>625,667</u>	<u>77,700</u>
Contributions receivable	1,325,138	440,477
Less allowance for doubtful accounts	<u>(198,771)</u>	<u>(66,252)</u>
Contributions receivable, net	<u>\$ 1,126,367</u>	<u>\$ 374,225</u>

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

### 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at May 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,017,552	\$ 2,017,552
Buildings and improvements	35,091,643	34,101,255
Equipment	3,068,252	3,279,487
Vehicles	780,011	729,662
Construction in process	<u>176,705</u>	<u>388,409</u>
	41,134,163	40,516,365
Accumulated depreciation	<u>(11,951,406)</u>	<u>(11,791,859)</u>
	<u>\$ 29,182,757</u>	<u>\$ 28,724,506</u>

Land and buildings aggregating a total cost of \$5,486,241 and \$6,275,721 at May 31, 2023 and 2022, respectively, have been partially funded through grants from the Federal Home Loan Bank of Indianapolis (FHLBI) for the development of affordable housing. The Ministry is subject to various reporting requirements in addition to meeting certain occupancy and low-income housing requirements, as defined in the grants, for a retention period of fifteen years beginning after project completion. If the Ministry does not fulfill the compliance requirements over the fifteen year retention period under the grants, it could be liable to repay a portion of the funding. Management believes the likelihood of not fulfilling its requirements under the FHLBI grants is remote. The retention period of two FHLBI grants aggregating \$500,000 each end during January 2031 and September 2037, respectively.

Construction in process includes costs associated with building construction and improvements not completed as of the end of the fiscal year. At May 31, 2023, the Ministry has contracts in place with various vendors of approximately \$101,000 to complete additional improvements. All of these improvements are anticipated to be completed during fiscal 2024.

### 6. INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Ministry has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2023 and 2022.

- *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Ministry are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Ministry are deemed to be actively traded.
- *Exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *US government obligations:* Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Ministry believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

The following tables set forth the Ministry's investment portfolio as of May 31:

	2023		
	Level 1	Level 2	Total
Money market mutual funds	\$ -0-	\$ 6,861,213	\$ 6,861,213
Mutual funds			
Equity			
Large cap growth	1,327,144	-0-	1,327,144
Large cap value	1,774,331	-0-	1,774,331
Large cap blended	2,628,898	-0-	2,628,898
Midcap	1,075,709	-0-	1,075,709
Small cap	564,247	-0-	564,247
International	1,155,029	-0-	1,155,029
Other	1,237,228	-0-	1,237,228
Fixed income	1,140,567	-0-	1,140,567
Exchange traded funds			
Equity			
Large cap growth	1,034,375	-0-	1,034,375
Large cap value	1,267,134	-0-	1,267,134
Large cap blended	2,120,818	-0-	2,120,818
Midcap	420,202	-0-	420,202
Small cap	423,998	-0-	423,998
International	832,031	-0-	832,031
Other	437,513	-0-	437,513
Fixed income			
Ultrashort bond	853,207	-0-	853,207
Intermediate-core bond	2,868,135	-0-	2,868,135
Other bond	423,613	-0-	423,613
US government obligations			
Treasury notes	-0-	9,965,940	9,965,940
Total fair value	\$ 21,584,179	\$ 16,827,153	38,411,332
Cash			77,767
Total investments			\$ 38,489,099

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

	2022		
	Level 1	Level 2	Total
Money market mutual fund	\$ -0-	\$ 2,525,761	\$ 2,525,761
Mutual funds			
Equity			
Large cap growth	1,625,209	-0-	1,625,209
Large cap value	1,242,144	-0-	1,242,144
Large cap blended	2,139,711	-0-	2,139,711
Midcap	1,427,408	-0-	1,427,408
Small cap	876,018	-0-	876,018
International	1,046,099	-0-	1,046,099
Other	1,205,323	-0-	1,205,323
Fixed income	2,554,876	-0-	2,554,876
Exchange traded funds			
Equity			
Large cap growth	985,351	-0-	985,351
Large cap value	1,436,089	-0-	1,436,089
Large cap blended	2,287,784	-0-	2,287,784
Midcap	424,244	-0-	424,244
Small cap	519,053	-0-	519,053
International	761,582	-0-	761,582
Other	644,371	-0-	644,371
Fixed income			
Ultrashort bond	686,290	-0-	686,290
Intermediate-core bond	2,664,630	-0-	2,664,630
Other bond	445,678	-0-	445,678
US government obligations			
Treasury notes	-0-	5,702,015	5,702,015
Total fair value	\$ 22,971,860	\$ 8,227,776	31,199,636
Cash			3,130,349
Total investments			\$ 34,329,985

