

LAS VEGAS RESCUE MISSION
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

LAS VEGAS RESCUE MISSION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Las Vegas Rescue Mission
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Las Vegas Rescue Mission (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 misstatements, 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 above present fairly, in all material respects, the financial position of Las Vegas Rescue Mission as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
December 30, 2021

LAS VEGAS RESCUE MISSION

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 2,284,175	\$ 1,106,446
Cash and equivalents, restricted	246,850	402,051
Investments	16,273	16,273
Accounts receivable	26,064	24,425
Pledges receivable	94,200	88,000
Grants receivable	137,631	22,523
Prepaid expenses	51,304	77,433
Other current assets	1,144	1,965
	2,857,641	1,739,116
OTHER ASSETS		
Cash and equivalents, restricted	331,681	253,000
Property and equipment, net	5,545,262	5,445,017
	\$ 8,734,584	\$ 7,437,133
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 109,587	\$ 55,677
Accrued liabilities	62,201	105,400
Deferred compensation	10,500	10,500
Capital lease payable, current portion	9,137	3,918
Funds held for others	4,443	30,824
Deferred revenue	32,200	14,525
Note payable, current	83	388,200
	228,151	609,044
LONG-TERM DEBT		
Capital lease payable, net of current portion	10,547	19,684
Note payable, net of current portion	1,149,917	1,150,000
	1,388,615	1,778,728
NET ASSETS		
Without donor restrictions	6,673,238	4,915,354
With donor restrictions	672,731	743,051
	7,345,969	5,658,405
	\$ 8,734,584	\$ 7,437,133

See notes to financial statements

LAS VEGAS RESCUE MISSION

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NET ASSETS WITHOUT DONOR RESTRICTIONS	2021	2020
Revenue, gains, and other support:		
Contributions	\$ 3,887,182	\$ 2,958,094
Government grants	512,977	67,271
Paycheck Protection Program loan forgiveness	388,200	-
Special event revenue	\$ 171,600	\$ 24,275
Less: direct benefits to donors	34,154	4,966
	137,446	19,309
Sale of merchandise	168,761	217,997
Program revenue	205,371	293,002
Donated goods	1,168,127	944,340
Investment return, net	1,188	5,752
Rental revenue	18,150	10,728
Gain on disposal	-	200,406
Other revenue	24,316	545
Release from restriction	158,001	94,204
Total revenue, gains, and other support	6,669,719	4,811,648
Expenses and losses:		
Program services:		
Recovery	1,479,571	1,486,075
Thrift store	429,048	437,127
Shelter and homeless services	1,556,878	1,402,824
Total program services	3,465,497	3,326,026
Support services:		
Management and general	482,879	408,717
Fundraising	963,459	920,663
Total expenses	4,911,835	4,655,406
Change in net assets without donor restrictions	1,757,884	156,242

See notes to financial statements

LAS VEGAS RESCUE MISSION

**STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NET ASSETS WITH DONOR RESTRICTIONS	2021	2020
Contributions	87,681	318,395
Release from restriction	(158,001)	(94,204)
Change in net assets with donor restrictions	(70,320)	224,191
CHANGE IN NET ASSETS	1,687,564	380,433
NET ASSETS, BEGINNING OF YEAR	5,658,405	5,277,972
NET ASSETS, END OF YEAR	<u>\$ 7,345,969</u>	<u>\$ 5,658,405</u>

