

RESCUE MISSION OF MIDDLE GEORGIA, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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HOWARD, MOORE
& MCDUFFIE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Rescue Mission of Middle Georgia, Inc.

We have audited the accompanying financial statements of Rescue Mission of Middle Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Rescue Mission of Middle Georgia, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Rescue Mission of Middle Georgia, Inc.'s December 31, 2019 financial statements, and our report dated December 3, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Howard, Moore & McQuinn, P.C.

Macon, Georgia
November 3, 2021

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents - unrestricted	\$ 1,404,688	\$ 1,266,601
Cash and cash equivalents - restricted	119,155	28,644
Investments, at market (Note 5)	2,041,914	2,015,596
Unconditional promises to give, net of discount (Note 6)	826,045	1,341,919
Accounts receivable	272,422	68,193
Inventories	25,375	33,464
Prepaid expenses	24,715	22,209
Property and equipment, net (Note 7)	7,499,678	9,151,892
Beneficial interest in perpetual trust	323,958	297,588
TOTAL ASSETS	\$ 12,537,950	\$ 14,226,106
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 26,894	\$ 43,575
Payroll and payroll taxes payable	19,815	35,620
Sales tax payable	5,201	4,787
Accrued interest	5,210	11,179
Rental deposits	5,620	5,540
Note payable - SBA (Note 9)	229,527	-
Note payable (Note 8)	2,588,735	4,892,214
TOTAL LIABILITIES	2,881,002	4,992,915
NET ASSETS		
Without donor restrictions		
Undesignated	9,133,835	8,826,959
Designated by Board	80,000	80,000
	9,213,835	8,906,959
With donor restrictions		
Purpose restricted	119,155	28,644
Perpetual in nature	323,958	297,588
	443,113	326,232
TOTAL NET ASSETS	9,656,948	9,233,191
TOTAL LIABILITIES AND NET ASSETS	\$ 12,537,950	\$ 14,226,106

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES, GAINS AND OTHER SUPPORT		
Contributions		
Cash	\$ 1,227,744	\$ 829,889
Donated property and equipment	27,916	61,988
Donated food and supplies	323,232	386,802
Donated goods for sale	255,815	347,968
Donated services	27,133	67,081
Grants	53,650	18,500
Retail sales, net of donated goods	759,748	702,126
Distribution from perpetual trust	10,986	10,392
Interest income	24,573	25,120
Rental income	106,105	67,327
Gain (loss) on sale of assets	(424,616)	459
Miscellaneous	47,862	1,972
	<u>2,440,148</u>	<u>2,519,624</u>
Revenue from special events		
Golf tournament and auction	1,162,794	1,203,670
Less: direct costs	(231,938)	(254,246)
Less: bad (debts) recoveries	(3,004)	817
	<u>927,852</u>	<u>950,241</u>
Net revenue from special events		
	<u>927,852</u>	<u>950,241</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>3,368,000</u>	<u>3,469,865</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions satisfied by payments	<u>43,866</u>	<u>1,963,230</u>
TOTAL REVENUES, GAINS, OTHER SUPPORT AND RECLASSIFICATIONS WITHOUT DONOR RESTRICTIONS	<u>3,411,866</u>	<u>5,433,095</u>

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
EXPENSES		
Program services		
Mission	\$ 1,301,247	\$ 1,319,303
Women's Division	299,792	323,953
Bargain Center	827,882	782,966
	<u>2,428,921</u>	<u>2,426,222</u>
Supporting services		
Management and general	313,879	278,976
Fundraising	362,190	325,776
	<u>676,069</u>	<u>604,752</u>
TOTAL EXPENSES	<u>3,104,990</u>	<u>3,030,974</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>306,876</u>	<u>2,402,121</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions - capital campaign	25,265	1,801,385
Contributions - other	13,905	49,458
Grants	95,207	73,500
Increase (decrease) in beneficial interest in perpetual trust	26,370	32,305
Net assets released from restrictions by payment	(43,866)	(1,963,230)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>116,881</u>	<u>(6,582)</u>
INCREASE (DECREASE) IN NET ASSETS	423,757	2,395,539
NET ASSETS - BEGINNING	<u>9,233,191</u>	<u>6,837,652</u>
NET ASSETS - ENDING	<u>\$ 9,656,948</u>	<u>\$ 9,233,191</u>

