



MIAMI RESCUE MISSION, INC.
AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2021 and 2020

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Miami Rescue Mission, Inc. and Subsidiary
Miami, Florida

We have audited the accompanying consolidated financial statements of Miami Rescue Mission, Inc. (a nonprofit corporation) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Miami Rescue Mission, Inc. and Subsidiary
Miami, Florida

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Miami Rescue Mission, Inc. and Subsidiary 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.

Capin Crouse LLP

Lawrenceville, Georgia
December 17, 2021

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 3,176,614	\$ 3,311,626
Inventory	728,613	974,258
Grants receivable	444,811	76,775
Other assets	457,182	200,086
Investments	8,848,084	8,364,221
Property and equipment—net	16,484,923	17,314,361
 Total Assets	 \$ 30,140,227	 \$ 30,241,327
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 345,574	\$ 449,906
Agency funds	71,837	77,907
Refundable grant	1,000,000	1,000,000
Total liabilities	1,417,411	1,527,813
 Net assets:		
Without donor restrictions:		
Undesignated	11,549,685	10,932,440
Net investment in property and equipment	16,484,923	17,314,361
	28,034,608	28,246,801
With donor restrictions:		
Restricted for purpose or time	663,208	441,713
Restricted in perpetuity	25,000	25,000
Total net assets	28,722,816	28,713,514
 Total Liabilities and Net Assets	 \$ 30,140,227	 \$ 30,241,327

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Purpose or Time	Restricted in Perpetuity	
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 6,684,149	\$ 320,441	\$ -	\$ 7,004,590
Gifts-in-kind	6,325,791	-	-	6,325,791
	<u>13,009,940</u>	<u>320,441</u>	<u>-</u>	<u>13,330,381</u>
Revenue:				
Rent gifted to other entities	2,326,320	-	-	2,326,320
Sales of donated items	857,175	-	-	857,175
Program income	348,889	-	-	348,889
Government grants	2,304,270	-	-	2,304,270
Investment income	503,047	-	-	503,047
Other income	384,288	-	-	384,288
	<u>6,723,989</u>	<u>-</u>	<u>-</u>	<u>6,723,989</u>
Total Support and Revenue	<u>19,733,929</u>	<u>320,441</u>	<u>-</u>	<u>20,054,370</u>
RECLASSIFICATIONS:				
Net assets released for satisfaction of purpose restrictions	<u>98,946</u>	<u>(98,946)</u>	<u>-</u>	<u>-</u>
EXPENSES:				
Program services:				
Miami-Dade	7,656,302	-	-	7,656,302
Broward	6,182,240	-	-	6,182,240
Industrial, warehouse, and stores	1,874,912	-	-	1,874,912
	<u>15,713,454</u>	<u>-</u>	<u>-</u>	<u>15,713,454</u>

(continued)

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions Restricted for Purpose or Time	Restricted in Perpetuity	Total
EXPENSES, continued:				
Supporting activities:				
Management and general	1,782,604	-	-	1,782,604
Fundraising	2,549,010	-	-	2,549,010
	<u>4,331,614</u>	<u>-</u>	<u>-</u>	<u>4,331,614</u>
Total Expenses	<u>20,045,068</u>	<u>-</u>	<u>-</u>	<u>20,045,068</u>
Change in Net Assets	(212,193)	221,495	-	9,302
Net Assets, Beginning of Year	<u>28,246,801</u>	<u>441,713</u>	<u>25,000</u>	<u>28,713,514</u>
Net Assets, End of Year	<u>\$ 28,034,608</u>	<u>\$ 663,208</u>	<u>\$ 25,000</u>	<u>\$ 28,722,816</u>

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended June 30, 2020

		With Donor Restrictions		
	Without Donor Restrictions	Restricted for Purpose or Time	Restricted in Perpetuity	Total
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 5,454,997	\$ 1,293,259	\$ -	\$ 6,748,256
Gifts-in-kind	7,078,888	-	-	7,078,888
	<u>12,533,885</u>	<u>1,293,259</u>	<u>-</u>	<u>13,827,144</u>
Revenue:				
Rent gifted to other entities	2,326,320	-	-	2,326,320
Sales of donated items	904,192	-	-	904,192
Program income	413,252	-	-	413,252
Government grants	2,681,840	-	-	2,681,840
Investment income	509,141	-	-	509,141
Other income	275,602	-	-	275,602
	<u>7,110,347</u>	<u>-</u>	<u>-</u>	<u>7,110,347</u>
Total Support and Revenue	<u>19,644,232</u>	<u>1,293,259</u>	<u>-</u>	<u>20,937,491</u>
RECLASSIFICATIONS:				
Net assets released for satisfaction of purpose restrictions	1,017,459	(1,017,459)	-	-
EXPENSES:				
Program services:				
Miami-Dade	8,096,583	-	-	8,096,583
Broward	6,500,089	-	-	6,500,089
Industrial, warehouse, and stores	1,961,033	-	-	1,961,033
	<u>16,557,705</u>	<u>-</u>	<u>-</u>	<u>16,557,705</u>

