

# STRENGTHMATTERS®



## STRENGTH MATTERS Boot Camp on Financial Reporting for Rental Housing Nonprofit Enterprises

### Module 11: Consolidation and Year 15 Issues

#### Materials:

- Mission Central Corporation Financial Statement Excerpts
- Organizational Chart - Resyndication

**EXHIBIT 1**

Mission Central Corporation  
 Consolidating Statements of Financial Position  
 As of December 31, XXXX

	<u>Operations</u>	<u>Development, Financing and Leasing</u>	<u>Residential Rental Properties</u>	<u>Commercial Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
<b>Current Assets</b>						
Cash and cash equivalents						
Operating cash	\$ 2,744,232	\$ 269,136	\$ 1,544,111	\$ 238,488	\$ -	\$ 4,795,968
Development cash	-	85,318	2,041,869	-	-	2,127,187
Total Cash and Cash Equivalents	<u>2,744,232</u>	<u>354,455</u>	<u>3,585,980</u>	<u>238,488</u>	<u>-</u>	<u>6,923,155</u>
Restricted cash and reserves, current portion	50,074	-	-	109,705		159,779
Grants and contracts receivable	805,189	332,510	-	-		1,137,699
Development fee and interest receivable, current portion	794,137	-	-	-	(712,394)	81,743
Rent receivable	-	-	435,189	3,469		438,658
Due from affiliates, current portion	350,668	686,456	-	-	(1,015,479)	21,645
Other current assets	37,303	91,584	142,084	35,539		306,510
Total Current Assets	<u>4,781,603</u>	<u>1,465,005</u>	<u>4,163,253</u>	<u>387,201</u>	<u>(1,727,873)</u>	<u>9,069,189</u>
Total Fixed Assets	849,888	-	115,084,412	11,193,213	(28,674,802)	98,452,711
Less: Accumulated depreciation	(410,878)	-	(24,234,004)	(1,413,494)	2,381,434	(23,676,942)
Net Fixed Assets	<u>439,010</u>	<u>-</u>	<u>90,850,408</u>	<u>9,779,719</u>	<u>(26,293,368)</u>	<u>74,775,769</u>
<b>Other Assets</b>						
Property under development	368,315	12,014,761	-		(891,000)	11,492,077
Notes and interest receivable, net of current portion	5,600,122	23,529,983	-		(27,078,417)	2,051,688
Development fee and interest receivable, net of current	465,880	-	-		(440,581)	25,299
Due from affiliates, net of current portion	1,157,164	561,720	50,000		(1,768,884)	(0)
Restricted cash and reserves, net of current portion	859,224	-	3,152,436	405,315		4,416,975
Investments in partnerships and companies	2,772,930	-	-		(1,222,657)	1,550,273
Investments in fixed income securities	1,829,704	748,278				
Finance fees, net of amortization	7,574	-	1,049,407	179,227	(350,000)	886,208
Miscellaneous other assets	50,000	-	60,764			110,764
Total Other Assets	<u>13,110,915</u>	<u>36,854,742</u>	<u>4,312,607</u>	<u>584,542</u>	<u>(31,751,539)</u>	<u>20,533,285</u>
<b>Total Assets</b>	<u>\$ 18,331,528</u>	<u>\$ 38,319,747</u>	<u>\$ 99,326,268</u>	<u>\$ 10,751,462</u>	<u>\$ (59,772,780)</u>	<u>\$ 106,956,225</u>

## EXHIBIT 2

Mission Central Corporation  
Consolidating Statements of Financial Position  
As of December 31, XXXX

