

# **Metropolitan Lutheran Ministry and Affiliate**

Consolidated Financial Report  
December 31, 2024

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## Independent Auditor's Report

Board of Directors  
Metropolitan Lutheran Ministry

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Metropolitan Lutheran Ministry and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

#### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of Metropolitan Lutheran Ministry and Affiliate's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metropolitan Lutheran Ministry and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan Lutheran Ministry and Affiliate's internal control over financial reporting and compliance.

***RSM US LLP***

Kansas City, Missouri  
September 30, 2025

**Metropolitan Lutheran Ministry and Affiliate**

**Consolidated Statements of Financial Position  
December 31, 2024 and 2023**

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 3,675,475	\$ 3,995,149
Investments	4,391,463	3,020,270
Contracts and other receivables	706,806	21,405
Inventory	194,257	254,177
Prepaid expenses and other	37,702	28,235
<b>Total current assets</b>	<b>9,005,703</b>	7,319,236
Beneficial interest in assets held in perpetual annuity trust	261,701	244,899
Property and equipment, net	962,991	683,583
<b>Total assets</b>	<b>\$ 10,230,395</b>	\$ 8,247,718
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 20,970	\$ 538
Accrued expenses	163,394	74,799
<b>Total current liabilities</b>	<b>184,364</b>	75,337
Net assets:		
Without donor restrictions	7,585,301	5,699,362
With donor restrictions	2,460,730	2,473,019
<b>Total net assets</b>	<b>10,046,031</b>	8,172,381
<b>Total liabilities and net assets</b>	<b>\$ 10,230,395</b>	\$ 8,247,718

See notes to consolidated financial statements.

**Metropolitan Lutheran Ministry and Affiliate**

**Consolidated Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses) and other support:			
Contributions and grants:			
Foundations	\$ 289,909	\$ 478,101	\$ 768,010
Corporations	622,373	130,217	752,590
Individuals	124,726	344,546	469,272
Member congregations	75,488	27,622	103,110
Other congregations	-	15,000	15,000
United Way	106,662	136,237	242,899
Other organizations	85,946	17,376	103,322
Special events	127,718	-	127,718
Contribution of non-financial assets	1,460,069	-	1,460,069
Government grants and contracts	5,418,085	64,802	5,482,887
Program fees	31,113	-	31,113
Investment income, net	450,071	-	450,071
Change in market value of beneficial interest in assets held in perpetual annuity trust	-	16,802	16,802
Other income	31,949	-	31,949
Net assets released from restrictions	1,242,992	(1,242,992)	-
<b>Total revenues, gains (losses) and other support</b>	<b>10,067,101</b>	<b>(12,289)</b>	<b>10,054,812</b>
Expenses:			
Program services:			
Client services	2,061,269	-	2,061,269
Case management	4,455,020	-	4,455,020
Community outreach	567,968	-	567,968
General	269,711	-	269,711
<b>Total program services</b>	<b>7,353,968</b>	<b>-</b>	<b>7,353,968</b>
Supporting services:			
Development	348,269	-	348,269
Administration	477,925	-	477,925
<b>Total supporting services</b>	<b>826,194</b>	<b>-</b>	<b>826,194</b>
Unallocated payments to related local and affiliated nonprofit organizations	1,000	-	1,000
<b>Total expenses</b>	<b>8,181,162</b>	<b>-</b>	<b>8,181,162</b>
<b>Change in net assets</b>	<b>1,885,939</b>	<b>(12,289)</b>	<b>1,873,650</b>
Net assets—beginning of year	5,699,362	2,473,019	8,172,381
Net assets—end of year	<b>\$ 7,585,301</b>	<b>\$ 2,460,730</b>	<b>\$ 10,046,031</b>

See notes to consolidated financial statements.