(continued)

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions Restricted for Purpose or Time	Restricted in Perpetuity	Total
EXPENSES, continued:				
Supporting activities:				
Management and general	1,562,039	-	-	1,562,039
Fundraising	2,635,016	-	-	2,635,016
	<u>4,197,055</u>	<u>-</u>	<u>-</u>	<u>4,197,055</u>
Total Expenses	<u>20,754,760</u>	<u>-</u>	<u>-</u>	<u>20,754,760</u>
Change in Net Assets	(93,069)	275,800	-	182,731
Net Assets, Beginning of Year	<u>28,339,870</u>	<u>165,913</u>	<u>25,000</u>	<u>28,530,783</u>
Net Assets, End of Year	<u>\$ 28,246,801</u>	<u>\$ 441,713</u>	<u>\$ 25,000</u>	<u>\$ 28,713,514</u>

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Supporting Activities				Total
	Miami-Dade	Broward	Industrial, Warehouse, and Stores	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Specific aid to individuals, contract payment, grants to other agencies	\$ 1,826,359	\$ 1,148,048	\$ 15,680	\$ 2,990,087	\$ -	\$ -	\$ -	\$ 2,990,087
People—salaries, public relations, tax, benefit, insurance, and professional services	1,751,893	1,414,581	589,372	3,755,846	1,460,625	639,833	2,100,458	5,856,304
Supplies	2,306,736	920,288	890,537	4,117,561	17,715	189,405	207,120	4,324,681
Communication—telephone, mailing, and trucking	31,398	30,002	21,948	83,348	15,280	1,192,976	1,208,256	1,291,604
Occupancy, equipment rental, and maintenance	1,041,916	2,288,031	69,032	3,398,979	43,252	26,969	70,221	3,469,200
All other expenses	698,000	381,290	288,343	1,367,633	245,732	499,827	745,559	2,113,192
Total Operating Expenses	<u>\$ 7,656,302</u>	<u>\$ 6,182,240</u>	<u>\$ 1,874,912</u>	<u>\$15,713,454</u>	<u>\$ 1,782,604</u>	<u>\$ 2,549,010</u>	<u>\$ 4,331,614</u>	<u>\$20,045,068</u>

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Supporting Activities				Total
	Miami-Dade	Broward	Industrial, Warehouse, and Stores	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Specific aid to individuals, contract payment, grants to other agencies	\$ 997,797	\$ 1,188,467	\$ 19,149	\$ 2,205,413	\$ -	\$ -	\$ -	\$ 2,205,413
People—salaries, public relations, tax, benefit, insurance, and professional services	1,951,581	1,552,959	644,685	4,149,225	1,279,751	636,701	1,916,452	6,065,677
Supplies	3,259,925	1,019,849	904,625	5,184,399	16,585	204,977	221,562	5,405,961
Communication—telephone, mailing, and trucking	27,471	39,760	18,053	85,284	10,473	1,303,670	1,314,143	1,399,427
Occupancy, equipment rental, and maintenance	1,133,464	2,304,903	74,285	3,512,652	48,048	15,750	63,798	3,576,450
All other expenses	726,345	394,151	300,236	1,420,732	207,182	473,918	681,100	2,101,832
Total Operating Expenses	<u>\$ 8,096,583</u>	<u>\$ 6,500,089</u>	<u>\$ 1,961,033</u>	<u>\$ 16,557,705</u>	<u>\$ 1,562,039</u>	<u>\$ 2,635,016</u>	<u>\$ 4,197,055</u>	<u>\$ 20,754,760</u>