	<u>Operations</u>	<u>Development, Financing and Leasing</u>	<u>Residential Rental Properties</u>	<u>Commercial Rental Properties</u>	<u>Eliminations</u>	<u>Total</u>
<b>Current Liabilities</b>						
Long-term obligations, current portion	-	1,094,112	1,855,491	43,807	(686,456)	2,306,954
Accounts payable	142,563	9,645	75,428	82,111		309,747
Development costs payable	-	1,954,767	-		(486,000)	1,468,767
Accrued interest, current portion	-	7,207	129,774	37,806		174,787
Accrued expenses	218,261	-	759,665	52,829		1,030,755
Due to affiliates, current portion	-	119,023	436,395		(555,418)	-
Other current liabilities	61,573	-	218,136	62,558		342,267
Total Current Liabilities	<u>422,397</u>	<u>3,184,754</u>	<u>3,474,889</u>	<u>279,111</u>	<u>(1,727,874)</u>	<u>5,633,277</u>
<b>Long-Term Liabilities</b>						
Long-term obligations, net of current portion	1,000,000	10,199,823	66,299,416	10,749,652	(27,808,756)	60,440,135
Accrued interest, net of current portion	-	-	6,348,623	324,184	(152,469)	6,520,338
Due to affiliates, net of current portion	-	1,111,653	249,296	125,250	(1,947,917)	(461,718)
Other long-term liabilities	-		596,522	5,462		601,984
Total Long-Term Liabilities	<u>1,000,000</u>	<u>11,311,476</u>	<u>73,493,857</u>	<u>11,204,548</u>	<u>(29,909,142)</u>	<u>67,100,739</u>
<b>Total Liabilities</b>	<u>1,422,397</u>	<u>14,496,230</u>	<u>76,968,746</u>	<u>11,483,659</u>	<u>(31,637,016)</u>	<u>72,734,016</u>
<b>Net Assets</b>						
Net Assets, attributable to Mission Central Corporation:						
Unrestricted net assets	14,594,308	23,823,518	2,418,567	(732,198)	(28,135,764)	11,968,431
Temporarily restricted net assets	250,227					250,227
Permanently restricted net assets	2,064,596					2,064,596
	<u>16,909,131</u>	<u>23,823,518</u>	<u>2,418,567</u>	<u>(732,198)</u>	<u>(28,135,764)</u>	<u>14,283,254</u>
Net Assets, attributable to non-controlling interests in Residential Properties:						
Unrestricted net assets	-	-	19,938,955			19,938,955
Total Net Assets	<u>16,909,131</u>	<u>23,823,518</u>	<u>22,357,522</u>	<u>(732,198)</u>	<u>(28,135,764)</u>	<u>34,222,209</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 18,331,528</u>	<u>\$ 38,319,747</u>	<u>\$ 99,326,268</u>	<u>\$ 10,751,462</u>	<u>\$ (59,772,780)</u>	<u>\$ 106,956,225</u>

**Mission Central Corporation**  
Consolidated Statement of Activities for the Year Ended December 31, 2013, with Consolidating Information