See notes to financial statements

LAS VEGAS RESCUE MISSION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Services		Special Event	Total
	Recovery	Thrift Store	Shelter and Homeless Services	Management and General	Fundraising	Direct Benefits To Donors	
Wages and payroll taxes	\$ 448,588	\$ 187,403	\$ 407,633	\$ 280,467	\$ 269,471	\$ -	\$ 1,593,562
Employee benefits	48,855	20,410	44,395	30,545	29,348	-	173,553
Advertising	-	-	-	-	528,474	-	528,474
Bank and merchant fees	-	21,642	-	13,709	-	-	35,351
Depreciation	98,254	57,259	78,375	6,634	7,030	-	247,552
Dues and subscriptions	2,105	880	1,913	1,316	1,265	-	7,479
Equipment rental	6,608	3,851	5,271	446	473	-	16,649
Food commodities	404,801	-	821,870	-	-	-	1,226,671
Insurance	28,975	16,885	23,112	1,956	2,073	-	73,001
Interest	-	-	-	16,710	-	-	16,710
Maintenance	48,879	28,485	38,990	3,300	3,498	-	123,152
Meals	786	329	715	492	473	-	2,795
Office supplies	25,302	14,745	20,182	1,708	1,810	-	63,747
Postage and shipping	1,306	545	1,186	816	93,222	-	97,075
Professional fees	27,064	11,938	24,168	108,960	14,232	-	186,362
Supplies	227,715	1,946	-	-	-	4,279	233,940
Property taxes	-	-	-	3,856	-	-	3,856
Training	9,514	3,975	8,646	5,948	5,715	-	33,798
Transportation	11,731	6,837	9,358	-	-	-	27,926
Utilities	89,088	51,918	71,064	6,016	6,375	-	224,461
Venue	-	-	-	-	-	29,875	29,875
	<u>\$ 1,479,571</u>	<u>\$ 429,048</u>	<u>\$ 1,556,878</u>	<u>\$ 482,879</u>	<u>\$ 963,459</u>	34,154	4,945,989
Less: direct benefits to donors						(34,154)	(34,154)
						<u>\$ -</u>	<u>\$ 4,911,835</u>

See notes to financial statements

LAS VEGAS RESCUE MISSION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services			Supporting Services		Special Event	Total
	Recovery	Thrift Store	Shelter and Homeless Services	Management and General	Fundraising	Direct Benefits To Donors	
Wages and payroll taxes	\$ 519,889	\$ 189,656	\$ 398,977	\$ 231,423	\$ 285,216	\$ -	\$ 1,625,161
Employee benefits	60,277	21,989	46,258	26,832	33,068	-	188,424
Advertising	-	-	-	-	474,111	-	474,111
Bad debt	-	-	-	3,341	-	-	3,341
Bank and merchant fees	-	21,642	-	2,215	-	-	23,857
Depreciation	99,285	57,860	79,197	6,704	7,104	-	250,150
Dues and subscriptions	1,290	470	989	574	707	-	4,030
Equipment rental	6,852	3,992	5,465	463	490	-	17,262
Food commodities	327,964	-	665,865	-	-	-	993,829
Insurance	28,254	16,466	22,538	1,908	2,021	-	71,187
Interest	-	-	-	17,012	-	-	17,012
Maintenance	42,029	24,493	33,525	2,838	3,007	-	105,892
Meals	370	135	284	165	203	-	1,157
Office supplies	13,462	7,845	10,738	909	963	-	33,917
Postage and shipping	1,339	489	1,028	596	79,284	-	82,736
Professional fees	38,776	14,146	29,758	95,511	21,272	-	199,463
Supplies	210,283	763	-	-	-	4,966	216,012
Property taxes	-	-	-	6,446	-	-	6,446
Training	9,541	3,482	7,323	4,248	5,235	-	29,829
Transportation	14,911	8,690	11,895	-	-	-	35,496
Utilities	111,553	65,009	88,984	7,532	7,982	-	281,060
	<u>\$ 1,486,075</u>	<u>\$ 437,127</u>	<u>\$ 1,402,824</u>	<u>\$ 408,717</u>	<u>\$ 920,663</u>	4,966	4,660,372
Less: direct benefits to donors						(4,966)	(4,966)
						<u>\$ -</u>	<u>\$ 4,655,406</u>

See notes to financial statements

LAS VEGAS RESCUE MISSION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in in net assets	\$ 1,687,564	\$ 380,433
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	247,552	250,150
Paycheck Protection Program loan forgiveness	(388,200)	-
Gain on disposal	-	(200,406)
Unrealized gain on investments	-	(1,885)
(Increase) decrease in operating assets:		
Accounts receivable	(1,639)	(16,265)
Pledges receivable	(6,200)	(13,000)
Grants receivable	(115,108)	(22,523)
Prepaid expenses	26,129	2,938
Other current assets	821	9,893
Increase (decrease) in operating liabilities:		
Accounts payable	53,910	2,227
Accrued liabilities	(43,199)	(26,499)
Funds held for others	(26,381)	26,715
Deferred revenue	17,675	14,525
Net cash provided by operating activities	<u>1,452,924</u>	<u>406,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(299,120)
Proceeds from sale of investments	-	681,943
Purchases of property and equipment	(347,797)	(21,781)
Proceeds from sale of property and equipment	-	245,362
Net cash provided by (used in) investing activities	<u>(347,797)</u>	<u>606,404</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(3,918)	(2,033)
Proceeds from Paycheck Protection Program loan	-	388,200
Proceeds from Economic Injury Disaster Loan	-	150,000
Net cash provided by (used in) financing activities	<u>(3,918)</u>	<u>536,167</u>
NET CHANGE IN CASH AND EQUIVALENTS	1,101,209	1,548,874
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>1,761,497</u>	<u>212,623</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 2,862,706</u></u>	<u><u>\$ 1,761,497</u></u>