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,302	\$ 182,731
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	728,439	778,011
Noncash contribution	-	(1,100,900)
Realized and unrealized gain on investments	(270,688)	(136,902)
Gain on sale of property and equipment	(57,529)	-
Changes in operating assets and liabilities:		
Inventory	245,645	(367,193)
Grants receivable	(368,036)	775,278
Other assets	(257,096)	(72,740)
Accounts payable and accrued expenses	(104,332)	53,984
Agency funds	(6,070)	14,918
Net Cash Provided (Used) by Operating Activities	<u>(80,365)</u>	<u>127,187</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(31,472)	(316,689)
Proceeds from sales of property and equipment	190,000	-
Purchases of investments	(213,175)	(357,239)
Net Cash Used by Investing Activities	<u>(54,647)</u>	<u>(673,928)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of note payable	<u>-</u>	<u>1,100,900</u>
Net Change in Cash and Cash Equivalents	(135,012)	554,159
Cash and Cash Equivalents, Beginning of Year	<u>3,311,626</u>	<u>2,757,467</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,176,614</u></u>	<u><u>\$ 3,311,626</u></u>

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

Miami Rescue Mission, Inc. (MRM) was organized in 1976, as a Florida nonprofit corporation which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to MRM are deductible from income taxes within the limitations prescribed by the Code. MRM is not a private foundation under Section 509(a)(2) of the Code. MRM is a charitable, interdenominational, evangelical, Christian agency providing spiritual, physical, and social services to the poor and needy, including homeless men, women, and children. Its purposes are fulfilled through several centers in Miami-Dade and Broward counties.

MRM is one of the oldest and largest providers of vital services to the homeless and needy in the south Florida community. MRM started in 1922 by a couple from Ohio that wanted to share the love of God with people in need in Miami. Until 1993, the primary geographical focus for its services and ministry was Miami-Dade County. Broward County was looking for solutions to their homeless problem and looked to MRM for assistance. This was the beginning of the Broward Outreach Center (BOC). BOC was launched, providing basic temporal relief to homeless individuals in the south Broward community through leased and owned property. A permanent Hollywood facility was completed in 1997, providing the first emergency shelter and comprehensive recovery program for the homeless in the southern portion of the county. This Center is owned by MRM.

BOC has 129 program beds, 90 beds for males and 39 transitional spaces for graduates to prepare for external housing. BOC also has 30 overnight shelter beds filled by the Broward Homeless Initiative Program. The overnight bed program has been on hold due to the coronavirus (COVID-19) health restrictions, but plans are being made to safely open these beds again during fiscal year 2022.

MRM operated the Broward North Homeless Assistance Center from 2002 to 2019. Broward County owns this facility and chose to go with another provider in 2020.

The Hollywood Center for Women and Children (the Center) was opened in August of 2004. The Center is located adjacent to the initial Hollywood Center. It is owned by MRM and is designed to provide services for 45 women (either single or with children). Programs include parenting, skills development, computer literacy, education, job placement, budgeting and assistance with housing.

In Miami-Dade County, there are two residential centers (the Center for Men and the Center for Women and Children), the nonresidential Miami Community Activity Center (CAC), the Tew Education Center and the Health Clinic.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

The Center for Men provides 313 beds for programs, which include emergency services, long-term care and transitional housing. Before the COVID-19 pandemic, approximately 190 men per day were involved in an 8 to 14 month intensive program of education, counseling, discipleship training, career preparedness and job entry called the Regeneration Program. There is also a program for Hispanics that are challenged by the English language called Vida Cambiadas (Changed Lives). On average, an additional 150 to 250 men per day are provided with a shower, change of clothes and dinner.

The Center for Women and Children serves homeless women and single mothers with small children. A comprehensive program is designed to equip the women to become successful, contributing members of society through classes computer education, work skills training and biblical principles. Those with children are instructed toward becoming loving, supportive mothers to their children through coping and parenting skills. Volunteers provide special classes in financial management and other practical personal skills including social skills and dressing for the work place. The Center for Women and Children is currently in transition and a larger facility is being prepared for occupancy.

The CAC was opened in November 2001 to provide preventative programs for children and youth in the Overtown area. The goal is to prepare children to become successful in life and to prevent the next generation of homeless. Use of this center is donated to a separate private non-profit school, CARE Elementary, which uses the facility to provide education for grades K-6, after-school programs and summer camp, with the combined programs serving 350-400 children each year. Due to the COVID-19 pandemic, space was rearranged to better help students and staff practice social distancing. All established COVID-19 measures are in place. There were no out-of-school summer or winter programs in 2021, but we expect these programs to return in 2022.