## Metropolitan Lutheran Ministry and Affiliate

### Consolidated Statement of Activities and Changes in Net Assets Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions and grants:			
Foundations	\$ 427,672	\$ 381,967	\$ 809,639
Corporations	702,483	71,200	773,683
Individuals	113,575	356,953	470,528
Member congregations	73,312	30,000	103,312
Other congregations	-	3,732	3,732
United Way	13,675	285,196	298,871
Other organizations	49,276	52,800	102,076
Special events	185,540	-	185,540
Contribution of non-financial assets	1,448,065	-	1,448,065
Government grants and contracts	4,258,985	230,420	4,489,405
Program fees	30,223	-	30,223
Investment income, net	363,710	-	363,710
Change in market value of beneficial interest in assets held in perpetual annuity trust	-	25,136	25,136
Other income	1,114	-	1,114
Net assets released from restrictions	1,421,448	(1,421,448)	-
<b>Total revenues, gains and other support</b>	<b>9,089,078</b>	<b>15,956</b>	<b>9,105,034</b>
Expenses:			
Program services:			
Client services	1,991,801	-	1,991,801
Case management	4,681,899	-	4,681,899
Community outreach	581,406	-	581,406
<b>Total program services</b>	<b>7,255,106</b>	<b>-</b>	<b>7,255,106</b>
Supporting services:			
Development	320,944	-	320,944
Administration	427,530	-	427,530
<b>Total supporting services</b>	<b>748,474</b>	<b>-</b>	<b>748,474</b>
<b>Total expenses</b>	<b>8,003,580</b>	<b>-</b>	<b>8,003,580</b>
<b>Change in net assets</b>	<b>1,085,498</b>	<b>15,956</b>	<b>1,101,454</b>
Net assets—beginning of year	4,613,864	2,457,063	7,070,927
Net assets—end of year	\$ 5,699,362	\$ 2,473,019	\$ 8,172,381

See notes to consolidated financial statements.

**Metropolitan Lutheran Ministry and Affiliate**

**Consolidated Statement of Functional Expenses  
Year Ended December 31, 2024**

	Program Services				Supporting Services			
	Community Support Services				Program Total	Development	Administration	Total
	Client Services	Case Management	Community Outreach	General				
Functional expenses:								
Personnel	\$ 340,741	\$ 585,833	\$ 145,258	\$ -	\$ 1,071,832	\$ 262,290	\$ 364,670	\$ 1,698,792
Contractors	-	42,497	53,438	3,740	99,675	4,150	37,317	141,142
Occupancy	-	2,180	393	78,205	80,778	-	-	80,778
Office expense	881	8,794	53	111,478	121,206	20,738	13,495	155,439
Travel	566	4,805	315	296	5,982	1,407	3,300	10,689
Program expense	397,188	3,799,271	99,973	5,405	4,301,837	-	-	4,301,837
In-kind expenses	1,256,339	-	260,859	-	1,517,198	-	-	1,517,198
Automobile expense	-	71	1,418	5,559	7,048	-	-	7,048
Special event expenses	-	-	524	120	644	53,446	-	54,090
Professional fees, insurance and other	65,554	11,569	5,737	64,908	147,768	6,238	59,143	213,149
<b>Total functional expenses</b>	<b>\$ 2,061,269</b>	<b>\$ 4,455,020</b>	<b>\$ 567,968</b>	<b>\$ 269,711</b>	<b>\$ 7,353,968</b>	<b>\$ 348,269</b>	<b>\$ 477,925</b>	<b>8,180,162</b>
Unallocated payments to related local and affiliated nonprofit organizations								<u>1,000</u>
<b>Total expenses</b>								<u><b>\$ 8,181,162</b></u>

See notes to consolidated financial statements.