The Ministry's investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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Investments are reported on the consolidated statements of financial position as follows at May 31:

	<u>2023</u>	<u>2022</u>
Investments - capital and general operating	\$ 20,153,281	\$ 15,699,244
Investments - endowment	14,869,661	14,765,744
Investments - other		
Charitable gift annuities	187,951	196,301
Charitable remainder trust	<u>3,278,206</u>	<u>3,668,696</u>
	<u>\$ 38,489,099</u>	<u>\$ 34,329,985</u>

The following schedule summarizes investment return for the years ended May 31:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 1,364,207	\$ 1,165,531
Realized and unrealized losses, net	(1,236,574)	(2,728,723)
Investment service fees	<u>(90,418)</u>	<u>(97,063)</u>
Investment return, net	<u>\$ 37,215</u>	<u>\$ (1,660,255)</u>

### 7. LINE OF CREDIT AGREEMENT

The Ministry has a \$1,000,000 revolving line of credit facility available with a bank through December 24, 2023. Borrowings under this facility are secured by substantially all assets of the Ministry, and bear interest at the prime rate less 1.25% (7.00% at May 31, 2023). There were no borrowings on this facility as of May 31, 2023 and 2022.



# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

### 8. NOTES PAYABLE

Notes payable consist of the following at May 31:

	<u>2023</u>	<u>2022</u>
Note payable to IR CDE Twelve, LLC (Note 14) with an annual interest rate of 1.00%. Quarterly interest only payments through March 1, 2027, then quarterly principal and interest payments of \$62,863 through maturity on December 1, 2054; secured by a mortgage on the financed ESH property (with a net book value of \$12,528,600 at May 31, 2023) and assignment of contracts and rents; guaranteed by WMM.	\$ 6,086,700	\$ 6,086,700
Note payable to IR CDE Twelve, LLC (Note 14) with an annual interest rate of 1.00%. Quarterly interest only payments through March 1, 2027, then quarterly principal and interest payments of \$26,370 through maturity on December 1, 2054; secured by a mortgage on the financed ESH property (with a net book value of \$12,528,600 at May 31, 2023) and assignment of contracts and rents; guaranteed by WMM.	<u>2,553,300</u>	<u>2,553,300</u>
	<u>\$ 8,640,000</u>	<u>\$ 8,640,000</u>

The above notes payable to IR CDE Twelve, LLC contain certain restrictive covenants, primarily related to ESH, including limitations on the creation of additional indebtedness and liens.

During the year ended May 31, 2023, the Ministry obtained a construction loan for \$500,000 for the acquisition and rehabilitation of an 84-bed emergency men's shelter in Bloomington, Indiana. The loan bore interest at adjusted term SOFR plus 3%, with a maturity date of September 30, 2024. The note was secured by a mortgage on the financed property. In January 2023, the loan was repaid in full through the use of grant proceeds received during the fiscal year.

Future maturities on the notes payable of \$271,550 are due in the year ending May 31, 2028, with all remaining principal due beyond May 31, 2028 (Note 14).

### 9. LEASES

The Ministry recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This clarification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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The Ministry has operating leases for buildings, copiers, vehicles, forklifts, mailing equipment, and a security system. Leasing agreements required fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lease is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Ministry's agreements do not contain any material restrictive covenants. The leases have remaining terms of 1 to 11.25 years.

The Ministry's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Ministry utilizes its collateralized incremental borrowing rate commensurate to the lease term as the discount rate for its leases unless the Ministry can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. The Ministry has made a policy to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee or lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term.

Variable lease costs include variable common area maintenance expenses charged to the Ministry. Such measures are not included in the measurement of the lease liability but will be recognized as variable lease expense when they are incurred.