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020, with Comparative Totals for 2019

	Program Services			Supporting Services		Total	Total
	Mission	Women's Division	Bargain Center	Management and General	Fund- Raising	2020	2019
Salaries	\$ 188,359	\$ 166,263	\$ 427,958	\$ 232,138	\$ 86,149	\$ 1,100,867	\$ 1,048,437
Payroll taxes	13,226	11,674	30,048	16,299	6,049	77,296	72,700
Employee benefits	41,517	17,077	71,759	25,774	4,959	161,086	141,603
Worker's compensation	4,031	2,441	6,634	3,053	919	17,078	17,340
Advertising and direct mail campaigns	797	-	2,329	-	140,650	143,776	139,655
Assistance to residents	27,721	3,090	9	-	-	30,820	46,399
Bank charges and merchant fees	26,554	-	15,653	-	-	42,207	27,409
Contract labor	3,061	360	53,708	-	-	57,129	58,260
Depreciation	160,178	38,252	37,581	-	-	236,011	169,134
Dues and subscriptions	22,590	360	6,523	-	-	29,473	20,726
Equipment rental	1,908	403	2,486	2,283	470	7,550	9,132
Meals, (\$236,436 and \$310,271 in-kind)	310,962	4,226	1,857	-	-	317,045	386,485
Insurance	73,599	16,938	20,070	-	-	110,607	79,343
Interest	152,973	-	-	-	-	152,973	205,274
Miscellaneous	10,281	182	1,659	-	194	12,316	17,476
Office supplies	6,542	43	1,052	-	-	7,637	10,344
Printing and publications	-	-	-	-	63,414	63,414	72,356
Professional fees	3,084	-	2,781	27,199	-	33,064	22,430
Postage and direct mail fees	5,249	768	1,536	4,353	58,605	70,511	57,204

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended December 31, 2020, with Comparative Totals for 2019

	Program Services			Supporting Services		Total	Total
	Mission	Women's Division	Bargain Center	Management and General	Fund- Raising	2020	2019
Repairs and maintenance	\$ 70,469	\$ 4,424	\$ 25,590	\$ 134	\$ 67	\$ 100,684	\$ 85,615
Supplies	31,021	348	26,543	-	-	57,912	57,199
Taxes and licenses	4,412	93	1,779	-	-	6,284	9,485
Travel	-	-	148	-	-	148	1,702
Utilities	128,815	29,920	56,119	2,646	714	218,214	214,355
Vehicle	13,898	2,930	34,060	-	-	50,888	60,911
Total Expenses, Year Ended December 31, 2020	<u>\$ 1,301,247</u>	<u>\$ 299,792</u>	<u>\$ 827,882</u>	<u>\$ 313,879</u>	<u>\$ 362,190</u>	<u>\$ 3,104,990</u>	
Total Expenses, Year Ended December 31, 2019	<u>\$ 1,319,303</u>	<u>\$ 323,953</u>	<u>\$ 782,966</u>	<u>\$ 278,976</u>	<u>\$ 325,776</u>		<u>\$ 3,030,974</u>