**Metropolitan Lutheran Ministry and Affiliate**

**Consolidated Statement of Functional Expenses  
Year Ended December 31, 2023**

	Program Services				Supporting Services		
	Community Support Services			Program Total	Development	Administration	Total
	Client Services	Case Management	Community Outreach				
Functional expenses:							
Personnel	\$ 325,763	\$ 513,325	\$ 209,510	\$ 1,048,598	\$ 222,823	\$ 333,987	\$ 1,605,408
Contractors	-	23,290	5,975	29,265	3,330	25,715	58,310
Occupancy	-	77,654	441	78,095	-	-	78,095
Office expense	737	82,249	1,460	84,446	25,687	13,497	123,630
Travel	245	7,359	499	8,103	1,276	571	9,950
Program expense	470,251	3,921,016	125,214	4,516,481	2,477	-	4,518,958
In-kind expenses	1,108,530	-	226,695	1,335,225	-	-	1,335,225
Automobile expense	397	8,843	432	9,672	50	-	9,722
Special event expenses	-	237	1,296	1,533	50,352	-	51,885
Professional fees, insurance and other	85,878	47,926	9,884	143,688	14,949	53,760	212,397
<b>Total functional expenses</b>	<b>\$ 1,991,801</b>	<b>\$ 4,681,899</b>	<b>\$ 581,406</b>	<b>\$ 7,255,106</b>	<b>\$ 320,944</b>	<b>\$ 427,530</b>	
<b>Total expenses</b>							<b>\$ 8,003,580</b>

See notes to consolidated financial statements.

**Metropolitan Lutheran Ministry and Affiliate**

**Consolidated Statements of Cash Flows  
Years Ended December 31, 2024 and 2023**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 1,873,650	\$ 1,101,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,395	66,598
Net realized and unrealized gains on investments	(146,617)	(179,347)
Change in market value of beneficial interest in assets held in perpetual annuity trust	(16,802)	(25,136)
Change in certain assets and liabilities:		
(Increase) decrease in:		
Contracts and other receivables	(685,401)	814,931
Promises to give, net	-	237,338
Inventory	59,920	(110,360)
Prepaid expenses and other	(9,467)	(7,783)
Increase (decrease) in:		
Accounts payable	20,432	(24,831)
Accrued expenses	88,595	(19,092)
<b>Net cash provided by operating activities</b>	<b>1,240,705</b>	<b>1,853,772</b>
Cash flows from investing activities:		
Purchase of property and equipment	(335,803)	-
Purchase of investments	(1,224,576)	(1,250,611)
Proceeds from sale of investments	-	17,554
<b>Net cash used in investing activities</b>	<b>(1,560,379)</b>	<b>(1,233,057)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(319,674)</b>	<b>620,715</b>
Cash and cash equivalents—beginning of year	<b>3,995,149</b>	<b>3,374,434</b>
Cash and cash equivalents—end of year	<b>\$ 3,675,475</b>	<b>\$ 3,995,149</b>

See notes to consolidated financial statements.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization

**Principles of consolidation:** The accompanying consolidated financial statements (collectively, the financial statements) include the accounts of Metropolitan Lutheran Ministry (MLM) and the MLM Foundation (the Foundation) (collectively, the Organization). All significant intercompany transactions and balances have been eliminated.

**Organization:** Metropolitan Lutheran Ministry affirms the right of all people to food, clothing and shelter, while promoting self-sufficiency and hope through direct services and advocacy. MLM serves residents in the greater Kansas City metropolitan area.

The Metropolitan Lutheran Ministry Foundation's exclusive purpose is to aid and assist MLM in carrying out its purpose and functions. The Foundation's assistance is provided through soliciting, accepting and receiving gifts, grants and legacies on behalf of MLM.

MLM programs holistically address the immediate need for food, clothing, shelter, utilities and transportation. Strengths and outcomes-based counseling and case management services guide clients in stabilizing their life circumstances and developing self-sufficiency. Services are provided through three Community Support Service Centers and two supportive housing offices. MLM is supported primarily through donor contributions, grants and the United Way.

The following community support services are included in the accompanying financial statements:

**Client services:** Provide shelf-stable food, fresh produce, hygiene items, diapers, sack lunches, senior commodities, school supplies, financial assistance for birth certificates, identification, rent and utilities to families and individuals in urgent need of assistance from three agency locations. Programming is targeted to low-income, impoverished, at-risk and homeless households.

