

*Consolidated Financial Statements
with Supplemental Information*

**Fort Wayne Rescue Mission
Ministries, Inc.**

June 30, 2021 and 2020

FORT WAYNE RESCUE MISSION MINISTRIES, INC.

Consolidated Financial Statements with Supplemental Information
June 30, 2021 and 2020



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Certified Public Accountants • Business Consultants

Independent Auditors' Report

Board of Trustees
Fort Wayne Rescue Mission Ministries, Inc.
Fort Wayne, Indiana

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fort Wayne Rescue Mission Ministries, Inc., 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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 27 to 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
October 8, 2021

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Financial Position June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,406,222	\$ 3,495,619
Accounts receivable	565	523
Contributions receivable	757,886	1,124,067
Prepaid expenses and other assets	36,393	40,281
Investments	<u>5,307,629</u>	<u>4,307,463</u>
Total Current Assets	10,508,695	8,967,953
NET PROPERTY AND EQUIPMENT	23,595,527	23,557,016
OTHER ASSETS		
Cash - restricted	464,929	543,956
Note receivable	9,135,780	9,135,780
Contributions receivable	1,034,360	1,188,358
Beneficial interest in charitable trusts	434,500	386,900
Land held for investment - restricted	<u>2,029,820</u>	<u>-</u>
Total Other Assets	<u>13,099,389</u>	<u>11,254,994</u>
TOTAL ASSETS	<u>\$ 47,203,611</u>	<u>\$ 43,779,963</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Line of credit	\$ 2,636,167	\$ 2,636,158
Accounts payable	123,492	2,194,942
Accrued expenses	226,306	345,321
Short-term debt	<u>-</u>	<u>1,180,000</u>
Total Current Liabilities	2,985,965	6,356,421
NONCURRENT LIABILITIES		
Long-term debt	<u>18,688,532</u>	<u>15,379,466</u>
Total Liabilities	21,674,497	21,735,887
NET ASSETS		
Without donor restrictions	21,174,934	19,679,707
With donor restrictions	<u>4,354,180</u>	<u>2,364,369</u>
Total Net Assets	<u>25,529,114</u>	<u>22,044,076</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 47,203,611</u>	<u>\$ 43,779,963</u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statement of Activities **Year Ended June 30, 2021 and 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2021	Total 2020
SUPPORT AND REVENUE				
Contributions and grants	\$ 6,051,214	\$ 448,126	\$ 6,499,340	\$ 6,655,945
In-kind contributions	377,500	2,029,820	2,407,320	326,200
United Way	121,663	-	121,663	57,319
Thrift store	464,113	-	464,113	588,878
Investment income	1,097,532	-	1,097,532	245,201
Change in value of charitable trusts	-	47,600	47,600	3,900
Other	855,586	-	855,586	1,698
Net assets released from restrictions	<u>535,735</u>	<u>(535,735)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	9,503,343	1,989,811	11,493,154	7,879,141
EXPENSES				
Emergency shelter for the homeless and transient	1,080,104	-	1,080,104	1,042,029
Short term residence and rehabilitation	1,326,898	-	1,326,898	1,091,067
Resident and community meals	510,747	-	510,747	451,731
Long term residence and rehabilitation	1,670,388	-	1,670,388	1,609,116
Store/warehouse	<u>809,352</u>	<u>-</u>	<u>809,352</u>	<u>919,107</u>
Total program expense	5,397,489	-	5,397,489	5,113,050
Management and general	1,415,444	-	1,415,444	1,032,482
Fundraising	<u>1,195,183</u>	<u>-</u>	<u>1,195,183</u>	<u>911,119</u>
TOTAL EXPENSES	<u>8,008,116</u>	<u>-</u>	<u>8,008,116</u>	<u>7,056,651</u>
CHANGE IN NET ASSETS	1,495,227	1,989,811	3,485,038	822,490
NET ASSETS, BEGINNING OF YEAR	<u>19,679,707</u>	<u>2,364,369</u>	<u>22,044,076</u>	<u>21,221,586</u>
NET ASSETS, END OF YEAR	<u>\$ 21,174,934</u>	<u>\$ 4,354,180</u>	<u>\$ 25,529,114</u>	<u>\$ 22,044,076</u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statement of Activities Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 5,742,185	\$ 913,760	\$ 6,655,945
In-kind contributions	326,200	-	326,200
United Way	57,319	-	57,319
Thrift store	588,878	-	588,878
Investment income	245,201	-	245,201
Change in value of charitable trusts	-	3,900	3,900
Other	1,698	-	1,698
Net assets released from restrictions	<u>6,189,616</u>	<u>(6,189,616)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	13,151,097	(5,271,956)	7,879,141
EXPENSES			
Emergency shelter for the homeless and transient	1,042,029	-	1,042,029
Short term residence and rehabilitation	1,091,067	-	1,091,067
Resident and community meals	451,731	-	451,731
Long term residence and rehabilitation	1,609,116	-	1,609,116
Store/warehouse	<u>919,107</u>	<u>-</u>	<u>919,107</u>
Total program expense	5,113,050	-	5,113,050
Management and general	1,032,482	-	1,032,482
Fundraising	<u>911,119</u>	<u>-</u>	<u>911,119</u>
TOTAL EXPENSES	<u>7,056,651</u>	<u>-</u>	<u>7,056,651</u>
CHANGE IN NET ASSETS	6,094,446	(5,271,956)	822,490
NET ASSETS, BEGINNING OF YEAR	<u>13,585,261</u>	<u>7,636,325</u>	<u>21,221,586</u>
NET ASSETS, END OF YEAR	<u>\$ 19,679,707</u>	<u>\$ 2,364,369</u>	<u>\$ 22,044,076</u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Cash Flows Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,485,038	\$ 822,490
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided By Operating Activities:		
Depreciation and amortization	825,719	347,410
Net realized and unrealized gains on investments	(930,775)	(47,897)
Interest and dividends reinvested	(73,929)	(101,704)
Change in beneficial interest in charitable trusts	(47,600)	(3,900)
Contributions and grants received for acquisition of long-lived assets	(509,708)	(3,661,975)
Contribution of land held for investment	(2,029,820)	-
Contributions of marketable securities	(115,023)	(17,009)
Gain on disposal of assets	(846,544)	(600)
(Increase) Decrease in Assets:		
Accounts receivable	(42)	3,416
Contributions receivable	520,179	2,572,486
Prepaid expenses and other assets	3,888	(9,842)
Increase (Decrease) in Liabilities:		
Accounts payable	45,657	(15,449)
Accrued expenses	(119,016)	152,272
Net Cash Provided By Operating Activities	208,024	39,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,243,587)	(14,270,971)
Proceeds from sale of property and equipment	1,197,000	600
Purchase of investments	(3,425,362)	(1,381,014)
Proceeds from sale of investments	3,544,933	1,402,436
Net Cash Used In Investing Activities	(1,927,016)	(14,248,949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net draw on line of credit	9	89
Proceeds from contributions and grants restricted for acquisition of long-lived assets	509,708	3,661,975
Proceeds from issuance of long-term debt	3,220,851	2,794,887
Payments on long-term debt	(1,180,000)	-
Net Cash Provided By Financing Activities	2,550,568	6,456,951
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED	831,576	(7,752,300)
CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED, BEGINNING OF YEAR	4,039,575	11,791,875
CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED, END OF YEAR	\$ 4,871,151	\$ 4,039,575