The Miami Jeffrey A. Tew Education Center houses the Innovative Computer Learning and Career Development departments which are utilized by all Miami residents. The Center opened in 1997 with the goal of improving students' education by improving their skills in reading, writing and math, and obtaining a High School Diploma / GED. Students are also taught basic computer skills, including common office applications.

In 2009, the first Health Clinic was opened to serve our residents and underserved populations. The Health Clinic is our partner, but is a separate non-profit organization that rents an MRM-owned facility at rates substantially below market. Presently, each Center has a health clinic and last year the clinic had over 7,000 patient visits (down from 9,000 in 2020). The Health Clinic has been instrumental in assisting clients, staff, and volunteers with COVID-19 testing and education. The Health Clinic utilizes tele-medicine in order to help the residents and remain as safe as possible.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

MRM operates a thrift store named the Bargain Barn. The store provides merchandise for sale such as clothing, appliances, furniture, bric-a-brac, etc. Donated items are picked up by MRM's fleet of trucks. Many donated items are put into direct use by the Centers (furniture, paint, clothing, appliances); the remaining items are sold to help fund homeless programs. The Bargain Barn is a place to help train residents for future employment. MRM hires many of the men and women who complete the residential programs with thirty-five percent of staff being formerly homeless.

The Centers in Miami and Hollywood hold special events throughout the year to care for the homeless and needy as well as a tool to engage the homeless to enroll in the residential programs. These include the Great Thanksgiving Banquet, Thanksgiving in April, Bombastic Birthday Party and many other activities for men, women and children. Volunteers provide many wonderful and valuable services from serving meals, doing special drives, becoming mentors or tutors, dress for success, personal makeovers, special work days to improve the facilities and so much more. Due to COVID-19, many of the public outdoor events we would normally have become drive-thru events in 2021. Instead of having outdoor sit-down meals, food boxes, toys, hygiene products, and more were safely distributed to families as well as homeless men, women, and children. Approximately 15,000 men, women, and children were helped during these events.

During 2009, MRM began its external transitional housing program. This program is designed to provide graduates the next step in integrating fully into society. MRM now owns 10 properties (5 in Broward, 5 in Miami-Dade). MRM has concentrated on purchasing distressed properties and utilizing their staff and clients to renovate them. Transitional housing residents are MRM homeless program graduates and are selected based on merit and need. Residents pay program fees. Case management is available to residents to help them secure long-term affordable housing and work through personal issues. MRM desires to increase the number of transitional housing units and seeks additional funding from present donors or other resources to accomplish this goal.

MRM has three radio programs, "Mission Possible: The Good News Program," "LifeStyle Changers" and "Life-Changers." Mission Possible airs from 8AM to 9AM on 610AM WIOD, a large talk-radio station that reaches from Palm Beach to Monroe County. The program highlights what is good in the community and includes interviews with other non-profit agencies, businesses, individuals or organizations which are doing good things in the community. Life-Changers, which started in September 2009, is a half-hour program that airs on LifeFM (Christian station) at 9:30AM on Sundays with a format similar to Mission Possible but is geared to the faith community. Lifestyle Changers started in 2020 and airs on 610 WIOD at 1PM on Sundays, and is partially sponsored by a donor who has a program on at noon.

More than 2,200 volunteers provided over 17,000 hours of volunteering this past year. Volunteers included individuals, schools, organizations and places of worship. The combined, centers served nearly 650 men, women and children each day. Last year, MRM/BOC provided 300,000 meals, 100,000 nights of safe-shelter, over 80 clients successfully completed our long-term educational program, over 16,000 hours of counseling, and helped nearly 250 men and women find jobs and obtain housing.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

During 2020 and through 2021, our ministries have changed to better serve men, women, and children during the COVID-19 pandemic. All Center for Disease Control (CDC) and Health Department guidelines are being followed. We continue to work with all agencies in Miami-Dade and Broward counties in order to prevent infections as well as treat those that do become infected and need isolation or quarantine. This has affected our staff, donors, and volunteers.

MRM will be celebrating its Centennial Achievements in 2022. MRM, which started in 1922 with a horse and covered wagon, will be rebranding to be collectively known as “The Caring Place.” MRM has continued to change through the decades to meet the needs of homeless people, but has kept its spiritual foundation to serve God and man based upon Judeo-Christian values for one hundred years. A capital campaign to raise awareness and funding for a new family center is being planned for fiscal year 2023.

Miami Mission Association, Inc. (MMA) is a Florida nonprofit corporation. MRM assumed the operation of MMA’s women’s and children’s center beginning on July 1, 1993. MMA is exempt from income taxes under Section 501(c)(3) of the Code and comparable state laws. MMA is also classified as a publicly supported organization, which is not a private foundation under section 509(a)(2) of the Code. Contributions to MMA are deductible for income tax purposes.