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 423,757	\$ 2,395,539
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	236,011	169,134
Loss (gain) on sale of assets	427,156	286
Change in beneficial interest in perpetual trust	(26,370)	(32,305)
Investment earnings reinvested	(26,318)	(15,596)
Donated capitalized property and equipment	-	(55,683)
Contributions restricted for acquisition of Zebulon Road location	(6,139)	(1,839,466)
Discount amortization on promises to give	(19,126)	38,081
(Increase) decrease in:		
Accounts receivable	(204,229)	74,441
Inventories	8,089	55
Prepaid expenses	(2,506)	(11,208)
Increase (decrease) in:		
Accounts payable	(16,681)	22,182
Payroll and payroll taxes	(15,805)	12,069
Accrued interest	(4,389)	11,179
Sales tax payable	414	364
Rental deposits	80	5,540
NET CASH PROVIDED BY OPERATING ACTIVITIES	773,944	774,612
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Cash payments for the purchase of property and equipment	(61,136)	(1,662,434)
Purchase of investments	-	(2,000,000)
Collections from note receivable	-	630,000
Proceeds from disposal of property and equipment	1,050,183	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	989,047	(3,032,434)

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Collection of contributions for long-term purposes	\$ 541,139	\$ 459,466
Proceeds from SBA PPP note payable	227,947	-
Principal payments on notes payable	<u>(2,303,479)</u>	<u>(607,786)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(1,534,393)</u>	<u>(148,320)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	228,598	(2,406,142)
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,295,245</u>	<u>3,701,387</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,523,843</u>	<u>\$ 1,295,245</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 157,362</u>	<u>\$ 194,094</u>
Zebulon Road purchase financed	<u>\$ -</u>	<u>\$ 5,500,000</u>

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

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE ORGANIZATION

Rescue Mission of Middle Georgia, Inc. (the Rescue Mission) is a nonprofit organization formed in 1952 to provide assistance to homeless, hungry, and abused individuals. The Rescue Mission provides a long-term life recovery program for men; a refuge and long-term program for battered women and children; food boxes and meals to homeless transients; and assistance with food, clothing and expenses to various citizens of the community.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Rescue Mission prepares its financial statements in accordance with generally accepted accounting principles. The basis of accounting involves application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Rescue Mission reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for an endowment.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Rescue Mission, 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 are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The Rescue Mission's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, or has promised contributions that are not yet due. Contributions of property and equipment or cash restricted for the acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

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 financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Comparative Financial Information

The Statement of Functional Expenses includes certain prior-year summarized comparative information in total but not by functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Rescue Mission's financial statements for the year ended December 31, 2019, from which summarized information was derived.

Cash and Cash Equivalents

For the purposes of presenting and reporting cash flows, the Rescue Mission considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for the purpose of the statement of cash flows.

Accounts Receivable

The Rescue Mission considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Management believes that the use of the direct write-off method approximates the results of an allowance for doubtful accounts method.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Securities, Property, Equipment, and Materials

Donated marketable securities, property, and equipment are recorded as contributions at their estimated fair market values at the date of the donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Rescue Mission reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Rescue Mission reclassifies net assets with donor restrictions to net assets without donor restrictions.

The Rescue Mission receives food from various suppliers and donors. The estimated value of donated food is based on the estimated cost of the contents of a food box if they were required to be purchased times the number of boxes given out and the estimated cost of a meal provided times the number of meals provided during the year. Additionally, the Rescue Mission receives in-kind donations of food stamps from its residents.

Donated Inventory

The Rescue Mission sells donated goods in its retail store. The valuation of donated inventory is considered to be that portion of retail sales value that exceeds the cost of preparing the goods for sale. All donated goods, prior to being offered for sale, are considered to have a value of zero because of the uncertainty of fair value before being offered for sale. The value of donated goods revenue and inventory on hand at the end of the year is computed statistically using an inventory turnover rate applied to total computed donated goods value. The inventory turnover rate is four weeks for the years ended December 31, 2020 and 2019, respectively. Inventory consisted of donated goods for resale valued at \$25,375 and \$33,464 as of December 31, 2020 and 2019, respectively.

Donated Services

The Rescue Mission recognizes donated services that create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services consisted of counseling services and various other professional repair services.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Perpetual Trusts

The Rescue Mission is the beneficiary of a perpetual irrevocable trust held and administered by an independent trustee. Under the terms of the trust, the Rescue Mission has the irrevocable right to receive 25 percent of the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a contribution with donor restrictions at the date the trust is established. The Rescue Mission's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, bonds, common stock, and other funds. These assets are not subject to control or direction by the Rescue Mission. Distributions of income from the trust are reported as trust fund distributions. Gains and losses, which are not distributed by the trust, are reflected as the change in value of perpetual trusts held by others in the statement of activities.