In evaluating contracts to determine if they qualify as a lease, the Ministry considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Ministry can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Ministry assesses whether it is reasonably certain to exercise options to terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgement.

The components of the Ministry's lease cost for the year ended May 31, 2023 are as follows:

Operating lease cost	\$ 209,627
Variable lease cost	62,177
Short-term lease cost	<u>19,653</u>
Total lease cost	<u>\$ 291,457</u>

Total rent expense for the year ended May 31, 2022 was \$16,991.

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## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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The Ministry's right-of-use assets and lease liabilities and other disclosures as of and for the year ended May 31, 2023 are as follows:

Right-of-use assets, net	
Operating lease assets, net	\$ 1,983,061
Lease liabilities	
Operating lease liabilities	\$ 2,019,467
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 173,222
Right-of-use asset obtained in exchange for new operating lease liabilities	\$ 2,054,667
Weighted-average remaining lease term - operating leases	10.7 years
Weighted-average discount rate - operating leases	5.63%

Future payments of lease liabilities at May 31, 2023 are as follows:

December 31, May 31,	
<u>2024</u>	\$ 241,497
2025	221,476
2026	217,323
2027	217,915
2028	212,789
Thereafter	<u>1,670,798</u>
Total lease payments	2,781,798
Less: Interest	<u>(762,331)</u>
Present value of lease liabilities	<u>\$ 2,019,467</u>

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# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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Future minimum lease payments under the terms of non-cancelable operating leases in effect at May 31, 2022, under previous accounting guidance under ASC 840, are summarized below:

Year Ending May 31,	
2023	\$ 149,356
2024	179,228
2025	184,206
2026	185,202
2027	190,180
Thereafter	<u>420,189</u>
	<u>\$ 1,308,361</u>

### 10. NET ASSETS

#### Net Assets Without Donor Restrictions – Board Designated

Board designated net assets are net assets without donor restrictions subject to self-imposed limits determined by action of the Board of Directors. The designations are as follows at May 31:

	<u>2023</u>	<u>2022</u>
Funds functioning as endowment:		
General operations	\$ 1,549,321	\$ 1,573,872
Other board designated:		
Operating reserve	<u>500,000</u>	<u>500,000</u>
	<u>\$ 2,049,321</u>	<u>\$ 2,073,872</u>

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

### Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at May 31:

	<u>2023</u>	<u>2022</u>
Purpose restricted		
Center for Women and Children	\$ 151,333	\$ 266,735
Capital campaign for expansion of Center for Women and Children	89,505	214,014
Lilly Endowment - capital investments	-0-	301,748
Lilly Endowment - optimization study	-0-	12,184
Lilly Endowment - capacity building support COVID-19	3,077,299	-0-
Outreach addiction recovery	355,099	282,773
Other programs	<u>604,802</u>	<u>688,869</u>
	4,278,038	2,239,872
Time restricted for future periods		
Charitable remainder trusts	1,078,982	1,019,753
Drumstick Dash	218,221	273,556
Other	<u>83,019</u>	<u>91,614</u>
	1,380,222	1,384,923
Endowment		
Contributions receivable - legacy fund	751,669	-0-
Invested endowment		
Future sustainability	10,756,534	10,922,831
Legacy fund	334,325	-0-
Director of food service support	641,729	655,506
Center for Women and Children or Training Center at Camp Hunt	1,277,950	1,298,824
Other	<u>309,802</u>	<u>314,711</u>
Total invested endowment	<u>13,320,340</u>	<u>13,191,872</u>
	<u>14,072,009</u>	<u>13,191,872</u>
	<u>\$ 19,730,269</u>	<u>\$ 16,816,667</u>

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

### Net Assets Released From Restrictions

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows during the years ended May 31:

	<u>2023</u>	<u>2022</u>
Purpose restriction:		
Center for Women and Children	\$ 711,155	\$ 623,185
Capital campaign for expansion of Center for Women and Children	242,280	11,956,509
Provide shelter, food, and medical assistance under various other programs	1,125,690	1,179,360
Lilly Endowment - capital investments	301,748	25,436
Lilly Endowment - technology and security	-0-	9,642
Lilly Endowment - optimization study	12,184	12,816
Lilly Endowment - future sustainability	94,601	-0-
Lilly Endowment - capacity building support	322,701	-0-
COVID-19	473,549	403,251
Programs - projects	702,444	-0-
Time restriction:		
Drumstick Dash	273,573	24,065
Other	90,551	-0-
	<u>\$ 4,350,476</u>	<u>\$ 14,234,264</u>