(Continued)

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
AS PRESENTED ON THE ACCOMPANYING CONSOLIDATED STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 4,406,222	\$ 3,495,619
Cash - restricted	<u>464,929</u>	<u>543,956</u>
TOTAL CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED, END OF YEAR	<u><u>\$ 4,871,151</u></u>	<u><u>\$ 4,039,575</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 534,518	\$ 331,977
NONCASH INVESTING ACTIVITIES:		
In-kind donations of marketable securities received	\$ 115,023	\$ 17,009
In-kind donation of land held for investment	2,029,820	-
Capitalized interest	7,490	156,017

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Functional Expenses Year Ended June 30, 2021

	Emergency Shelter for the Homeless and Transient	Short Term Residence and Rehabilitation	Resident and Community Meals	Long Term Residence and Rehabilitation	Store/Warehouse	Total Program Expense	Management and General	Fund-raising	Total Expenses
Salaries and wages	\$ 689,371	\$ 658,971	\$ -	\$ 917,084	\$ 348,273	\$ 2,613,699	\$ 390,954	\$ 495,922	\$ 3,500,575
Employee benefits	123,408	117,492	-	167,371	73,626	481,897	74,414	94,431	650,742
Payroll taxes	46,924	47,049	-	69,415	25,608	188,996	22,151	32,825	243,972
Total salaries, wages and related expenses	859,703	823,512	-	1,153,870	447,507	3,284,592	487,519	623,178	4,395,289
Thrift store purchases	-	-	-	-	-	-	-	-	-
Equipment maintenance	50,734	56,591	-	43,730	17,345	168,400	17,466	9,053	194,919
Food	-	-	510,747	-	-	510,747	-	-	510,747
Professional fees	23,023	23,643	-	41,997	28,539	117,202	105,457	66,737	289,396
Supplies	46,584	27,454	-	31,337	2,342	107,717	6,861	2,947	117,525
Telephone	2,629	2,767	-	2,748	2,429	10,573	3,297	869	14,739
Postage and shipping	-	-	-	-	120	120	480	4,213	4,813
Occupancy	49,786	53,473	-	52,561	194,902	350,722	40,442	15,417	406,581
Board administration	-	-	-	-	-	-	14,424	-	14,424
Printing and publications	-	113	-	113	-	226	4,242	431,129	435,597
Vehicle expense	3,775	4,583	-	4,152	15,399	27,909	11,104	-	39,013
Continuing education	-	-	-	2,110	-	2,110	17,281	9,519	28,910
Specific assistance to individuals	88	124	-	510	-	722	620	-	1,342
Membership dues	-	-	-	468	-	468	8,300	2,564	11,332
Insurance	11,077	10,978	-	10,963	8,906	41,924	41,891	3,368	87,183
Travel and meals	163	167	-	275	170	775	5,481	4,799	11,055
Interest	-	-	-	-	-	-	497,898	-	497,898
Other	9,390	9,624	-	9,558	44,923	73,495	119,389	16,966	209,850
Depreciation and amortization	23,152	313,869	-	315,996	46,770	699,787	33,292	4,424	737,503
TOTAL EXPENSES	\$ 1,080,104	\$ 1,326,898	\$ 510,747	\$ 1,670,388	\$ 809,352	\$ 5,397,489	\$ 1,415,444	\$ 1,195,183	\$ 8,008,116