MRM receives the majority of support from Florida individuals, corporations, churches, foundations and civic organizations, thrift store sales of donated items and governmental grants. MRM is not affiliated with any church denomination but seeks to represent the church in its mandated service to share the gospel of Jesus Christ and to share God’s love to those who are often the least, the last, and the lost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted (GAAP) in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the balances and financial activities of MRM and MMA (collectively referred to as the Organization). All significant intercompany transactions and balances have been eliminated from the consolidated financial statements.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

The Organization considers cash on hand, bank checking accounts, money markets, and certificates of deposit with original maturities of three months or less to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2021 and 2020, the Organization's cash balances exceeded federally insured limits by \$2,778,040 and \$1,912,676, respectively.

INVENTORY

Inventory is stated at the lower of cost (based on the average cost basis) or net realizable value and consists of thrift store donated goods, donated food, and donated vehicles. At June 30, 2021 and 2020, no reserve for obsolescence has been recorded, as management believes all inventory is sellable.

Thrift store donated goods consists of goods and donated merchandise such as clothing and miscellaneous items used in the operation of the Organization's programs and for sale in the thrift stores or as part of the auto auctions. Donated goods inventory is based on cost when sold which approximates fair value of the goods. The ending inventory amount is calculated using a formula based on that used by other rescue ministries and is based on a percentage of total thrift store sales for each location.

GRANTS RECEIVABLE

Grants receivable consist primarily of BOC project costs incurred but not yet reimbursed.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Other investments are reported at the lower of cost or fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as investment income (loss) without donor restrictions in the accompanying consolidated statements of activities unless a donor or law restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost, or if donated, at estimated fair value on the date of receipt. Items purchased with governmental funds greater than \$750 are capitalized and depreciated over their estimated useful lives. All other nongovernmental purchases of property and equipment greater than \$1,000 are capitalized and depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from four to thirty-two years.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for operations under the direction of the board, designated by the board for a specific use, or invested in property and equipment, net of accumulated depreciation.

Net assets with donor restrictions for purpose or time are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, for the acquisition of property and equipment, or not currently available for use until commitments regarding their use have been fulfilled.

Net assets with donor restrictions in perpetuity are those which are contributed with donor restrictions requiring that they be held in perpetuity with the investment income earned to be used to fund scholarships. Assets funding these agreements are included as part of cash and cash equivalents. The disclosures required by the *Reporting Endowment Funds* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) have not been included in the consolidated financial statements due to immateriality.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

A portion of the Organization's revenue is derived from cost-reimbursable county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. Program, investment, and other income are recognized when earned.

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

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. 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 as reclassifications.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Gifts-in-kind consists primarily of donated food, clothing, and general merchandise used in the Organization's operations or for sale in the thrift store. Sales of donated items consist primarily of vehicle and thrift store sales.

Expenses, including advertising costs of \$244,447 and \$241,037 for the years ended June 30, 2021 and 2020, respectively, are recorded when incurred in accordance with the accrual basis of accounting. Gifts-in-kind expenses are reported in the accompanying consolidated statements of functional expenses under program services, primarily as supplies and other services, as well as specific assistance to individuals. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries and benefits, depreciation, facilities operations, and other expenses. Salaries and benefits are allocated based on the programmatic purpose of the employees incurring the expenses. All other costs are allocated based on a square footage analysis of the Organization's facilities. The Organization incurred no joint costs. All costs associated with publications are charged directly to fundraising.

GIFTS-IN-KIND

The ministries of the Organization could not be fully achieved without the dedicated efforts of many volunteers. Churches, synagogues, businesses, clubs, youth groups, students, and individuals give of their time and talents to help the homeless. They serve meals, conduct chapel services, tutor children, teach classes, and help maintain the facilities. None of these donated services are reported as revenue and expenses on the IRS Form 990.

Donated services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2021 and 2020, donated services meeting the criteria for recognition in the accompanying consolidated statements of activities totaled \$18,459 and \$69,801, respectively and include legal, pastoral, counseling, education, and master chef services.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RENT GIFTED TO OTHER ENTITIES

The Organization allows the use of its Hollywood Center to an independent third party (see Note 1) recognized at the fair value of the gifted rent. The third party is under no control or obligation to the Organization. For both years ended June 30, 2021 and 2020, the fair value of the gifted rent totaled \$1,920,000.