## 11. ENDOWMENT

The Ministry's endowments consist of donor restricted and board designated funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

Management is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted SPMIFA as not requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Ministry considers a fund to be underwater if the fair

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Ministry has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with SPMIFA, the Ministry considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

### Underwater Endowment Funds

From time to time, due to unfavorable market fluctuations, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the Ministry to retain as a fund of perpetual duration. There were no deficiencies of this nature at May 31, 2023 and 2022.

### Return Objectives and Risk Parameters

The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment investments are invested in a manner that is intended to protect the purchasing power of the original investment and to maximize the total return of the Ministry within reasonable and prudent levels of risk. Actual returns in any given year may vary.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry, as it relates to its endowment investments, targets a diversified asset allocation that places an emphasis on a balance between equity and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Ministry has a policy of appropriating for distributions each year up to 3% of the net asset value of the endowment as calculated on May 31 of the preceding fiscal year, except for those donor restricted endowment funds held to support future sustainability. Appropriations in excess of 3% of the net asset value of the endowment or appropriations that would cause deterioration of the corpus of the endowment require an affirmative vote of 75% of the entire of Board of Directors then serving. The endowment fund held for future sustainability (Note 10) is limited by the donor, at such times when the balance of the fund is below the historic dollar value of the grant, to spending of 2% of the grant fund balance, and at such times when the grant fund balance is over the historic dollar value of the grant but when planned spending would cause the grant fund balance to fall below the historic dollar value of the grant, to spending of the greater of up to 2% of the grant fund balance or the excess of the grant fund balance over the historic dollar value of the grant. In establishing its policies, the Ministry intends to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The composition of the Ministry's endowment is as follows at May 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 1,549,321	\$ -0-	\$ 1,549,321
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-0-	10,736,734	10,736,734
Accumulated investment gains	-0-	2,583,606	2,583,606
	\$ 1,549,321	\$ 13,320,340	\$ 14,869,661
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 1,573,872	\$ -0-	\$ 1,573,872
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-0-	10,403,400	10,403,400
Accumulated investment gains	-0-	2,788,472	2,788,472
	\$ 1,573,872	\$ 13,191,872	\$ 14,765,744



## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

The change in endowment net assets is as follows for the years ended May 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,573,872	\$ 13,191,872	\$ 14,765,744
Deposits	-0-	333,334	333,334
Distributions	-0-	(94,602)	(94,602)
Investment return, net	(24,551)	(110,264)	(134,815)
Endowment net assets, end of year	\$ 1,549,321	\$ 13,320,340	\$ 14,869,661
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,735,451	\$ 14,305,770	\$ 16,041,221
Investment return, net	(161,579)	(1,113,898)	(1,275,477)
Endowment net assets, end of year	\$ 1,573,872	\$ 13,191,872	\$ 14,765,744

## 12. CONTRIBUTED NONFINANCIAL ASSETS

On June 1, 2022, the Ministry adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as gifts-in-kind (GIK)) received by not-for-profit organizations, including information on how those assets are used and how they are valued. The adoption of this new standard resulted in expanded disclosure requirements for GIK as disclosed below for the years ended May 31, 2023 and 2022.

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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Contributions of nonfinancial assets recognized in the consolidated statements of activities include the following for the years ended May 31:

	<u>2023</u>	<u>2022</u>
Utilized in Ministry programs:		
Meals	\$ 1,179,851	\$ 1,004,866
Clothing	72,727	61,939
Thrift store inventory	191,819	-0-
Other	<u>-0-</u>	<u>1,049</u>
	1,444,397	1,067,854
Special events supplies and services	<u>794,494</u>	<u>803,038</u>
	<u>\$ 2,238,891</u>	<u>\$ 1,870,892</u>

These gifts-in-kind are included in the consolidated statements of activities as follows for the years ended May 31:

	<u>2023</u>	<u>2022</u>
Support		
Gifts-in-kind	\$ 1,444,397	\$ 1,067,854
Special events		
Gift-in-kind support	<u>794,494</u>	<u>803,038</u>
	<u>\$ 2,238,891</u>	<u>\$ 1,870,892</u>

Donated meals utilized in Ministry programs are valued on a per pound basis using benchmarks from national food distribution organizations. Donated clothing and end of year thrift store inventory are valued at estimated thrift value for items of similar quality. Special events supplies and services are valued at their estimated fair market value (what would be paid for such items if purchased). All gifts-in kind are unrestricted during fiscal 2023 and 2022.

The donated items utilized in Ministry programs are utilized among a number of programs, including the Men's Residential Center, Shelter for Men, and Center for Women and Children in the greater Indianapolis, Indiana area, as well as the Training Center at Camp Hunt, and the Center for Men in Bloomington, Indiana.

Thrift store inventory is monetized in the Wheeler Mission Thrift Store. Total thrift store sales, included in program service revenue in the consolidated statements of activities, were \$942,234 and \$626,776 for the years ended May 31, 2023 and 2022, respectively.

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## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

#### 13. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Ministry's financial assets that are available to meet general expenditures within one year of the consolidated statement of financial position date at May 31:

	2023	2022
Financial assets		
Cash	\$ 1,041,114	\$ 1,448,628
Restricted cash	207,961	342,315
Accounts receivable, net	125,492	693,976
Contributions receivable, net	1,126,367	374,225
Government grants receivable	2,970,595	2,970,595
Investments	38,489,099	34,329,985
Note receivable	6,086,700	6,086,700
Total financial assets	50,047,328	46,246,424
Restricted cash	(207,961)	(342,315)
Contributions receivable not due within one year	(625,667)	(77,700)
Charitable gift annuities payable	(45,655)	(52,418)
Charitable remainder trust payable	(2,199,224)	(2,648,943)
Note receivable not due within one year	(6,086,700)	(6,086,700)
Net assets with donor restrictions		
Purpose restricted (net of construction in process expended in cash)	(4,166,436)	(1,878,843)
Time restricted for future periods	(1,380,222)	(1,384,923)
Endowment	(14,072,009)	(13,191,872)
Board designated net assets		
Endowment	(1,549,321)	(1,573,872)
Operating reserve	(500,000)	(500,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 19,214,133	\$ 18,508,838

The Ministry's board-designated net assets are designated by the Board of Directors to provide income to support general operations in the future, as well as an operating reserve. Although the Ministry does not intend to spend the board designated funds to meet general expenditures, the amounts could be made available, if necessary.

As more fully described in Note 7, the Ministry maintains a line of credit of \$1,000,000 with a bank available to be drawn upon as needed during the year. At May 31, 2023 and 2022, the Ministry has no outstanding borrowings and the full amount is available as needed to meet cash needs for general expenditures.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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### 14. NEW MARKET TAX CREDITS PROJECT

In January 2020, the Ministry entered into a New Market Tax Credit (NMTC) financing transaction to fund a portion of the cost of construction and expansion of the Center for Women and Children. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the Act) and is intended to induce capital investment in qualified low-income communities. The Act permits certain taxpayers to claim credits against their Federal income taxes for up to 39% of qualified investments in the equity of Community Development Entities (CDE). A CDE is a privately managed investment institution that is certified to make qualified low-income community investments (QLICI) loans. The NMTC structure includes the Ministry (through ESH), as a leverage lender, and the tax credit investor is Chase NMTC Wheeler Mission Investment Fund, LLC, an entity formed for purposes of NMTC transactions by Chase Bank, N.A.

In January 2020, Chase Community Equity, LLC made a \$9,000,000 capital contribution to Chase NMTC Wheeler Mission Investment Fund, LLC, a qualified equity investment fund. At the same time, the Ministry (through ESH as leverage lender) made a \$6,086,700 leveraged loan to the same investment fund (Note 2), resulting in a partial return of capital to Chase Community Equity, LLC. In turn, Chase NMTC Wheeler Mission Investment Fund, LLC made a \$9,000,000 capital contribution to IR CDE Twelve, LLC (sub-CDE), which is recognized as a qualified community development entity (noted above) or sub-CDE in this structure. After deducting certain fees associated with the transaction, the sub-CDE made two QLICI loans to the Ministry for a combined total of \$8,640,000. In this structure, the Ministry (through ESH) is designated as a qualified active low-income community benefit entity (QALICB). The QLICI loans bear interest at a rate of 1% and mature on December 1, 2054. Interest only payments due quarterly are made during the first seven years of the notes (Note 8).