Income Tax Status

The Rescue Mission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Rescue Mission's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business taxable income for the years ended December 31, 2020 and 2019. In addition, the Rescue Mission qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Rescue Mission believes that it has appropriate support for any tax positions it takes, and as such, does not have any uncertain tax positions that are material to the financial statements.

Functional Expense Allocation

Directly identifiable expenses are charged to program and supporting services. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Rescue Mission. Occupancy costs are allocated based on square footage. Food expenses are allocated based on the average number of residents. Office expenses are allocated based on the number of employees serving each program. Salaries, health insurance, and workers compensation insurance are allocated based on estimated time spent. Vehicle insurance is allocated based on the number of vehicles and the programs that utilize them. Newsletter expenses are allocated based on the average utilization by program.

Advertising Costs

The Rescue Mission expenses advertising costs as incurred.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

The Rescue Mission capitalizes all expenditures for property and equipment and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, ranging from 5 to 40 years.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to presentation in the current year financial statements.

Revenue and Revenue Recognition

The Rescue Mission records special events revenue equal to the fair value of direct benefit to donors, and contribution income for the excess received when the event takes place. The Organization recognizes retail sales of donated goods as disclosed in Note 3.

The Rescue Mission 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 to return – are not recognized until the conditions on which they depend have been met.

Revenue With and Without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. 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 Statement of Activities as net assets released from restriction.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* to clarify the principles of recognized revenue from contracts with customers and to improve financial reporting by creating common revenue recognition for U.S. GAAP and International reporting standards. The Mission implemented the provisions of ASU 2014-09 in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2014-09.

Subsequent Events

Subsequent events have been evaluated through November 3, 2021, which is the date the financial statements were available to be issued.

NOTE 3. RETAIL SALES

Retail sales totaled \$1,023,652 and \$1,050,149 for the years ended December 31, 2020 and 2019, respectively. Retail sales are presented in the Statement of Activities net of donated goods of \$263,904 and \$348,023 for the years ended December 31, 2020 and 2019, respectively. Donated goods are estimated to be the portion of retail sales that exceeds the cost of preparing the goods for placement in the retail store. This excess value was calculated to be 25.78 percent and 33.14 percent for the years ended December 31, 2020 and 2019, respectively.

NOTE 4. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The Rescue Mission's financial assets that are available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,523,843	\$ 1,295,245
Accounts receivable	272,422	68,193
Investments	2,041,914	2,015,596
Short term unconditional promises to give	<u>296,667</u>	<u>545,000</u>
	4,134,846	3,924,034
Less cash with purpose restrictions	<u>(119,155)</u>	<u>(28,644)</u>
Total financial assets	<u><u>\$ 4,015,691</u></u>	<u><u>\$ 3,895,390</u></u>

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (CONTINUED)

As part of the Rescue Mission's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Rescue Mission has board designated net assets totaling \$80,000 for an endowment. The amounts subject to board designations could be made available for operations if necessary.

NOTE 5. INVESTMENTS

Investments consist of certificates of deposit with maturities of up to 24 months with interest rates ranging from 0.05 percent to 1.70 percent.

NOTE 6. PROMISES TO GIVE

In 2019, the Rescue Mission began a capital campaign to acquire their new Zebulon Road location. All unconditional promises to give are restricted for this purpose until released by purchasing and placing the property into service. Promises to give receivable in more than one year are discounted at 2.40 percent.