**Case management:** Provides a continuum of care for clients that meets their needs for food, diapers, hygiene items, birth certificates, identification and rent/utility assistance to stabilize the family. In addition to this short-term assistance, MLM provides intensive, year-long case management, which includes housing assistance, financial literacy, household skills and employment support. To ensure that permanent and lasting solutions are in place for MLM clients, MLM continues to follow up with families for five years. Programming is targeted to at-risk and homeless households.

**Community outreach:** Over time, MLM has developed a portfolio of community outreach programs designed for the general benefit of the communities they operate in. The Minor Home Repair program provides assistance to low income, elderly and disabled homeowners who are in need of repairs to improve the safety and security of their homes, allowing them to remain in their homes.

MLM also hosts a Christmas Store in Kansas City, alongside a volunteer corps of 500 people to provide approximately 900 families with food vouchers and a self-shop store with gifts for every member of the family.

Additionally, MLM hosts two unlimited hot breakfasts each Saturday in Kansas City, Kansas and Kansas City, Missouri.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Organization (Continued)

Finally, the MLM Orchard and Community Gardens exist to improve community health by providing better food for people in the adjacent neighborhoods of Boston Heights and Mount Hope. MLM manages an 80-tree orchard that produces a wide variety of fruit, including apples, peaches, apricots, cherries, pears and plums. MLM also offers and maintains community garden beds for residents of the neighborhoods where fresh produce of their choice is grown. The orchard and community gardens continue to be a place of hope and encouragement for the neighborhoods, and seek to change the habits of individuals in the community toward healthier food choices.

The following other programs are included in the accompanying financial statements:

**General:** General program services represent the direct activities that fulfill the Organization's mission which include planning, execution, and delivery of services, events and initiatives that directly benefit the community and carryout the core objectives of the program.

**Development and administration:** Provide oversight of programs, business management, record keeping and budgeting, financing and other administrative and fundraising activities for the entire Organization.

**Unallocated payments to related local and affiliated nonprofit organizations:** Provides donations and goods to other outside organizations whose mission helps support that of MLM.

#### Note 2. Summary of Significant Accounting Policies

**Basis of accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of presentation:** Financial statement presentation follows the requirements of U.S. GAAP. Under these principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, net assets of the Organization and change therein are classified and reported as follows:

**Net assets without donor restrictions:** This category includes net assets that are not subject to donor-imposed stipulations, as well as net assets designated by the board for specific purposes. There are no board designated funds as of December 31, 2024 and 2023.

**Net assets with donor restrictions:** This category includes net assets subject to donor-imposed stipulations that will be met by actions of MLM and/or the passage of time. Certain net assets in this category are subject to donor-imposed stipulations that they be invested in perpetuity to provide a source of income to be used for general or a specific purpose.

**Estimates and assumptions:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Cash and cash equivalents:** The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

The Organization maintains cash balances at banks in excess of federally insured limits at various times during the year. The Organization has not experienced any losses in such accounts.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Investments:** Investments are reported at fair value. Fair value is 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. Investment income includes dividends, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment income that is restricted by donor stipulation, and for which the restrictions will be satisfied in the same year, is recorded as investment income with donor restrictions and then released from restriction. Other investment income is reflected in the consolidated statements of activities and changes in net assets as investment income without donor restrictions or investment income with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization is the beneficiary of various funds held by the Greater Kansas City Community Foundation (the GKCCF). The GKCCF maintains pooled investments for the Organization's beneficial interest. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the beneficial interests based on the relationship of the fair value of the interest to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

**Contracts and other receivables:** Contracts and other receivables are carried at original invoice amounts, less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a regular basis. The Organization's management determines the allowance for credit losses by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. At December 31, 2024 and 2023, no allowance on contracts and other receivables was considered necessary.