The NMTC is subject to 100% recapture for a period of seven years as provided in the Internal Revenue Code. The Ministry is required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangement. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, could require the Ministry to indemnify the investments for any loss or recapture of NMTCs related to the financing until such time as the Ministry's obligation to deliver tax benefits is relieved. The Ministry does not anticipate any credit recaptures in connection with this arrangement. This transaction includes a put / call provision that becomes effective at the end of the seven year compliance recapture period. Under the put provision, the Ministry may be obligated to purchase the investor's (CDE) interest in the Fund (Chase NMTC Wheeler Mission Investment Fund, LLC) for the sum of \$1,000 plus all transfer or excise taxes imposed on the investor. Under the call provision, the Ministry would be entitled to purchase the investor's interest in the Fund at fair market value. The Ministry believes the investor will exercise the put option in March 2027 at the end of the compliance recapture period. The value attributed to the put / call provision is de minimis.

# WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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### 15. EMPLOYEE BENEFITS

#### Retirement Plan

The Ministry offers a voluntary 403(b) program open to all employees upon hire, which acts as the investment vehicle holding any employee contributions. This vehicle holds all of the Ministry's contributions made on behalf of employees, both matched and unmatched. To receive the Ministry's contributions, employees must meet the age and length of service requirements. It is the Ministry's policy to make contributions to the plan as provided annually by the Board of Directors. Contribution expense under this plan was \$300,808 and \$275,439 for the years ended May 31, 2023 and 2022, respectively.

#### Flexible Benefit Plan

The Ministry offers a flexible benefit plan through a Health Saving Account (HSA). The plan offers medical expense reimbursements for certain employees grandfathered into the plan. Employees can make voluntary contributions to the plan for medical expense reimbursements. The Ministry contributed \$29,463 and \$26,120 to the plan during the years ended May 31, 2023 and 2022, respectively.

#### Health Insurance

The Ministry provided its regular full-time employees with medical health insurance through January 2023. Regular full-time employees may choose to have their eligible family members covered under the health care plan as well. Participants were eligible to purchase coverage through the Ministry for dependents at their own expense by payroll deduction. For employees hired after June 1, 1992, the cost is paid for by the employee. After January 2023, all employees are responsible for their own health plan and the Ministry offered all employees a stipend for the increased premiums due to this change. Additionally, under the new program the Ministry is responsible for shared medical expenses, which are required to be paid in subsequent years. As of May 31, 2023 the Ministry had booked a liability of \$27,005 for these future payments. Participants should refer to the benefits booklet for a more complete description of the benefit provisions. Contribution expense under this plan was \$500,012 and \$696,054 for the years ended May 31, 2023 and 2022, respectively.

### 16. CONCENTRATIONS

The Ministry maintains its cash in accounts which generally exceed federally insured limits. The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

All of the Ministry's investments are managed by one investment management firm. The Ministry was invested in one fund that comprised approximately 14% of total investments at May 31, 2023. There was no such concentration at May 31, 2022.

## **WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES**

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2023 AND 2022

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As of at May 31, 2023, the Ministry has contributions receivable from one donor representing 50% of gross contributions receivable. As of at May 31, 2022, the Ministry has contributions receivable from four donors representing 60% of gross contributions receivable.