Unconditional promises to give consists of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 296,667	\$ 545,000
Receivable in one to five years	<u>548,333</u>	<u>835,000</u>
Total unconditional promises to give	845,000	1,380,000
Discount to net present value	<u>(18,955)</u>	<u>(38,081)</u>
Net unconditional promises to give	<u><u>\$ 826,045</u></u>	<u><u>\$ 1,341,919</u></u>

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,505,153	\$ 1,810,497
Buildings and improvements	6,158,678	8,266,469
Machinery and equipment	288,713	402,879
Furniture and fixtures	251,536	283,698
Vehicles	<u>261,519</u>	<u>247,193</u>
	8,465,599	11,010,736
Accumulated depreciation	<u>(965,921)</u>	<u>(1,858,844)</u>
	<u>\$ 7,499,678</u>	<u>\$ 9,151,892</u>

NOTE 8. NOTE PAYABLE

Note payable consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Note payable with Wells Fargo with an initial amount of \$5,500,000, payable in 119 monthly installments of \$31,320, including principal and interest at 3.99 percent with the unpaid balance due March 15, 2029. The note is secured by real estate.	<u>\$ 2,588,735</u>	<u>\$ 4,892,214</u>

Maturities of this debt are as follows:

<u>Year ending December 31</u>	
2021	\$ 291,841
2022	341,523
2023	353,635
2024	366,021
2025	379,157
Thereafter	<u>856,558</u>
	<u>\$ 2,588,735</u>

Interest expense for the loan totaled \$151,392 and \$205,274 for the years ended December 31, 2020 and 2019, respectively.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. SBA NOTE PAYABLE

On April 22, 2020, the Rescue Mission obtained a Small Business Administration loan of \$227,946 through a commercial lender under the agency's Paycheck Protection Program. This program provides for loan forgiveness of principal and interest if the funds are spent for qualifying costs such as payroll and meets other criteria related to staff and wage retention. The balance of the note includes \$1,581 of accrued interest at a rate of 1 percent. Subsequent to year end, the Mission received notification of full loan forgiveness from the bank (see Note 16).

NOTE 10. OPERATING LEASES

The Rescue Mission has an operating lease for a copier with a base monthly rental in the amount of \$195. The term of this lease is 36 months beginning May 2018 and expiring in April 2021. Lease expense under this lease was \$2,553 and \$2,732 for the years ended December 31, 2020 and 2019, respectively. The future minimum lease payments on this lease are \$780 for the year ending December 31, 2021.

The Rescue Mission leases apartment complexes to tenants under non-cancellable operating leases with terms of one year. The Rescue Mission also leases a gymnasium to a church under a non-cancellable operating lease with a term of five years. The following is a schedule by year of future minimum rentals expected to be received under these leases:

<u>Year ending December 31</u>	
2021	\$ 91,984
2022	66,000
2023	66,000
2024	66,000
Thereafter	<u>33,000</u>
	<u>\$ 322,984</u>

NOTE 11. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2020 and 2019, the Rescue Mission has \$80,000 designated from net assets without donor restrictions to build an endowment.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Supplies and support	\$ 84,342	\$ 20,237
Resident gifts and activities	5,899	2,981
Renovations and repairs	15,000	-
Resident dental and medical	<u>13,914</u>	<u>5,426</u>
	<u>119,155</u>	<u>28,644</u>
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trust held by others	<u>323,958</u>	<u>297,588</u>
Total net assets with donor restrictions	<u><u>\$ 443,113</u></u>	<u><u>\$ 326,232</u></u>

NOTE 13. RETIREMENT BENEFIT PLAN

The Rescue Mission has a 401(k) retirement plan in which all employees age 21 and over are eligible to participate in after 3 months of service with a minimum of 250 hours. The Rescue Mission contributes 2 percent of each eligible employee's salary to the plan regardless of whether the participant makes a voluntary employee contribution to the plan. The Rescue Mission also has a discretionary match on the voluntary employee contribution of 10 cents per dollar up to 6 percent of each eligible employee's salary for the years ended December 31, 2020 and 2019. This discretionary match percentage is determined by the Board each year.