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Functional Expenses Year Ended June 30, 2020

	Emergency Shelter for the Homeless and Transient	Short Term Residence and Rehabilitation	Resident and Community Meals	Long Term Residence and Rehabilitation	Store/Warehouse	Total Program Expense	Management and General	Fund-raising	Total Expenses
Salaries and wages	\$ 696,193	\$ 634,041	\$ -	\$ 1,044,946	\$ 386,005	\$ 2,761,185	\$ 337,960	\$ 399,979	\$ 3,499,124
Employee benefits	112,419	114,232	-	177,004	80,539	484,194	51,009	64,778	599,981
Payroll taxes	43,654	42,810	-	73,942	26,516	186,922	17,755	24,926	229,603
Total salaries, wages and related expenses	852,266	791,083	-	1,295,892	493,060	3,432,301	406,724	489,683	4,328,708
Thrift store purchases	-	-	-	-	100	100	-	-	100
Equipment maintenance	44,323	72,975	-	53,735	27,886	198,919	8,260	995	208,174
Food	-	-	451,731	-	-	451,731	-	-	451,731
Professional fees	26,133	23,066	-	57,334	32,306	138,839	85,250	56,771	280,860
Supplies	30,550	26,405	-	31,025	5,186	93,166	4,927	3,550	101,643
Telephone	1,013	4,236	-	3,959	3,582	12,790	2,887	660	16,337
Postage and shipping	980	-	-	-	340	1,320	819	10,248	12,387
Occupancy	29,973	52,957	-	39,469	181,735	304,134	(977)	337	303,494
Board administration	-	-	-	-	-	-	12,636	-	12,636
Printing and publications	10,889	11,260	-	16,713	9,494	48,356	12,015	327,491	387,862
Vehicle expense	2,093	3,583	-	3,312	14,213	23,201	16,352	-	39,553
Continuing education	80	-	-	568	-	648	7,218	1,496	9,362
Specific assistance to individuals	581	19	-	2,106	-	2,706	1,050	-	3,756
Membership dues	-	138	-	1,287	-	1,425	10,226	1,574	13,225
Insurance	6,652	8,802	-	8,087	8,440	31,981	33,941	1,326	67,248
Travel and meals	372	188	-	1,676	105	2,341	5,713	4,883	12,937
Interest	-	-	-	-	-	-	227,145	-	227,145
Other	12,685	10,499	-	12,708	86,727	122,619	188,844	8,836	320,299
Depreciation and amortization	23,439	85,856	-	81,245	55,933	246,473	9,452	3,269	259,194
TOTAL EXPENSES	\$ 1,042,029	\$ 1,091,067	\$ 451,731	\$ 1,609,116	\$ 919,107	\$ 5,113,050	\$ 1,032,482	\$ 911,119	\$ 7,056,651

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.

Notes to Consolidated Financial Statements
June 30, 2021 and 2020



Note 1. Organization and Summary of Significant Accounting Policies

Organization:

Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission ("Mission"), Fort Wayne Rescue Mission Ministries Foundation, Inc. ("Foundation") and FWRM Support Corporation ("Support") (collectively, the "Organization") is a not-for-profit organization whose mission and activities are to provide emergency shelter, transitional living and rehabilitation to the homeless. The Foundation's function is to provide support to the Mission. The function of Support is to hold a specific facility. The Organization's revenue and other support are derived principally from contributions and local grants, and its activities are conducted principally in Allen County, Indiana.

Principles of Consolidation:

The consolidated financial statements include the accounts of the Mission, the Foundation, and Support. All significant inter-organization accounts and transactions have been eliminated in consolidation.

Basis of Presentation:

The consolidated financial statements are prepared on an accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose and those that have been restricted by donors to be maintained by the Organization in perpetuity. Net assets without donor restrictions are those whose use is not restricted by donors.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents and Cash - Restricted:

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents related to uninvested cash are considered part of investments for consolidated financial statement purposes.

The restricted cash is to be used only for construction of the new facility and related costs and must be approved by the lender before disbursement.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Contributions Receivable:

The Organization recognizes contributions as public support in the year the promise is made. The present value of these estimated future cash flows is recorded as a receivable. Management considers all contributions receivable to be fully collectible and, therefore, has not established a provision for uncollectible contributions.

Investments:

Investments in marketable securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment income includes dividends, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

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

Property and Equipment:

Property and equipment is stated at cost or, if donated, at fair value at the date of the gift. Additions and improvements that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. The Organization follows the policy of depreciating assets on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

Note Receivable:

The note receivable is a financing receivable that is recorded at its outstanding principal amount. The Organization considers the note to be fully collectible; therefore, no allowance for doubtful accounts has been provided. Interest on the note is recognized over the term of the note and is calculated using the simple-interest method on the principal amount outstanding. The note will be placed on nonaccrual when management believes that the collection of interest is doubtful or when it is determined that it will not be collected within a reasonable time period. If the Organization places the note on nonaccrual, uncollectible interest previously accrued will be charged off. Interest income on nonaccrual notes is recognized only to the extent cash payments are received in excess of the amount accrued. The note was not on nonaccrual at June 30, 2021 and 2020.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Land Held for Investment - Restricted:

Land held for investment consists of a piece of donated land and is recorded at the fair value at the date of the gift. See Note 11.