SUPPLEMENTARY INFORMATION

## WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROGRAM SERVICES EXPENSES YEAR ENDED MAY 31, 2023

(With Comparative Total for the Year Ended May 31, 2022)

	2023													2022 Total
	Men's Residential Center	Shelter for Men	Center for Women and Children	Camp Hunt	Industry	Edwards Residence	Thrift Shop	Ministry Services	Center for Men (Bloomington)	Center for Women and Children (Bloomington)	Food Services	Restored Creations	Total Program Services	
Salaries and benefits	\$ 829,067	\$ 1,534,247	\$ 1,728,390	\$ 500,905	\$ 192,595	\$ 71,610	\$ 729,012	\$ 1,237,564	\$ 510,672	\$ 151,490	\$ 2,965	\$ 47,868	\$ 7,536,385	\$ 7,057,706
Gift-in-kind expenses	149,444	416,285	323,513	108,454	-0-	-0-	-0-	-0-	254,883	-0-	-0-	-0-	1,252,579	1,066,803
Public relations and direct mailing	75	-0-	-0-	225	-0-	-0-	2,400	-0-	-0-	-0-	-0-	163	2,863	3,491
Telephone and utilities	134,154	129,015	179,529	147,951	37,313	13,030	60,029	3,579	59,159	18,702	-0-	225	782,686	665,410
Depreciation expense	130,694	222,976	729,162	120,614	94,693	4,918	40,267	-0-	66,599	14,534	-0-	-0-	1,424,457	1,299,977
Postage	-0-	2	-0-	246	-0-	25	-0-	-0-	-0-	-0-	-0-	1,134	1,407	1,084
Maintenance	64,279	92,053	93,430	37,855	6,694	5,744	68,337	48,579	30,566	5,016	-0-	-0-	452,553	431,048
Insurance	3,696	7,397	9,243	2,587	43,907	555	4,437	213,370	1,850	1,109	-0-	368	288,519	217,361
Food	45,200	78,231	71,826	27,979	3,698	-0-	-0-	-0-	7,825	-0-	-0-	-0-	234,759	957,984
Equipment repair and maintenance	38,053	22,242	66,979	49,630	25,084	5,761	38,076	12,615	11,452	694	88	4,564	275,238	194,903
Cleaning supplies	17,079	29,515	33,634	19,069	-0-	66	3,279	-0-	13,167	323	-0-	187	116,319	97,210
Fuel and oil	3,028	9,637	1,979	24,986	18,572	706	9,401	5,390	3,156	-0-	-0-	-0-	76,855	64,250
Professional services	-0-	175,722	221,175	90	-0-	-0-	12,455	-0-	1,727	-0-	-0-	662	411,831	313,710
Program materials	36,176	13,472	61,850	18,849	13	1,267	17,519	3,818	12,558	-0-	-0-	359	165,881	119,359
Office supplies	740	1,255	2,974	1,552	800	61	1,733	7,403	1,130	-0-	-0-	707	18,355	17,968
Staff travel and conferences	7,814	3,773	31,839	9,723	99	70	874	9,277	2,228	-0-	-0-	1,086	66,783	36,586
Industry and supplies	-0-	-0-	-0-	-0-	970,031	-0-	-0-	-0-	-0-	-0-	-0-	20,886	990,917	1,298,770
Grants and scholarships	8,150	-0-	-0-	22,105	-0-	800	-0-	-0-	-0-	-0-	-0-	-0-	31,055	29,575
Membership fees	30	651	357	324	651	200	-0-	15,097	135	-0-	-0-	(4)	17,441	19,376
Lockbox and bank fees	-0-	-0-	10	-0-	-0-	-0-	18,085	-0-	-0-	-0-	-0-	1,107	19,202	11,097
Facility lease and other costs	-0-	-0-	-0-	-0-	-0-	-0-	233,003	-0-	-0-	-0-	-0-	-0-	233,003	-0-
Miscellaneous	5,001	8,221	-0-	2,531	-0-	-0-	-0-	44,208	-0-	-0-	-0-	-0-	59,961	6,741
	<u>\$ 1,472,680</u>	<u>\$ 2,744,694</u>	<u>\$ 3,555,890</u>	<u>\$ 1,095,675</u>	<u>\$ 1,394,150</u>	<u>\$ 104,813</u>	<u>\$ 1,238,907</u>	<u>\$ 1,600,900</u>	<u>\$ 977,107</u>	<u>\$ 191,868</u>	<u>\$ 3,053</u>	<u>\$ 79,312</u>	<u>\$ 14,459,049</u>	<u>\$ 13,910,409</u>

See report of independent auditors on pages 1 through 3.