The Organization allows the use of its facilities to CARE Elementary School (see Note 13) recognized at the fair value of the gifted rent. The school is under no control or obligation to the Organization. For both years ended June 30, 2021 and 2020, the fair value of the gifted rent was \$315,000.

The Organization allows the use of its facilities to Miami Rescue Mission Clinic, Inc. (MRMC) (see Note 13) recognized at the fair value of the gifted rent. MRMC is under no control or obligation to the Organization. For both the years ended June 30, 2021 and 2020, the fair value of the gifted rent was \$91,320.

RECENTLY ISSUED ACCOUNTING STANDARD

During 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement*. The Organization adopted the provisions of this new standard during the year ended June 30, 2021. The new standard is designed to simplify the disclosures related to fair value measurements. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 3,176,614	\$ 3,311,626
Grants receivable	444,811	76,775
Investments	8,848,084	8,364,221
Financial assets, at year-end	12,469,509	11,752,622
Less those not available for general expenditure within one year:		
Net assets restricted in perpetuity	(25,000)	(25,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,444,509</u>	<u>\$ 11,727,622</u>

As part of the Organization'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. At June 30, 2021, the Organization has \$663,208 in net assets with donor restrictions for various purposes including project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

The Organization has a revolving working capital line of credit in the amount of \$350,000 which is due on demand and bears interest at a variable rate (3.25% at June 30, 2021). Borrowings under this line of credit are collateralized by certain cash and investment account balances. For the years ended June 30, 2021 and 2020, there were no outstanding borrowings under this line of credit.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

4. INVESTMENTS:

Investments consist of the following:

	June 30,	
	2021	2020
Held at cost:		
Cash and cash equivalents	\$ 1,415,240	\$ 1,676,094
Held at fair value:		
Corporate and government bonds	3,941,827	3,960,113
Index linked funds	1,274,539	1,321,829
Equities	1,650,169	1,034,667
Mutual funds	363,626	316,489
International developed bonds	202,683	55,029
	<u>7,432,844</u>	<u>6,688,127</u>
	<u>\$ 8,848,084</u>	<u>\$ 8,364,221</u>

5. INVENTORY:

Inventory consists of the following:

	June 30,	
	2021	2020
Donated food	\$ 650,974	\$ 895,541
Thrift store donated goods	76,866	77,587
Donated vehicles	<u>773</u>	<u>1,130</u>
	<u>\$ 728,613</u>	<u>\$ 974,258</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

6. OTHER ASSETS:

Other assets consist of the following:

	June 30,	
	2021	2020
Prepaid insurance	\$ 191,554	\$ 123,277
Refundable deposits	51,133	49,860
Other	214,495	26,949
	<u>\$ 457,182</u>	<u>\$ 200,086</u>

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of the following:

	June 30,	
	2021	2020
Land	\$ 4,856,739	\$ 4,915,739
Buildings and improvements	19,688,907	19,790,141
Vehicles and equipment	3,056,887	2,991,196
	<u>27,602,533</u>	<u>27,697,076</u>
Less accumulated depreciation	(11,117,610)	(10,414,715)
Construction in progress	-	32,000
	<u>\$ 16,484,923</u>	<u>\$ 17,314,361</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2021	2020
Restricted for purpose or time:		
Girlfriend for girlfriends	\$ 190,652	\$ 189,728
Rise	170,843	10,068
Centennial celebration	125,000	-
Roger Brummitt project	74,507	71,907
Pompano assessment center	68,096	68,096
Pompano child activity center	18,259	18,259
Fund for ReadingRoom	7,569	7,569
Batchelor Foundation grant	7,023	7,023
Veterans funding from Veterans	1,259	1,259
Carole Brook grant	-	18,845
John Stella education funds	-	39,404
Language program	-	8,213
Other	-	1,342
	<u>\$ 663,208</u>	<u>\$ 441,713</u>
Restricted in perpetuity:		
Learning Center scholarship fund	<u>\$ 25,000</u>	<u>\$ 25,000</u>

9. SALES OF DONATED ITEMS:

Sales of donated items consist of the following:

	Year Ended June 30,	
	2021	2020
General merchandise	\$ 835,075	\$ 873,922
Vehicles	22,100	30,270
	<u>\$ 857,175</u>	<u>\$ 904,192</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

10. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES

The Organization leases certain office equipment under non-cancelable operating lease agreements, with various expiration dates through April 2023. Rental and lease expenses totaled \$162,715 and \$158,369 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments under the non-cancelable operating lease agreements to be incurred during the years ending June 30, 2022 and 2023, amount to \$40,555 and \$5,400, respectively.