Loan Costs:

Loan costs are amortized using the effective interest method over the term of the related debt (including anticipated prepayments), and are netted from long-term debt.

Contributions:

All contributions of cash and other assets are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Gifts of land, buildings, equipment and other long-lived assets are reported as revenue without donor restrictions; unless explicit donor stipulations specify how such assets and net assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

In-Kind Contributions:

In addition to receiving cash contributions, the Organization receives in-kind contributions, generally in the form of food, from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by a like amount. During 2021, the Organization received land that is held for investment, with time restrictions. The land held for investment is recorded as an asset in the Statements of Financial Position and as an in-kind contribution in the Statement of Activities for the year ended June 30, 2021. For the years ended June 30, 2021 and 2020, \$2,407,320 and \$326,200, respectively, were received in in-kind contributions.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

Revenue from thrift store sales is recognized under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), when performance obligations under the terms of a contract with the customer have been satisfied and control has transferred to the customer. Revenue is measured based on the consideration specified in each contract and excludes any sales incentives. Taxes assessed by governmental agencies that are paid by the customer and collected by the Organization are excluded from revenue.

Ownership of the goods and associated revenue are transferred to customers at a point in time, generally when goods are sold and customers have taken possession of the merchandise. Goods are principally sold to users in Allen County, Indiana. There are no significant financing components as payment is received at the time of sale. No performance obligations remain after customer takes possession of merchandise.

Functional Allocation of Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related payroll taxes and employee benefits are allocated on the basis of estimated time and effort. The expenses associated with occupying and maintaining the building, such as depreciation, utilities, building maintenance, and property insurance are allocated based on the square footage of space occupied by program and supporting services. Other expenses including thrift store purchases, equipment maintenance, food, professional fees, supplies, telephone, postage and shipping, board administration, printing and publications, vehicle expense, continuing education, specific assistance to individuals, membership dues, insurance, travel and meals, interest and other are allocated based on estimated actual usage.

Income Taxes:

The Mission, Foundation and Support are publicly supported organizations and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is included in the consolidated financial statements. All entities have been classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code.

The Mission, Foundation and Support file tax returns in the U.S. federal jurisdiction and the State of Indiana. The Organization believes it is no longer subject to income tax examinations for years prior to 2018.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes: (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of income subject to unrelated business income tax ("UBIT"). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2021 and 2020.

Credit Risk and Concentrations:

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at various times throughout the year, exceeded federally insured limits.

Recently Issued Accounting Standards:

Pronouncements Currently Under Evaluation:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with initial terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will affect the pattern of expense recognition in the statement of activities. This standard is effective for the calendar year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its consolidated financial statements.

Reclassification:

Certain amounts previously reported have been reclassified to conform to current year presentation.

Subsequent Events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through October 8, 2021, the date the consolidated financial statements were available to be issued.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 2. Contributions Receivable

Contributions receivable consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 757,886	\$ 1,124,067
Due in one to five years	<u>1,109,500</u>	<u>1,291,500</u>
	1,867,386	2,415,567
Less: unamortized discount (at 2.75%)	<u>(75,140)</u>	<u>(103,142)</u>
	<u>\$ 1,792,246</u>	<u>\$ 2,312,425</u>

Note 3. Investments and Investment Return

Investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 37,559	\$ 196,731
Marketable securities	5,135,976	4,009,902
Funds held at community foundation	<u>134,094</u>	<u>100,830</u>
	<u>\$ 5,307,629</u>	<u>\$ 4,307,463</u>

Total investment income is comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 190,574	\$ 217,471
Investment expenses	(23,817)	(20,167)
Net realized and unrealized gains	<u>930,775</u>	<u>47,897</u>
	<u>\$ 1,097,532</u>	<u>\$ 245,201</u>

Note 4. Beneficial Interest in Assets Held by Community Foundation of Greater Fort Wayne

The Organization is the beneficiary of an endowment fund held by the Community Foundation of Greater Fort Wayne ("Community Foundation"). The Organization may receive a distribution of earnings from these funds quarterly, which is included as investment income in net assets without donor restrictions. The fund balance included in investments in the consolidated statement of financial position at June 30, 2021 and 2020, was \$134,094 and \$100,830, respectively.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 4. Beneficial Interest in Assets Held by Community Foundation of Greater Fort Wayne

In addition to the aforementioned fund at the Community Foundation, at June 30, 2021 and 2020, the Community Foundation has \$284,125 and \$207,036, respectively, in net assets for the benefit of the Organization; however, the Community Foundation's board of directors has variance power. Variance power means the Community Foundation's board has the power to change a restriction or condition of the distribution of funds for a specified charitable purpose or organization if the restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. Therefore, these assets are not recorded on the accompanying consolidated statements of financial position.