**Inventory:** The inventory is stated at the lower of cost or estimated fair value, and consists of contributed and purchased goods to be used to help clients with basic needs and supplies. The inventory consists of the following at December 31, 2024 and 2023:

	2024	2023
Food	\$ 59,230	\$ 99,110
Other	135,027	155,067
	<u>\$ 194,257</u>	<u>\$ 254,177</u>

The goods contributed during the years ended December 31, 2024 and 2023, were valued at approximately \$1,460,000 and \$1,450,000, respectively, and are recorded as contributions of nonfinancial assets and expenses of direct client assistance. The fair value of contributed food, supplies and other items is based on the weighted average price per pound as determined by Feeding America National Food Bank Network. The Organization did not monetize any contributed nonfinancial assets and, unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Beneficial interest in assets held in perpetual annuity trust:** MLM is a named beneficiary of a perpetual annuity trust. The beneficial interest in the trust is reported on the consolidated statements of financial position at fair value. Distributions from the trust are included in investment income in the year received.

**Property and equipment:** Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Major additions and improvements are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are one to 22.5 years for building and improvement; two to 10 years for equipment; and two to five years for vehicles.

**Donated assets:** Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restrictions at that time.

**Revenue recognition:** The Organization earns revenues predominantly through contributions and government grants. The Financial Accounting Standards Board issued Accounting Standards Update 2014-19, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to the customers. The standard replaced most existing revenue recognition guidance under U.S. GAAP. This standard also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. Due to the nonreciprocal nature of contributions and the Organization's current government grants, these revenue streams are not considered contracts with customers and, therefore, do not fall under the guidance of Accounting Standards Codification (ASC) 606.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions to be received after one year are discounted with an appropriate discount rate commensurate with the risks involved. The Organization's revenue is also derived from federal and state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures in compliance with specific contract or grant provisions. The Organization recognizes contribution and special event revenue in the year in which it is promised by donors or the year in which a special event occurs.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Contributions that are restricted by the donor are reported as increases to net assets without donor restriction if the restriction expires in the reporting period in which the gift is recognized. All other donor-restricted support is reported as increases in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

**Contributions:** Contributions receivable, which represent unconditional written promises to give, are revenues in the period when the written promise is received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable items, stipulations that limit discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

**Grant revenues:** The Organization recognizes grant funds received or receivable as revenue to the extent that related program expenses have been incurred. Grant funds received in excess of expenses incurred are recognized as refundable advances in the consolidated statements of financial position. At December 31, 2024 and 2023, there were no refundable advances reported in other current liabilities on the consolidated statements of financial position.

**Contributed services:** Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills which are performed by individuals possessing those skills and (c) would otherwise be purchased by the Organization if not donated. During the years ended December 31, 2024 and 2023, there were no contributed services.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments. The Organization benefitted from approximately 13,400 and 9,900 volunteer hours during the years ended December 31, 2024 and 2023, respectively.

**Income taxes:** MLM and the Foundation are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) as not-for-profit organizations. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Uncertain tax positions, if any, are recorded in accordance with ASC Topic 740, Income Taxes. ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at December 31, 2024 and 2023.

**Functional expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Salaries and wages are charged to program expense and support expense on the basis of periodic time studies. Institutional expenses are charged to the programs based on headcount. Other expenses that are common to several programs are allocated on a pro rata basis, as determined by management, to the programs they benefit.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Subsequent events:** Subsequent events were evaluated through September 30, 2025, which is the date the financial statements were available to be issued.

Subsequent to year-end, the President of the United States (the President) signed several executive orders (EOs) ordering the pause or termination of federal assistance for programs that do not align with the new administration's policies. The Administration has tasked federal departments with evaluating all federal programs they administer to determine if the funding being provided falls under any of the EOs. MLM has not experienced any issues with the collectability of the receivables as a result of the EOs. As of the date of this report, MLM has not received communications relating to these orders, however, the full impact of the President's EOs on federal programs is uncertain. Management is actively monitoring the situation and assessing the potential effects on the Organization's programs.