See notes to financial statements

LAS VEGAS RESCUE MISSION

**STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
SUMMARY OF CASH ACCOUNTS		
Cash and equivalents	\$ 2,284,175	\$ 1,106,446
Cash and equivalents, restricted, current	246,850	402,051
Cash and equivalents, restricted, non current	<u>331,681</u>	<u>253,000</u>
	<u>\$ 2,862,706</u>	<u>\$ 1,761,497</u>
 SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	<u>\$ 16,710</u>	<u>\$ 17,012</u>

See notes to financial statements

**LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Las Vegas Rescue Mission (the “Organization” or the “Mission”) is a non-profit organization located in Southern Nevada, which was organized solely for educational, religious, scientific and general charitable purposes. The Mission provides food, shelter, and clothing, and offers programs to help citizens recover from alcohol and drugs, and spiritual guidance.

The Mission was incorporated under the laws of the State of Nevada on October 3, 1979.

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 and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205 and subsections. Under the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

Timely 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. See Note 10 for discussion of significant estimates.

Cash and Equivalents

The Mission considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Mission is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Advertising

The Mission uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred.

**LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. It is the Mission's policy to charge off uncollectible receivables when management determines the receivable will not be collected. As of June 30, 2021 and 2020, management expects the outstanding balances to be collected in full and no allowance was recognized. No interest income is recognized or charged on receivables. Pledges receivable at June 30, 2021 and 2020 are considered collectible, unconditional, and due within one year. Accordingly, no discount has been recognized. Grants receivable represent funds to be reimbursed to the Mission for incurring expenses considered allowable under the grant agreements. The Mission expects to collect all grants receivable in full in less than one year.

Property and Equipment

The Mission follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500 with a useful life over one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the useful lives of the assets, generally as follows:

Vehicles	5 Years
Furniture, fixtures and equipment	5-7 Years
Buildings and improvements	5-39 Years

When assets are retired or otherwise disposed, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activities for the period. The cost of maintenance and repairs is expensed as incurred, while significant renewals and betterments are capitalized.

Impairment of Long-Lived Assets

The Mission periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of property and equipment or whether the remaining balance of property and equipment should be evaluated for possible impairment. The Mission uses an estimate of the related undiscounted cash flows over the remaining life of the property and equipment in measuring their recoverability.

Deferred Revenue

Event attendance fees or sponsorships collected in advance are included in deferred revenue in the accompanying statements of financial position. This deferred revenue is expected to be recognized within one year.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Generally, donated goods, if significant in amount, are recorded at fair market value provided the Mission has a clearly measurable and objective basis for determining the value.

Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Mission. The value of donated services included in the financial statements for the years ended June 30, 2021 and 2020, consists of services to the Mission totaling \$3,000 and \$16,574, respectively. The types of services provided include information technology support, legal services and repairs and maintenance services. The Mission received a substantial amount of donated services from unpaid volunteers. However, the value of the contributed services is not reflected in the accompanying financial statements as it did not meet the criteria for recognition under FASB ASC.

Revenue With and Without Donor Restrictions

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the existence and/or nature of the 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 statements of activities as net assets released from restrictions.

Reclassifications

Certain reclassifications have been made to the 2020 presentation to be comparative to the 2021 presentation.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Some expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses were allocated on the basis of a salary and square footage allocation percentages, which is calculated based on the estimate of the percentage of time employees spend working under the various programs or supporting functions or the proportionate square footage used by the activity.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation (Continued)

The following expenses were directly allocated by function based on the nature of the expense: advertising, bad debt, bank and merchant fees, food commodities, interest, supplies and property taxes.