Note 5. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>Estimated Useful Lives</u>	<u>2021</u>	<u>2020</u>
Land		\$ 2,828,160	\$ 634,922
Building and improvements	5 - 40 years	21,151,267	5,678,195
Leasehold improvements	9 years	289,734	289,734
Equipment	2 - 15 years	1,541,136	829,135
Vehicles	2 - 15 years	160,431	160,431
Construction in progress		-	19,359,872
		<u>25,970,728</u>	<u>26,952,289</u>
Less: Accumulated depreciation		<u>2,375,201</u>	<u>3,395,273</u>
		<u>\$ 23,595,527</u>	<u>\$ 23,557,016</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020, was \$737,503 and \$259,194, respectively.

The Organization placed the new building into service and disposed of the old building during the year ended June 30, 2021. The Organization recorded a gain on the disposal of approximately \$850,000, which is included in the Statement of Activities for the year ended June 30, 2021, in other support and revenue.

Note 6. Note Receivable

The note receivable from FWRM Investment Fund, LLC matures June 2044. It is secured by a 100% interest in the sub-CDE's (see Note 15). The note requires quarterly interest payments at 1.0% through June 2026, then quarterly interest and principal payments of \$138,806 through maturity.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 7. Beneficial Interest in Charitable Trusts

The Organization is the beneficiary under several charitable trusts administered by third party trustees. Under the terms of the trusts, the Organization has the irrevocable right to receive the net assets of specified portions of each trust's earnings on an annual basis, and at the end of the trust's term. The portion of the trust attributable to the future interest of the Organization is recorded in the consolidated statements of financial position as beneficial interest in charitable trusts. The beneficial interest in charitable trusts were recorded at the present value of the expected future cash flows discounted at 6%. The estimated value of the expected future cash flows is \$434,500 and \$386,900 at June 30, 2021 and 2020, respectively.

Note 8. Fair Value Measurements

Fair value measurements are based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, and are determined by either the principal market or the most advantageous market.

Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 measurements having the highest priority and Level 3 measurements having the lowest priority.

- Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access at the measurement date.
- Level 2: Fair value is based on quoted prices in markets that are not active, 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 asset or liability.
- Level 3: Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

The asset's or liability's 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.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Money market funds: Valued at net asset values ("NAV") of shares held by the Organization at year end. Money market funds seek to maintain a stable value of \$1 per share while earning interest for shareholders.

Mutual funds: Valued at the NAV of shares held at year end.

Exchange traded funds and common stocks: Valued at the closing price at year end, reported in the active market in which the stocks are traded.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 8. Fair Value Measurements (Continued)

Funds held at community foundation: Valued based on the underlying investments held by and reported to the Organization by the Community Foundation.

Beneficial interest in charitable trusts: Valued based on the estimated present value of the future distributions expected to be received over the term of the agreements.

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 Organization 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.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis at June 30.

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 37,559	\$ -	\$ 37,559
Mutual funds				
Equity	942,051	-	-	942,051
Fixed income	<u>1,936,894</u>	<u>-</u>	<u>-</u>	<u>1,936,894</u>
Total mutual funds	2,878,945	-	-	2,878,945
Exchange traded funds				
Equity	<u>765,058</u>	<u>-</u>	<u>-</u>	<u>765,058</u>
Total exchange traded funds	765,058	-	-	765,058
Common stocks				
Consumer discretionary	163,058	-	-	163,058
Financial	187,787	-	-	187,787
Healthcare	250,086	-	-	250,086
Industrials	176,633	-	-	176,633
Information technology	354,899	-	-	354,899
Telecommunication	145,833	-	-	145,833
Other	<u>213,677</u>	<u>-</u>	<u>-</u>	<u>213,677</u>
Total common stocks	1,491,973	-	-	1,491,973
Funds held at community foundation	-	-	134,094	134,094
Beneficial interest in charitable trusts	<u>-</u>	<u>-</u>	<u>434,500</u>	<u>434,500</u>
Total assets at fair value	<u>\$ 5,135,976</u>	<u>\$ 37,559</u>	<u>\$ 568,594</u>	<u>\$ 5,742,129</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 8. Fair Value Measurements (Continued)

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 196,731	\$ -	\$ 196,731
Mutual funds				
Equity	762,293	-	-	762,293
Fixed income	<u>1,277,075</u>	<u>-</u>	<u>-</u>	<u>1,277,075</u>
Total mutual funds	2,039,368	-	-	2,039,368
Exchange traded funds				
Equity	496,309	-	-	496,309
Fixed income	<u>252,891</u>	<u>-</u>	<u>-</u>	<u>252,891</u>
Total exchange traded funds	749,200	-	-	749,200
Common stocks				
Consumer discretionary	161,332	-	-	161,332
Financial	142,145	-	-	142,145
Healthcare	168,945	-	-	168,945
Industrials	114,522	-	-	114,522
Information technology	322,917	-	-	322,917
Telecommunication	114,508	-	-	114,508
Other	<u>196,965</u>	<u>-</u>	<u>-</u>	<u>196,965</u>
Total common stocks	1,221,334	-	-	1,221,334
Funds held at community foundation	-	-	100,830	100,830
Beneficial interest in charitable trusts	<u>-</u>	<u>-</u>	<u>386,900</u>	<u>386,900</u>
Total assets at fair value	<u>\$ 4,009,902</u>	<u>\$ 196,731</u>	<u>\$ 487,730</u>	<u>\$ 4,694,363</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 8. Fair Value Measurements (Continued)