	Operations	Development, Financing and Leasing	Residential Properties	Commercial Properties	Eliminations	Total
<b>Revenues</b>						
Development fees	917,743	-	-	-	(836,000)	81,743
Rental revenue	117,713	-	11,793,239	1,534,555	(164,772)	13,280,735
Interest subsidy, rental	-	-	697,432	-	-	697,432
Grants received	598,936	-	-	-	-	598,936
Partnership distributions	350,149	-	-	3	(177,246)	172,906
Management fees	487,589	-	-	-	(164,741)	322,848
Program and contract revenue	65,589	-	-	179,493	(179,493)	65,589
Contributions and gifts	287,061	-	-	-	-	287,061
Interest revenue	143,704	948,204	3,413	642	(1,077,433)	18,530
Miscellaneous revenue	6,989	-	60,658	4,630	-	72,277
<b>Total Revenues</b>	<u>2,975,471</u>	<u>948,204</u>	<u>12,554,742</u>	<u>1,719,323</u>	<u>(2,599,685)</u>	<u>15,598,055</u>
<b>Expenses</b>						
Program Expenses						
Real estate operations	1,336,412	-	-	-	(42,660)	1,293,752
Community action	580,621	-	-	-	(24,402)	556,219
Arts ventures and programming	694,340	-	-	-	(74,748)	619,592
Real estate development , financing and leasing	-	72,845	-	-	(8,500)	64,345
Residential	-	-	9,853,052	-	(1,256,906)	8,596,146
Commercial	-	-	-	1,598,255	(67,330)	1,530,925
Total Program Expenses	<u>2,611,373</u>	<u>72,845</u>	<u>9,853,052</u>	<u>1,598,255</u>	<u>(1,474,546)</u>	<u>12,660,979</u>
Supporting Services						
Management and general	522,931	-	-	-	(14,366)	508,565
Fundraising	179,204	-	-	-	(8,616)	170,588
Total Supporting Services	<u>702,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,982)</u>	<u>679,153</u>
<b>Total Operating Expenses</b>	<u>3,313,508</u>	<u>72,845</u>	<u>9,853,052</u>	<u>1,598,255</u>	<u>(1,497,528)</u>	<u>13,340,132</u>
<b>Operating Income (Loss)</b>	<u>(338,037)</u>	<u>875,359</u>	<u>2,701,690</u>	<u>121,068</u>	<u>(1,102,157)</u>	<u>2,257,923</u>
<b>Total Other Revenue (Expenses)</b>	<u>2,537,880</u>	<u>5,150,592</u>	<u>(162,310)</u>	<u>(3,165,353)</u>	<u>88,910</u>	<u>4,449,718</u>
Change in net assets before depreciation and amortization	2,199,843	6,025,950	2,539,380	(3,044,285)	(1,013,247)	6,707,642
Depreciation and amortization	(79,282)	-	(3,004,967)	(304,340)	390,768	(2,997,821)
Change in net assets	2,120,561	6,025,950	(465,587)	(3,348,625)	(622,479)	3,709,821
Net assets, beginning of year	14,788,570	\$ 17,797,567	\$ 13,034,770	\$ 2,367,545	\$ (27,690,528)	\$ 20,297,924
Capital contributions	-	-	9,969,634	248,882	-	10,218,516
Capital distributions	-	-	(181,295)	-	177,243	(4,052)
<b>Net Assets, End of Year</b>	<u>\$ 16,909,131</u>	<u>\$ 23,823,517</u>	<u>\$ 22,357,522</u>	<u>\$ (732,198)</u>	<u>\$ (28,135,764)</u>	<u>\$ 34,222,209</u>

**MISSION CENTRAL CORPORATION**

Consolidating Statements of Functional Expenses

For the Year Ended December 31, XXXX

**Programs**

	MPDC				Rental Properties	
	Real Estate Operations	Community Action	Hibernian Hall	Real Estate Development and Leasing	Residential	Commercial
<b>Operating Expenses</b>						
Salaries	\$ 584,002	\$ 247,948	\$ 279,462	\$ -	\$ 967,444	\$ 102,855
Payroll taxes and benefits	134,100	63,568	52,418	-	244,225	25,103
<b>Total Salaries, Payroll Taxes and Benefits</b>	<b>718,102</b>	<b>311,516</b>	<b>331,880</b>	<b>-</b>	<b>1,211,669</b>	<b>127,958</b>
Interest - sales type lease	-	-	-	1,884,466	-	-
Interest - operations	53,375	-	-	-	1,513,889	638,674
Consultants	3,900	-	-	-	-	317
Rent and building	44,080	17,833	68,706	-	-	-
Program supplies	20,015	128,148	52,658	-	-	71,368
Professional fees	214,188	8,289	8,726	875	150,543	59,010
Real estate taxes and excise taxes	11,449	-	-	5,807	365,508	196,975
Office expenses	55,260	20,955	36,956	-	331,082	14,659
Management fees	-	-	-	8,500	474,212	151,084
Training and travel	12,290	10,000	610	-	-	-
Operating and maintenance	1,093	-	30,497	6,350	1,217,807	180,816
Utilities	6,040	2,148	9,750	-	953,369	161,980
Resident services	-	-	-	-	314,368	-
Insurance, corporate taxes and fees	33,880	3,173	5,950	11,599	172,489	35,820
Real estate development costs	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,173,673</b>	<b>\$ 502,062</b>	<b>\$ 545,732</b>	<b>\$ 1,917,597</b>	<b>\$ 6,704,936</b>	<b>\$ 1,638,660</b>