The following expenses were allocated on the basis of an estimate of employee time and effort: wages and payroll taxes, employee benefits, dues and subscriptions, meals and training.

The following expenses were allocated on the basis of an estimate of the square footage utilized by the program or supporting function: depreciation, equipment rental, insurance, maintenance, office supplies, transportation and utilities.

The following expenses were allocated on the basis of a combination of the nature of the expense and employee time and effort: postage and shipping and professional fees.

Date of Management's Review

Subsequent events have been evaluated through December 30, 2021, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Mission is substantially supported by contribution revenues, program revenues and donated merchandise sales, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Mission manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To help manage unanticipated liquidity needs, the Mission has a line of credit for a total of \$250,000, which could be drawn upon, as discussed in Note 12.

The following table reflects the Mission's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 2,862,706	\$ 1,761,497
Investments	16,273	16,273
Accounts receivable	26,064	24,425
Pledges receivable	94,200	88,000
Grants receivable	137,631	22,523
Other current assets	<u>1,144</u>	<u>1,965</u>
Total financial assets	3,138,018	1,914,683

**LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

Less amounts unavailable for general expenditures within one year, due to:		
Funds held on behalf of others	(4,443)	(30,824)
Restricted by donors with purpose or time restrictions	<u>(331,681)</u>	<u>(253,000)</u>
 Total amounts unavailable for general expenditures within one year	 <u>(336,124)</u>	 <u>(283,824)</u>
 Total for general expenditures within one year	 <u>\$ 2,801,894</u>	 <u>\$ 1,630,859</u>

NOTE 3. FUNDS HELD FOR OTHERS

As of June 30, 2021 and 2020, funds held for others consists of monies held by the Mission for program participants who do not maintain bank accounts. These monies are readily available to the individuals.

NOTE 4. CONCENTRATIONS AND RELATED PARTY

In the ordinary course of business, the Organization maintains cash balances at financial institutions in excess of federally insured limits. The cash held by the banking institutions is insured up to the Federal Deposit Insurance Corporation (“FDIC”) limit of \$250,000.

As of the year ended June 30, 2021, 96% of total pledges receivable were due from two donors. For the year ended June 30, 2020, 97% of total pledges receivable were due from two donors.

For the year ending June 30, 2021, approximately 53% of the total pledges receivable balance was due from a company in which a board member had significant influence. Revenues of approximately \$240,000, inclusive of the pledge receivable, were recognized that were attributable to this board member.

For the year ending June 30, 2020, approximately 51% of the total pledges receivable balance was due from a company in which a board member had significant influence. Revenues of approximately \$181,300, inclusive of the pledge receivable, were recognized that were attributable to this board member.

NOTE 5. INVESTMENTS AND FAIR VALUE OF ASSETS

In accordance with FASB ASC 820-10, the following are quantitative disclosures about the fair value measurements. Fair value measurements are categorized on three levels:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities, which are traded by dealers and brokers in active markets. Valuations obtained from readily available pricing.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5. INVESTMENTS AND FAIR VALUE OF ASSETS (CONTINUED)

Level 2 – Valuation for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain unobservable assumptions and projections in determining the fair value assigned to such assets and liabilities.

The fair value guidance at ASC 820-10 also includes an exemption from classification within the three fair value hierarchy levels for certain investments where fair value is measured using net asset value per share (or its equivalent). The fair value amounts noted as being included at NAV in the table below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

For the fiscal years ending June 30, 2021 and 2020, the Mission’s only assets or liabilities measured at fair value are its investments. Investments measured at fair value on a recurring basis as of June 30 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at net asset value</u>	<u>2021 Total</u>
REIT Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,273</u>	<u>\$ 16,273</u>
				<u>Investments measured at net asset value</u>	<u>2020 Total</u>
REIT Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,273</u>	<u>\$ 16,273</u>

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 8,245,874	\$ 8,146,524
Land	343,757	343,757
Vehicles	199,279	198,791
Furniture, fixtures, and equipment	1,090,028	842,070
Website and software	<u>31,252</u>	<u>31,252</u>
	9,910,190	9,562,394
Less: accumulated depreciation	<u>(4,364,928)</u>	<u>(4,117,377)</u>
	<u>\$ 5,545,262</u>	<u>\$ 5,445,017</u>

Depreciation expense related to property and equipment, exclusive of capital lease amortization, totaled \$242,246 and \$244,844 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7. NOTE PAYABLE

In December 2007, the Mission was awarded an Affordable Housing Program (“AHP”) Subsidy for the construction of the Las Vegas Rescue Mission Men’s Center totaling \$1,000,000. These funds have been recognized as a note payable and will be forgiven once the 15-year life of the note payable has expired. The entire \$1,000,000 balance of the loan will be recognized as a gain in the year of expiration.