The table below presents information about the changes in Level 3 assets, which are measured at fair value on a recurring basis using significant unobservable inputs:

	Funds Held at Community Foundation	Beneficial Interest in Charitable Trusts
Balance, July 1, 2019	\$ 108,699	\$ 383,000
Net realized and unrealized gains (losses)	(6,203)	3,900
Interest and dividends	3,285	-
Grants	(4,415)	-
Fees	<u>(536)</u>	<u>-</u>
Balance, June 30, 2020	100,830	386,900
Net realized and unrealized gains	35,576	47,600
Interest and dividends	2,831	-
Grants	(4,548)	-
Fees	<u>(595)</u>	<u>-</u>
Balance, June 30, 2021	<u>\$ 134,094</u>	<u>\$ 434,500</u>

Gains and losses (realized and unrealized) included in changes in net assets for the periods in the preceding paragraph are reported in the consolidated statements of activities.

Note 9. Line of Credit and Short-Term Borrowings

The Organization has a line of credit agreement with a bank that provides for a maximum borrowing of \$3,000,000, with interest at LIBOR rate plus 1.25% (2.75% at June 30, 2021), subject to a borrowing base and a floor of 2.75%. The line is collateralized by substantially all of the Foundation's marketable securities. The balance outstanding at June 30, 2021 and 2020, was \$2,636,167 and \$2,636,158, respectively. The line will expire April 2023.

The Organization had a note payable to a bank, due June 2021. The note was secured by certain property. The balance outstanding at June 30, 2021 and 2020, was \$0 and \$1,180,000, respectively.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 10. Long-Term Debt

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Construction loan agreement with a bank for draws up to \$6,500,000 (\$484,262 available for draw at June 30, 2021), with interest at 4.00%, quarterly interest payments, maturing June 2026, secured by substantially all assets of Support and certain assets of the Mission.	\$ 6,015,738	\$ 2,794,888
Note payable to FWNMRF CDE IX, LLC, with interest at 1.0806%, quarterly interest payments through June 2026, then quarterly principal and interest payments of \$83,184 through maturity in June 2049, secured by substantially all assets of Support.	6,768,000	6,768,000
Note payable to FWNMRF CDE IX, LLC, with interest at 1.0806%, quarterly interest payments through March 2026, a payment of interest plus \$100,000 September 2026, then quarterly principal and interest payments of \$36,037 through maturity in June 2049, secured by substantially all assets of Support.	3,032,000	3,032,000
Note payable to Consortium America 78, LLC, with interest at 1.0806%, quarterly interest payments through June 2026, then quarterly principal and interest payments of \$29,102 through maturity in June 2049, secured by substantially all assets of Support.	2,367,780	2,367,780
Note payable to Consortium America 78, LLC, with interest at 1.0806%, quarterly interest payments through June 2026, then quarterly principal and interest payments of \$11,249 through maturity in June 2049, secured by substantially all assets of Support.	<u>915,220</u>	<u>915,220</u>
	19,098,738	15,877,888
Less: Unamortized loan costs	<u>410,206</u>	<u>498,422</u>
	<u>\$ 18,688,532</u>	<u>\$ 15,379,466</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 10. Long-Term Debt (Continued)

Maturities of long-term debt for the five years ending after June 30, 2021, and in the aggregate, are as follows:

2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		<u>19,098,738</u>
	\$	<u>19,098,738</u>

Interest expense on all borrowings for the years ended June 30, 2021 and 2020, was \$497,898 and \$227,145, respectively.

Note 11. Net Assets

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

	<u>2021</u>	<u>2020</u>
Beneficial interest - fixed term trust (time)	\$ 81,200	\$ 77,900
Capital campaign contributions receivable (time and purpose)	1,533,245	1,358,547
Land held for investment (time)	2,029,820	-
Contributions receivable (time and purpose)	350,000	608,999
Resident medical expenses (purpose)	<u>-</u>	<u>3,308</u>
	<u>\$ 3,994,265</u>	<u>\$ 2,048,754</u>

Net assets with donor restrictions in perpetuity are restricted as follows at June 30:

	<u>2021</u>	<u>2020</u>
Investment in perpetuity, the income of which is expendable to support any activity of the Organization	<u>\$ 359,915</u>	<u>\$ 315,615</u>

Net assets were released from restrictions as follows:

	<u>2021</u>	<u>2020</u>
Time restrictions expired due to collection of contributions receivable and appropriate use of funds	\$ 3,308	\$ 5,954,131
Pledge received (time restriction)	<u>532,427</u>	<u>235,485</u>
	<u>\$ 535,735</u>	<u>\$ 6,189,616</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2021 and 2020