CONTINGENT LIABILITIES

The City of Miami, Florida authorized a loan in the amount of \$298,299 to the Organization for the acquisition of land and construction of new buildings. The loan is noninterest bearing and secured by a mortgage. So long as the Organization continues to provide a last resort facility, payments on this loan will be waived.

Approximately \$900,000 of the buildings reported in Note 7 were funded with Community Development Block Grant (CDBG) federal awards, to assist with the construction costs of the BOC. Buildings acquired with CDBG funds, and no longer needed for the originally authorized purpose, are subject to certain federal restrictions and requirements should these buildings ever be disposed of by the Organization.

Refundable grant relates to a grant received from the Federal Home Loan Bank Affordable Housing Program of Atlanta (FHLB) in the amount of \$1,000,000 during the fiscal year ended June 30, 2014, to assist with the purchase and/or rehabilitation of 78 multifamily rental units in the Miami, Florida area. Construction was completed during the fiscal year ended June 30, 2014. Per the agreement between the Organization and the FHLB, if the Organization were to sell the property within fifteen years of receiving the grant money, the Organization would be required to return the grant to the FHLB. Therefore, the Organization has deferred recognizing the grant as revenue until the fifteen year period has lapsed.

CONSULTING, COMMUNICATIONS, AND DEVELOPMENT SERVICES

Effective May 1, 2017, the Organization entered into a consulting, communications, and development services agreement (the Agreement). Per the Agreement, a third party will provide consulting, marketing, and direct-mail services on behalf of the Organization. For the services provided under this Agreement, the Organization agrees to pay the third party a retainer fee of \$15,000 per month. Either party may terminate the Agreement by giving the other party written notice thereof at least sixty days prior to the effective date of termination.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

11. RETIREMENT PLANS:

MRM has established a 403(b) retirement plan (the Plan). MRM contributes to the Plan on behalf of all full-time employees participating through elective salary deductions. MRM matches employee contributions equal to 3% of elective deferrals, up to 100% of eligible pay. Employees are eligible for the Plan if they are at least 18 years old and have completed 90 days of service. Participants become fully vested after five years of services. For the years ended June 30, 2021 and 2020, employer contributions to the Plan totaled \$53,785 and \$52,944, respectively.

MRM has established a qualified 457(b) deferred compensation plan (the 457 Plan) for the benefit of the president and those employees listed as a director. The 457 Plan allows eligible employees to contribute to the 457 Plan and to direct the investment of their funds into professionally managed investment funds. MRM matches one dollar for every dollar contributed by the employee based on length of service, matching up to 4% of wages for one to three years of service; matching up to 6% of wages between three and five years of service; and matching up to 8% of wages for more than five years of service. For the years ended June 30, 2021 and 2020, employer contributions to the 457 Plan totaled \$60,935 and \$60,149, respectively. The funds for the 457 Plan are held in trust in separate accounts and are invested by the president and those employees listed as directors. The assets related to the 457 Plan are not included in the accompanying consolidated statements of financial position as MRM has no ongoing control over these assets.

12. GOVERNMENT GRANTS:

Government grants consist of:

	Year Ended June 30,	
	2021	2020
<u>Title of Grant</u>		
Nonfederal funds:		
City of Miami Beach	\$ 129,380	\$ 84,015
Homeless trust emergency shelter	315,325	711,875
Broward County HIP–Homeless Assistance Center–3 year grant–South HAC	1,859,565	1,854,517
Federal funds:		
United States Department of Homeland Security:		
FEMA Phase 35 & 36		
Pass thru United Way of Miami Dade County	-	31,433
Total government grants	<u>\$ 2,304,270</u>	<u>\$ 2,681,840</u>

Broward County, Florida Grants Management–Research and Development Division entered into two grants with the BOC. The grant agreements require that all monies received from the county shall be included in the consolidated financial statements by explicit disclosure, as presented above.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

13. RELATED PARTY TRANSACTIONS:

The Organization contracts with MRMC to provide health services for clients of the Organization. Certain board members of MRMC are on the board of the Organization. During the years ended June 30, 2021 and 2020, the Organization expended \$325,000 and \$300,000 to MRMC, respectively.