#### Note 3. Investments

Investments consist of the following at December 31, 2024 and 2023:

	2024	2023
Equity securities	\$ 413,247	\$ 150,838
Mutual funds	706,738	696,512
Money market	870,210	-
Certificates of deposit	500,000	700,556
U.S. Treasury securities	199,035	391,879
Interest in assets held at the Greater Kansas City Community Foundation:		
Money market pool	59,773	51,442
Fixed income pools	419,002	372,395
Equity pool	723,458	656,648
Total	3,891,463	3,020,270
Pending trades	500,000	-
	<u>\$ 4,391,463</u>	<u>\$ 3,020,270</u>

Realized and unrealized gains and losses are reflected in the consolidated statements of activities and changes in net assets as changes in net assets without donor restrictions. Investment income is summarized as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividend income, net of fees	\$ 303,454	\$ 184,363
Realized and unrealized gains	146,617	179,347
	<u>\$ 450,071</u>	<u>\$ 363,710</u>

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### **Note 4. Interest in Assets Held at the Greater Kansas City Community Foundation**

The Organization has transferred assets to the GKCCF, and retained a beneficial interest in those assets. The Organization has granted variance power to the GKCCF to distribute the funds as directed by the Foundation's officers. The Organization is to receive principal and net earnings as requested for its use without donor restrictions. The cumulative amount of the retained beneficial interest included in investments on the consolidated statements of financial position was \$1,702,234, including \$500,000 of pending trades, and \$1,080,485 at December 31, 2024 and 2023, respectively.

#### **Note 5. Fair Value Measurements**

The Organization follows an established framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under these rules are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset'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.

**Money market funds:** Shares of money market funds are valued at quoted market prices that represent the net asset value (NAV) of shares held by the Organization at year-end.

**Domestic equity securities:** The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited activity of the instrument.

**Registered investment companies (mutual funds):** Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end investment funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

#### Note 5. Fair Value Measurements (Continued)

**Interest in assets held at the Greater Kansas City Community Foundation:** This is valued at the NAV of units of the pooled investment funds held at the GKCCF. The NAV, as provided by the GKCCF, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

Investment funds held by the GKCCF consist of a portfolio of money market, short-term fixed income, intermediate fixed income and equity investment pools. The investment objective of these pools is to seek a competitive return while preserving and growing the portfolio, and providing cash flows to meet the needs of the Organization now and in the future. The Organization's interest may be redeemed within three to five business days. There are no outstanding commitments associated with this interest.

**Beneficial interest in assets held in perpetual annuity trust:** This is valued at the percentage of interest in the annuity trust, multiplied by the fair value of the underlying assets held by the trust, as reported by the trustee. The underlying assets held by the annuity trust consist primarily of publicly traded mutual funds, exchange-traded funds, common collective trusts and money market accounts.

During the years ended December 31, 2024 and 2023, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Domestic equity securities:				
Financials	\$ 413,247	\$ -	\$ -	\$ 413,247
Mutual funds:				
Fixed income	286,961	-	-	286,961
Equities	419,777	-	-	419,777
Certificates of deposit*	-	-	-	500,000
Money market funds	870,210	-	-	870,210
U.S. Treasury securities	199,035	-	-	199,035
Beneficial interest in assets held in perpetual annuity trust	-	-	261,701	261,701
Total assets in the fair value hierarchy	<u>\$ 2,189,230</u>	<u>\$ -</u>	<u>\$ 261,701</u>	2,950,931
Investments measured at net asset value				<u>1,702,233</u>
Total assets at fair value				<u>\$ 4,653,164</u>