Participants are immediately 100 percent vested in the employee contributions. Participants are 100 percent vested in the employer non-elective contributions after six years. Retirement plan contributions totaled \$22,611 and \$24,593 for the years ended December 31, 2020 and 2019, respectively.

NOTE 14. CONCENTRATION OF CREDIT RISK

The Rescue Mission maintains cash balances in two financial institutions located in Macon, Georgia. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Rescue Mission had \$2,876,070 and \$2,641,579 of cash deposits in banks and brokerage firms in excess of federally insured limits as of December 31, 2020 and 2019, respectively. Cash on hand consisted of \$2,555 and \$2,505 for the years ended December 31, 2020 and 2019, respectively.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board Codification No. ASC 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

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

The asset's and 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.

The following is a description of the methodologies used for measurement at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Inventory: Determined using statistical computations (see Note 2).

Certificates of deposit: Valued at the amortized value held at year end.

Beneficial interest in perpetual trust: Valued at the fair value of the individual underlying securities of the entire trust, including the closing price reported on the active markets on which the individual securities are traded and the net asset value (NAV) of shares held at year end, multiplied by the Rescue Mission's interest in the trust.

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 Rescue Mission 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 a different fair value measurement at the reporting date.

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Inventory	\$ 25,375	\$ -	\$ -	\$ 25,375
Certificates of deposit	2,041,914	2,041,914	-	-
Beneficial interest in perpetual trust	323,958	-	-	323,958
	<u>\$ 2,391,247</u>	<u>\$ 2,041,914</u>	<u>\$ -</u>	<u>\$ 349,333</u>

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

	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Inventory	\$ 33,464	\$ -	\$ -	\$ 33,464
Certificates of deposit	2,015,596	2,015,596	-	-
Beneficial interest in perpetual trust	297,588	-	-	297,588
	<u>\$ 2,346,648</u>	<u>\$ 2,015,596</u>	<u>\$ -</u>	<u>\$ 331,052</u>

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth a summary of changes in the fair value of the Rescue Mission's Level 3 assets for the year ended December 31, 2020:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Beneficial Interest in Perpetual		
	Inventory	Trust	Total
Balance, beginning of year	\$ 33,464	\$ 297,588	\$ 331,052
Unrealized gains (losses)	-	26,370	26,370
Purchases, sales, issuances, and settlements, net	(8,089)	-	(8,089)
Balance, end of year	\$ 25,375	\$ 323,958	\$ 349,333
The amount of total gains for the period attributable to the change in unrealized gains relating to assets still held at December 31, 2020	\$ -	\$ 26,370	\$ 26,370

RESCUE MISSION OF MIDDLE GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth a summary of changes in the fair value of the Rescue Mission's Level 3 assets for the year ended December 31, 2019:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Beneficial Interest in Perpetual		
	Inventory	Trust	Total
Balance, beginning of year	\$ 33,519	\$ 265,283	\$ 298,802
Unrealized gains (losses)	-	32,305	32,305
Purchases, sales, issuances, and settlements, net	(55)	-	(55)
Balance, end of year	<u>\$ 33,464</u>	<u>\$ 297,588</u>	<u>\$ 331,052</u>
The amount of total gains for the period attributable to the change in unrealized gains relating to assets still held at December 31, 2019	<u>\$ -</u>	<u>\$ 32,305</u>	<u>\$ 32,305</u>

NOTE 16. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact the Rescue Mission's change in net assets. Other financial impact could occur though such impact is unknown at this time.

On March 5, 2021, the Rescue Mission received notification of full loan forgiveness for their SBA note payable (see Note 9). The balance of the note and accrued interest will be recognized as a gain on extinguishment in the year ending December 31, 2021.

On March 9, 2021, the Rescue Mission refinanced its note payable currently held with Wells Fargo with Capital City Bank and obtained a rate reduction on its note payable. The refinanced note has an initial amount of \$2,584,523, payable in 84 monthly installments of \$34,807, including principal and interest at 3.49 percent with the unpaid balance due March 15, 2028. The note is secured by real estate.