The Organization allows the use of its facilities to CARE Elementary School (CARE). Certain board members of CARE are on the board of the Organization. During both years ended June 30, 2021 and 2020, the Organization donated \$315,000, in gifted rent to CARE.

The Organization allows the use of its facilities to Miami Rescue Mission Clinic, Inc. (MRMC) (see Note 2) recognized at the fair value of the gifted rent. MRMC is under no control or obligation to the Organization. For both the years ended June 30, 2021 and 2020, the fair value of the gifted rent was \$91,320.

14. FAIR VALUE MEASUREMENTS:

The *Fair Value* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 inputs were not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2021 and 2020:

	Total	June 30, 2021		
		(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Corporate and government bonds:				
Corporate/government	\$ 3,941,827	\$ -	\$ 3,941,827	\$ -
International	202,683	-	202,683	-
	<u>4,144,510</u>	<u>-</u>	<u>4,144,510</u>	<u>-</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

14. FAIR VALUE MEASUREMENTS, continued:

	June 30, 2021			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value, continued:				
Equities:				
International developed	417,815	417,815	-	-
US equities	450,858	450,858	-	-
Large cap	625,233	625,233	-	-
Mid-small cap	156,263	156,263	-	-
	<u>1,650,169</u>	<u>1,650,169</u>	<u>-</u>	<u>-</u>
Index linked funds:				
Insurance annuity	<u>1,274,539</u>	<u>-</u>	<u>1,274,539</u>	<u>-</u>
Mutual funds:				
Income/growth	<u>363,626</u>	<u>363,626</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,432,844</u>	<u>\$ 2,013,795</u>	<u>\$ 5,419,049</u>	<u>\$ -</u>
	June 30, 2020			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Corporate and government bonds:				
Corporate/government	\$ 3,960,113	\$ -	\$ 3,960,113	\$ -
International	<u>55,029</u>	<u>-</u>	<u>55,029</u>	<u>-</u>
	<u>4,015,142</u>	<u>-</u>	<u>4,015,142</u>	<u>-</u>
Equities:				
International developed	294,265	294,265	-	-
US equities	117,335	117,335	-	-
Large cap	494,706	494,706	-	-
Mid-small cap	128,361	128,361	-	-
	<u>1,034,667</u>	<u>1,034,667</u>	<u>-</u>	<u>-</u>
Index linked funds:				
Insurance annuity	<u>1,321,829</u>	<u>-</u>	<u>1,321,829</u>	<u>-</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

14. FAIR VALUE MEASUREMENTS, continued:

		June 30, 2020		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value, continued:				
Mutual funds:				
Income/growth	316,489	316,489	-	-
	<u>\$ 6,688,127</u>	<u>\$ 1,351,156</u>	<u>\$ 5,336,971</u>	<u>\$ -</u>

Valuation techniques used by the Organization in estimating fair value are as follows:

Corporate and government bonds—The fair values are based on quoted prices for similar assets in active markets; quoted prices for identical or similar markets that are not active; and inputs other than quoted prices e.g., interest rates and yield curves.

Mutual funds—The fair value of these financial instruments is based upon quoted market prices or dealer quotes in an active market.

Equities—The fair value of these financial instruments is based upon quoted market prices or dealer quotes in an active market.

Index linked funds—The fair values are based on quoted prices for similar assets in active markets; quoted prices for identical or similar markets that are not active; and inputs other than quoted prices e.g., interest rates and yield curves.

Changes in valuation techniques—None.

15. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

15. RISKS AND UNCERTAINTIES, continued:

The COVID-19 pandemic has affected the world and impacted for-profit and non-profit organizations. MRM is very thankful that operations have continued throughout the pandemic. MRM has worked with the CDC, local health departments, clinics, testing sites, and the homeless continuum of care to provide services to people experiencing homelessness. Outcomes and services have been severely reduced in the last fiscal year due to following best practices of social distancing, testing, quarantines, isolation, and general community engagement. Although outcomes have been reduced due to the virus, MRM is working with our communities to increase our capacity to pre-covid levels and resume full volunteer support.

As part of the response to the impact of COVID-19, MRM applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. MRM was approved for a loan in the amount of approximately \$1,100,000. For the year ended June 30, 2020, in accordance with FASB ASC 958-605, MRM simultaneously recognized a contribution with donor restrictions and a release for same amount in the accompanying consolidated statements of activities. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan provided MRM overcomes (meets) certain loan stipulations. Effective May 5, 2021, MRM received notification of forgiveness from the SBA for the full PPP loan amount.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 17, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.