**Metropolitan Lutheran Ministry and Affiliate**

**Notes to Consolidated Financial Statements**

**Note 5. Fair Value Measurements (Continued)**

	2023			Total
	Level 1	Level 2	Level 3	
Domestic equity securities:				
Financials	\$ 150,838	\$ -	\$ -	\$ 150,838
Mutual funds:				
Fixed income	246,264	-	-	246,264
Equities	450,248	-	-	450,248
Certificates of deposit*	-	-	-	700,556
U.S. Treasury securities	391,879	-	-	391,879
Beneficial interest in assets held in perpetual annuity trust	-	-	244,899	244,899
Total assets in the fair value hierarchy	<u>\$ 1,239,229</u>	<u>\$ -</u>	<u>\$ 244,899</u>	2,184,684
Investments measured at net asset value				<u>1,080,485</u>
Total assets at fair value				<u><u>\$ 3,265,169</u></u>

\*Certificates of deposit are included within the fair value table as these are held within the custodian account

**Level 3 measurements:** The table below presents information about recurring fair value measurements of Level 3 investments:

	Beneficial Interest in Assets Held in Perpetual Annuity Trust
Balance—January 1, 2023	\$ 219,763
Distributions	(8,570)
Total gains for the period	33,706
Balance—December 31, 2023	<u>244,899</u>
Distributions	(2,295)
Total gains for the period	19,097
Balance—December 31, 2024	<u><u>\$ 261,701</u></u>

Distributions relate to annual distributions at the discretion of the trustee in accordance with the related donor agreements. Over time, the distributions are to approximate 5% of the asset value of the beneficial interest.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 5. Fair Value Measurements (Continued)

(Losses) and gains included in the change in net assets for the years ended December 31, 2024 and 2023, are presented in the consolidated statements of activities and changes in net assets as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Change in market value of beneficial interest in assets held in perpetual annuity trust	\$ -	\$ 16,802	\$ 16,802

  

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Change in market value of beneficial interest in assets held in perpetual annuity trust	\$ -	\$ 25,136	\$ 25,136

#### Note 6. Property and Equipment

Property and equipment consist of the following as of December 31, 2024 and 2023:

	2024	2023
Land	\$ 30,000	\$ 30,000
Buildings and improvements	1,479,121	1,143,317
Equipment	297,039	297,039
Vehicles	14,873	14,873
	1,821,033	1,485,229
Less accumulated depreciation and amortization	858,042	801,646
	<u>\$ 962,991</u>	<u>\$ 683,583</u>

During the years ended December 31, 2024 and 2023, depreciation expense of \$56,395 and \$66,598, respectively, is included in the consolidated statements of activities and changes in net assets.

Effective February 1, 2015, the Organization leases property located in the Northland of Kansas City under terms of a 35-year agreement through December 2050, plus three additional options to renew for five years each. In accordance with the agreement and, in lieu of rent, the Organization is responsible for all costs associated with renovation of the property. Accordingly, there is no outstanding lease obligation related to this agreement.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023, are available for the following purposes or periods:

	2024	2023
Case management	\$ 1,369,365	\$ 1,454,376
Client services	358,254	392,146
Community outreach	469,226	387,447
Office maintenance and upgrades	2,184	419
Perpetual annuity trust	261,701	244,899
	<u>\$ 2,460,730</u>	<u>\$ 2,479,287</u>

During the years ended December 31, 2024 and 2023, net assets were released from donor restrictions as follows:

	2024	2023
Case management	\$ 473,944	\$ 644,637
Client services	438,581	549,268
Community outreach	172,197	167,543
General and administrative	158,270	60,000
	<u>\$ 1,242,992</u>	<u>\$ 1,421,448</u>

#### Note 8. Retirement Plan

The Organization sponsors a 403(b) retirement plan under which eligible employees may choose to defer a percentage of their salary on a pretax basis, subject to certain IRC limits. The plan covers all employees who meet the eligibility requirements as stated in the plan document. The Organization matches an amount equal to 100% of each participant's contribution up to 3% of the participant's respective wages. The Organization contributed \$20,002 and \$18,968 for the years ended December 31, 2024 and 2023, respectively.