Note 12. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting use, within one year of the consolidated statements of financial position date, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Financial assets at June 30:		
Cash and cash equivalents	\$ 4,406,222	\$ 3,495,619
Cash - restricted	464,929	543,956
Accounts receivable	565	523
Contributions receivable, net of unamortized discount	1,792,246	2,312,425
Investments	5,307,629	4,307,463
Beneficial interest in charitable trusts	434,500	386,900
Note receivable	<u>9,135,780</u>	<u>9,135,780</u>
Total financial assets	21,541,871	20,182,666
Less: Financial assets not available to be used within one year:		
Cash - restricted	464,929	543,956
Contributions receivable not due within one year	1,034,360	1,188,358
Beneficial interest in charitable trusts	434,500	386,900
Note receivable not due within one year	9,135,780	9,135,780
Restricted by donors with purpose restrictions	398,885	173,497
Restricted by donors in perpetuity	<u>6,615</u>	<u>6,615</u>
Total financial assets not available for general expenditures within one year	<u>11,475,069</u>	<u>11,435,106</u>
Total financial assets available for general expenditures within one year	<u>\$ 10,066,802</u>	<u>\$ 8,747,560</u>

The Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$3,000,000 (\$363,833 available at June 30, 2021) which can be drawn upon.

The Organization has restricted cash to be used only for construction of the new facility and related costs and must be approved by the lender before disbursement. Additionally, the Organization has a beneficial interest in charitable trusts with limited availability (see Note 4). These items are reflected in the amounts above as financial assets not available to be used.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 13. Operating Leases

The Organization has an operating lease for retail space which expires March 2022. Monthly payments are \$7,250 through March 31, 2021, and \$8,250 thereafter. Total rent expense under this lease was \$99,000 and \$90,000 for the years ended June 30, 2021 and 2020, respectively. The Organization also pays approximately \$5,200 per month for the cost of insurance, repairs and maintenance, real estate taxes and common area maintenance (CAM) related to the property.

Minimum future rental and CAM payments under this operating lease as of June 30, 2021, are as follows:

2022	\$ <u>120,968</u>
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The Organization has vehicle and equipment leases with aggregate monthly payments totaling approximately \$2,500 through April 2023. Lease expense under these lease agreements was \$30,587 and \$18,646 for the years ended June 30, 2021 and 2020, respectively.

Future fixed charges under these leases are as follows:

2022	\$ 30,587
2023	<u>18,496</u>
	\$ <u>49,083</u>

Note 14. Employee Benefit Plan

The Mission has a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Generally, all employees, working 20 hours or more per week, may enter the Plan immediately upon employment. Under the Plan, full-time employees, who are 21 years of age, have one year of service, and complete 1,000 hours of service within the Plan year, are eligible to receive a discretionary employer match contribution. For the years ended June 30, 2021 and 2020, the employer match was 50% of employee contributions not to exceed 6% of the employee's regular wages. Additionally, the Mission may make a discretionary contribution. For the years ended June 30, 2021 and 2020, the discretionary contribution was 6% of the employee's regular wages. The Mission incurred expenses, related to the Plan, of approximately \$213,000 and \$207,000 for the years ended June 30, 2021 and 2020, respectively.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 15. New Market Tax Credits

In June 2019, the Organization entered into a New Markets Tax Credit ("NMTC") financing transaction to fund a portion of the cost of construction of a new 76,000 square foot facility in Fort Wayne, Indiana. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 ("Act") and is intended to induce capital investment in qualified low-income communities. The Act permits taxpayers to claim credits against their Federal income taxes for up to 39% of qualified investments in the equity of Community Development Entities ("CDE"). A CDE is a privately managed investment institution that is certified to make qualified low-income community investments ("QLICI") loans. The NMTC structure includes the Mission (through Support), as a leverage lender, and the tax credit investor is PNC New Markets Investment Partners, LLC, an entity formed for purposes of New Market Tax Credit transactions by PNC Bank, N.A.

In June 2019, PNC New Markets Investments Partners, LLC made a \$4,581,720 capital contribution to FWRM Investment Fund, LLC, a qualified equity investment fund. At the same time, Mission (as Leverage Lender) made a \$9,135,780 leveraged loan to the same investment fund (see Note 6). In turn FWRM Investment Fund, LLC made a \$13,350,000 capital contribution to FWNMRF CDE IX LLC ("Sub-CDE I") and Consortium America 78, LLC ("Sub-CDE II"), each recognized as a qualified community development entity (noted above), or Sub-CDE in this structure. After deducting certain fees associated with the transaction, each made two QLICI loans to Support for a combined total of \$13,083,000. In this structure, Support is designated as a qualified active low-income community benefit entity ("QALICB"). The QLICI loans bear interest at a rate of 1.0806% and mature in 2049. Interest-only payments due quarterly are made during the first seven years of the notes. See Note 10.

The NMTC is subject to 100% recapture for a period of seven years as provided in the Internal Revenue Code. The Organization is required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangement. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, could require the Organization to indemnify the investors for any loss or recapture of NMTCs related to the financing until such time as the Organization's obligation to deliver tax benefits is relieved. The Organization does not anticipate any credit recaptures in connection with this arrangement. This transaction includes a put/call provision that becomes effective at the end of the seven year compliance/recapture period. Under the put/call provision, the Organization may be obligated or entitled to purchase the investor's interest in FWRM Investment Fund, LLC. The Organization believes the investors will exercise the put option in June 2026 at the end of the compliance/recapture period. The value attributed to the put/call provision is de minimis.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)
June 30, 2021 and 2020

Note 16. Credit Risk, Commitments and Contingencies

The Organization invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Investment managers are engaged by the Organization. Although the fair value of investments is subject to fluctuation on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization has entered into various agreements for the construction of a facility. The remaining commitment for these agreements totals approximately \$350,000 at June 30, 2021.