<b>Total Program Expenses</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Eliminations</b>	<b>Total</b>
\$ 2,181,711	\$ 321,073	\$ 92,449	\$ -	\$ 2,595,234
519,414	60,435	20,347	-	600,196
<u>2,701,126</u>	<u>381,508</u>	<u>112,797</u>	<u>-</u>	<u>3,195,431</u>
1,884,466	-	-	-	1,884,466
2,205,938	-	-	(118,412)	2,087,526
4,217	6,113	-	-	10,330
130,620	20,583	6,570	(150,297)	7,476
272,188	15,969	676	-	288,833
441,631	11,886	3,054	-	456,570
579,738	-	-	-	579,738
458,912	24,019	9,059	-	491,990
633,796	-	-	(80,573)	553,223
22,899	10,141	1,142	-	34,182
1,436,563	-	-	-	1,436,563
1,133,287	1,534	759	-	1,135,580
314,368	-	-	(179,496)	134,872
262,911	33,822	448	-	297,182
-	-	-	-	-
<u>\$ 12,482,660</u>	<u>\$ 505,574</u>	<u>\$ 134,505</u>	<u>\$ (528,778)</u>	<u>\$ 12,593,961</u>

**MISSION CENTRAL CORPORATION**

Consolidated Statement of Activities for the Year Ended December 31, xxx

**EXHIBIT 4A**

	<u>Operations</u>	<u>Development, Financing &amp; Leasing</u>	<u>Residential Properties</u>	<u>Commercial Properties</u>	<u>Eliminations</u>	<u>Total</u>
<b>Changes in Net Assets, attributable to Village in Progress:</b>						
<b>Changes in Unrestricted Net Assets</b>						
Unrestricted Net Assets, Beginning of Year	\$ 11,950,747	\$ 17,797,567	2,438,519	2,367,545	(28,472,297)	\$ 6,082,081
Operating (loss) income	(936,973)	875,359	3,185,117	121,068	(1,102,157)	2,142,414
Depreciation and amortization	(79,282)	-	(3,004,967)	(304,340)	390,768	(2,997,821)
Non-operating income(expense)	2,537,880	5,150,592	(162,310)	(3,165,353)	(958,035)	3,402,773
Capital contributions (distributions)	-	-	(177,243)	248,882	177,243	248,882
Net assets released from restrictions	1,121,936	-	-	-	-	1,121,936
<b>Unrestricted Net Assets, End of Year</b>	<b>14,594,308</b>	<b>23,823,517</b>	<b>2,279,116</b>	<b>(732,198)</b>	<b>(29,964,478)</b>	<b>10,000,266</b>
<b>Changes in Temporarily Restricted Net Assets</b>						
Temporarily Restricted Net Assets, Beginning of Year	473,227	-	-	-	-	-
Temporarily restricted grants	498,936	-	-	-	-	-
Net assets released from restrictions	(721,936)	-	-	-	-	473,227
<b>Temporarily Restricted Net Assets, End of Year</b>	<b>250,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>473,227</b>
<b>Changes in Permanently Restricted Net Assets</b>						
Permanently Restricted Net Assets, Beginning of Year	2,364,596	-	-	-	-	-
Permanently restricted grants	100,000	-	-	-	-	-
Net assets released from restrictions	(400,000)	-	-	-	-	2,364,596
<b>Permanently Restricted Net Assets, End of Year</b>	<b>2,064,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,364,596</b>
<b>Changes in Net Assets, attributable to Village in Progress, end of year</b>	<b>16,909,131</b>	<b>23,823,517</b>	<b>2,279,116</b>	<b>(732,198)</b>	<b>(29,964,478)</b>	<b>12,838,089</b>
<b>Changes in Net Assets attributable to non-controlling interests in Residential Properties:</b>						
Unrestricted net assets, Beginning of year	-	-	10,596,251	-	781,769	11,378,020
Non-controlling interest in income (losses) of consolidated affiliates	-	-	(483,427)	-	1,046,945	563,518
Capital contributions	-	-	9,969,634	-	-	9,969,634
Capital distributions	-	-	(4,052)	-	-	(4,052)
<b>Unrestricted Net Assets of Non-Controlling interests in Residential and Commercial Properties, end of year</b>	<b>-</b>	<b>-</b>	<b>20,078,406</b>	<b>-</b>	<b>1,828,714</b>	<b>21,907,120</b>
<b>Total Net Assets</b>	<b>\$ 16,909,131</b>	<b>\$ 23,823,517</b>	<b>\$ 22,357,522</b>	<b>\$ (732,198)</b>	<b>\$ (28,135,764)</b>	<b>\$ 34,222,208</b>