This agreement includes certain restrictive covenants that must be adhered to by the Mission. These covenants include compliance with AHP regulations and a requirement that dwellings remain occupied by individuals whose incomes meet low-income thresholds, among others. If the Mission fails to meet any of these covenants, it is required to repay the note payable. The loan is collateralized with the premises located at 480 W. Bonanza Road in Las Vegas, Nevada. As of June 30, 2021, and 2020, the Mission was in compliance with all such covenants.

On April 9, 2020, the Mission (the “Borrower”) qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of approximately \$388,200 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. The principal and accrued interest of the PPP Loan is subject to forgiveness under the PPP upon the Mission request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Mission. The Mission intends to apply for forgiveness of the PPP Loan with respect to these covered expenses.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7. NOTE PAYABLE (CONTINUED)

To the extent that all or part of the PPP Loan is not forgiven, the Mission will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing the earlier of (1) the date that SBA remits the Borrower’s loan forgiveness amount to the Lender or (2) 10 months after the end of the Borrower’s loan forgiveness period of 24-weeks, principal and interest payments will be required through the maturity date of April 9, 2025. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Mission accounted for the PPP loan as a financial liability during the year ended June 30, 2020 in accordance with FASB ASC 470 and accrued interest in accordance with the interest method under FASB ASC 835-30. The loan will be recognized as revenue when loan forgiveness is provided by the SBA.

This PPP loan was approved for forgiveness by the SBA on June 17, 2021. The Mission recognized contribution revenue for the total amount forgiven by the SBA, which included accrued interest through the date of forgiveness, during the year ended June 30, 2021.

On June 1, 2020, the Mission was granted a loan (Loan) from the U.S. Small Business Administration (SBA) in the aggregate amount of \$150,000 pursuant to the Economic Injury Disaster Loan Program (EIDL), under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a note dated June 1, 2020, matures on June 1, 2050 and bears interest at a rate of 2.75% per annum which will accrue only on funds actually advanced from the date of each advance. The loan is payable in monthly installments of \$641 with each payment being first applied to interest accrued to the date of each receipt of payment and the balance paid to principal. Loan payments commence starting on June 1, 2021. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used as working capital which are subject to certain restrictions. The Mission intends to use the Loan for qualifying expenses.

Required principal payments on the loans are as follows for the year ended June 30, 2021:

2022	\$ 83
2023	1,003,615
2024	3,715
2025	3,819
2026	3,925
Thereafter	<u>134,843</u>
	1,150,000
Less: current portion	<u>(83)</u>
Net of current portion	<u>\$ 1,149,917</u>

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8. CAPITAL LEASES

The Mission leases equipment under long-term lease agreements that are classified as capital leases. Amortization expense of \$5,306 and \$5,306 is included in depreciation expense for the years ended June 30, 2021 and 2020, respectively. Assets under capital lease obligations include property and equipment as of June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 26,984	\$ 26,984
Less: accumulated amortization	<u>(17,875)</u>	<u>(12,569)</u>
Total assets under capital lease obligations	<u>\$ 9,109</u>	<u>\$ 14,415</u>

Future net minimum rental payments, which are required under the capital leases for the year ending June 30, 2021, are as follows:

2022	\$ 19,041
2023	13,690
2024	<u>5,258</u>
Total minimum lease payments	37,989
Less: amount representing interest	<u>(18,305)</u>
Total	<u>\$ 19,684</u>
Current obligations under capital leases	\$ 9,137
Long-term obligations under capital leases	<u>10,547</u>
Total obligations under capital leases	<u>\$ 19,684</u>

NOTE 9. DEFERRED COMPENSATION

The Mission has a deferred compensation arrangement with a former officer of the Mission. Providing the Mission is solvent, the recipient is entitled to a defined benefit payment of \$1,500 per month for the remainder of the recipient's life. If the Mission becomes insolvent, payments to the recipient will cease until such a time that the Mission regains solvency. During times of insolvency, the defined benefit payment of \$1,500 will accrue.