#### Note 9. Line of Credit and Note Payable

In November 2019, the Organization took out a line of credit agreement with Arvest Bank. At December 31, 2023, the limit was \$250,000. Advances bear interest at a variable rate, based on *The Wall Street Journal* prime rate, plus 1%. The interest rate on December 31, 2023, was 8.50%. The line was secured by the Organization's building, and the maturity date was December 15, 2024. The outstanding balance on this line was \$0 as of December 31, 2023. The line was closed in December 2024.

On March 27, 2020, the Coronavirus, Relief and Economic Security Act (CARES Act) was signed into law and was meant to address the economic fallout from the COVID-19 pandemic. In connection with the CARES Act, the Organization received a Small Business Administration (SBA) Paycheck Protection Plan (PPP) loan for \$221,200 on April 14, 2020, which was subsequently forgiven in April 2021. The loan was unsecured, bore an interest rate of 1.00% and matured on April 14, 2022, and recorded in other income in the consolidated statements of activities and changes in net assets. The PPP loan is subject to an audit by the SBA for six years following the date of forgiveness, at which time a refund of all or a portion of the loan may be required.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 10. Related Party

In November 2019, the Organization contributed land and cash in the aggregate of \$1,260,000 to a newly formed entity, Eileen's Place, LLC, which will build a new residential and program facility. Although the Organization has only a nominal ownership interest in Eileen's Place, LLC, the Organization may have the potential to obtain a controlling interest in Eileen's Place if certain criteria are met in the future.

In November 2019, the Organization entered into a 180-month supportive service agreement with Eileen's Place, LLC to provide certain supportive and administrative services in exchange for monthly consideration of \$5,000, which began on April 30, 2021, the date that the Eileen's Place, LLC residential and program facility was completed.

#### Note 11. Major Concentrations

**Revenues:** The Organization received \$1,417,380 and \$1,167,783 of direct and pass-through funds from the Department of Housing and Urban Development for the years ended December 31, 2024 and 2023, respectively, and \$2,985,598 and \$2,555,137 of direct and pass-through funds from the Department of Treasury for the years ended December 31, 2024 and 2023, respectively. In addition, the Organization received \$1,133,326 and \$1,361,260 of contributions of nonfinancial assets from Harvester's Food Network for the years ended December 31, 2024 and 2023, respectively, of which, \$502,884 and \$381,237 was passed through from the U.S. Department of Agriculture as contributions of nonfinancial assets for the years ended December 31, 2024 and 2023, respectively. Harvester's Food Network represented approximately 11% and 10% of the Organization's revenues for the years ended December 31, 2024 and 2023, respectively, and the governmental revenues represented approximately 46% and 44% of the Organization's revenues for the years ended December 31, 2024 and 2023, respectively. These revenues are reported within the consolidated statements of activities and changes in net assets as contributions of nonfinancial assets and government grants and contracts.

**Federal awards:** The Organization has received financial assistance from the U.S. Department of Housing and Urban Development, U.S. Department of Homeland Security, the U.S. Department of Treasury and U.S. Department of Agriculture, through direct grants and various pass-through grantors, in the form of contracts, grants and awards to fund its activities. These activities are subject to audit by agents of the granting authority and by independent public accountants, under the Single Audit Act, the purpose of which is to ensure compliance with the terms and conditions specified in these agreements. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

## Metropolitan Lutheran Ministry and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 12. Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions or board designations, within one year of the consolidated statements of financial position.

	<u>2024</u>	<u>2023</u>
Total financial assets, end of year	\$ 8,773,744	\$ 7,036,824
Less financial assets unavailable for general expenditures due to:		
Contractual or donor-imposed restriction	<u>(2,460,730)</u>	<u>(2,479,287)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,313,014</u>	<u>\$ 4,557,537</u>

All amounts included in cash and cash equivalents are available to meet general and programmatic obligations of the Organization over a 12-month period. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing business activities to be general expenditures except those relating to the provision of client services.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization intends to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.