During the years ended June 30, 2021 and 2020, \$18,000 was paid to the recipient each year. As of June 30, 2021 and 2020, the estimated deferred compensation liability was \$10,500 and \$10,500, respectively. This amount was calculated using inputs to include the anticipated life expectancy of the recipient, an estimated return on investment of 0.71%, and a monthly payment of \$1,500 at initial recognition (see Note 10). The Mission expects to fund this liability using unrestricted cash.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 10. ESTIMATES

The Mission receives significant amounts of donated food and goods which are recognized as in-kind revenues and expenses. The valuation of these in-kind donations is a significant estimate. The amount recorded as donated food revenue and expense is determined using the estimated fair value of that food. The amount recorded as other in-kind revenue and expense is determined based on the estimated fair value of the items donated.

The deferred compensation liability is estimated using the anticipated life expectancy of the beneficiary. It is reasonably possible that the actual life of the beneficiary could differ from this estimate. As of June 30, 2021 and 2020, the effects of the financial statement impact of this reasonably possible change in estimate are not able to be determined.

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Shelter of Hope	\$ 253,000	\$ 253,000
Make Over the Mission	77,913	141,734
Transportation	75,000	112,374
Men's recovery dorm	68,681	-
Father's Haven	65,206	65,625
Women's Scholarship	48,000	48,000
Shuttle bus	10,000	10,000
Vehicle purchase	10,000	-
Recovery	5,932	16,319
Baby essentials	1,573	1,573
Shelter and Homeless Services	1,415	32,253
Blankets	1,000	-
Underwear drive	811	2,467
Permanent Housing Program	-	10,000
Learning Center	-	1,591
Toy Drive	-	115
Time restricted	<u>54,200</u>	<u>48,000</u>
	<u>\$ 672,731</u>	<u>\$ 743,051</u>

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are held as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash and equivalents, current	\$ 246,850	\$ 402,051
Cash and equivalents, long-term	331,681	253,000
Pledges receivable	<u>94,200</u>	<u>88,000</u>
	<u>\$ 672,731</u>	<u>\$ 743,051</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time for the years ended June 30,:

	<u>2021</u>	<u>2020</u>
Make Over the Mission	\$ 63,821	\$ -
Transportation	37,374	-
Shelter and Homeless Services	30,838	1,247
Recovery	10,387	182
Permanent Housing Program	10,000	-
Underwear drive	1,656	1,305
Learning Center	1,591	805
Father's Haven	419	14,375
Toy drive	115	2,385
Homeless families' library	-	25,000
Ice machine	-	9,499
Baby essentials	-	1,906
Time restricted	<u>1,800</u>	<u>37,500</u>
	<u>\$ 158,001</u>	<u>\$ 94,204</u>

NOTE 12. COMMITMENTS

In December 2015, the Mission entered into a line of credit agreement for \$250,000 that is collateralized by the Mission's property. As of June 30, 2021 and 2020, this line of credit had a maturity date of November 30, 2021, an interest rate of 6% and a balance of \$0. In November 2021, this line of credit was extended through November 2024.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 13. OPERATING LEASES

The Mission leases postage, kitchen and office equipment classified as operating leases. The leases are renewable and have varying expiration dates. Total rent expense under these leases for the years ended June 30, 2021 and 2020 was \$15,533 and \$24,324, respectively

Future minimum rental payments, which are required under the operating leases for the year ending June 30, 2021 are as follows:

2022	\$	4,733
2023		3,580
2024		1,275
2025		<u>1,169</u>
	\$	<u>10,757</u>

NOTE 14. RISKS AND UNCERTAINTIES

In March of 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the Mission, COVID-19 may impact various parts of its future operations and financial results. Management believes the Mission is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 15. SUBSEQUENT EVENTS

On July 28, 2021, the Mission was granted an amended loan (Loan) from the U.S. Small Business Administration (SBA) in the additional amount of \$350,000 for a total aggregate amount of \$500,000 pursuant to the Economic Injury Disaster Loan Program (EIDL), under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a note dated July 28, 2021, matures on June 1, 2050 and bears interest at a rate of 2.75% per annum, payable in monthly installments of \$2,206, commencing June 1, 2022. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used as working capital which are subject to certain restrictions. The Mission intends to use the Loan for qualifying expenses.