The Organization received a Paycheck Protection Program (PPP) loan for approximately \$740,000 during the year ended June 30, 2020. The Organization recorded the loan as grant revenue under ASC 958, *Not-for-Profit Entities: Revenue Recognition* as the requirements for forgiveness were met during the year ended June 30, 2020. The Organization received forgiveness from the Small Business Administration in May 2021. The Small Business Administration has the authority to audit the loan until May 2026.

The Organization is monitoring the COVID-19 outbreak for impacts to its operations. The length of the outbreak is uncertain at this time and therefore, the impact on the Organization's financial condition and results of operations is unknown.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position June 30, 2021

	Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission	Fort Wayne Rescue Mission Ministries Foundation, Inc.	FWRM Support Corporation	Eliminations	Total
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	\$ 4,320,453	\$ 85,769	\$ -	\$ -	\$ 4,406,222
Accounts receivable	565	-	47,302	(47,302)	565
Contributions receivable	757,886	-	-	-	757,886
Prepaid expenses and other assets	36,393	-	-	-	36,393
Investments	<u>15,787</u>	<u>5,291,842</u>	<u>-</u>	<u>-</u>	<u>5,307,629</u>
Total Current Assets	5,131,084	5,377,611	47,302	(47,302)	10,508,695
NET PROPERTY AND EQUIPMENT	3,657,164	-	19,938,363	-	23,595,527
OTHER ASSETS					
Cash - restricted	-	-	464,929	-	464,929
Note receivable	9,135,780	-	-	-	9,135,780
Contributions receivable	1,034,360	-	-	-	1,034,360
Beneficial interest in charitable trusts	434,500	-	-	-	434,500
Land held for investment	<u>2,029,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,029,820</u>
Total Other Assets	<u>12,634,460</u>	<u>-</u>	<u>464,929</u>	<u>-</u>	<u>13,099,389</u>
TOTAL ASSETS	<u>\$ 21,422,708</u>	<u>\$ 5,377,611</u>	<u>\$ 20,450,594</u>	<u>\$ (47,302)</u>	<u>\$ 47,203,611</u>

(Continued)

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position (Continued)

June 30, 2021

	Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission	Fort Wayne Rescue Mission Ministries Foundation, Inc.	FWRM Support Corporation	Eliminations	Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Line of credit	\$ 2,636,167	\$ -	\$ -	\$ -	\$ 2,636,167
Accounts payable	170,794	-	-	(47,302)	123,492
Accrued expenses	<u>204,250</u>	-	<u>22,056</u>	-	<u>226,306</u>
Total Current Liabilities	3,011,211	-	22,056	(47,302)	2,985,965
NONCURRENT LIABILITIES					
Long-term debt	<u>-</u>	<u>-</u>	<u>18,688,532</u>	<u>-</u>	<u>18,688,532</u>
Total Liabilities	3,011,211	-	18,710,588	(47,302)	21,674,497
NET ASSETS					
Without donor restrictions	14,057,317	5,377,611	1,740,006	-	21,174,934
With donor restrictions	<u>4,354,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,354,180</u>
Total Net Assets	<u>18,411,497</u>	<u>5,377,611</u>	<u>1,740,006</u>	<u>-</u>	<u>25,529,114</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,422,708</u>	<u>\$ 5,377,611</u>	<u>\$ 20,450,594</u>	<u>\$ (47,302)</u>	<u>\$ 47,203,611</u>

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FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Activities Year Ended June 30, 2021

	Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission	Fort Wayne Rescue Mission Ministries Foundation, Inc.	FWRM Support Corporation	Eliminations	Total
SUPPORT AND REVENUE					
Contributions and grants	\$ 6,480,344	\$ 18,996	\$ -	\$ -	\$ 6,499,340
In-kind contributions	2,407,320	-	-	-	2,407,320
United Way	121,663	-	-	-	121,663
Thrift store	464,113	-	-	-	464,113
Investment income	92,605	1,004,704	223	-	1,097,532
Change in value of charitable trusts	47,600	-	-	-	47,600
Other	855,586	-	417,746	(417,746)	855,586
Contributions to (from)	<u>127,012</u>	<u>(4,538)</u>	<u>(122,474)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	10,596,243	1,019,162	295,495	(417,746)	11,493,154
EXPENSES					
Emergency shelter for the homeless and transient	1,062,247	-	17,857	-	1,080,104
Short term residence and rehabilitation	1,084,819	-	242,079	-	1,326,898
Resident and community meals	510,747	-	-	-	510,747
Long term residence and rehabilitation	1,426,670	-	243,718	-	1,670,388
Store/warehouse	<u>809,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>809,352</u>
Total program expense	4,893,835	-	503,654	-	5,397,489
Management and general	1,381,395	-	451,795	(417,746)	1,415,444
Fundraising	<u>1,191,771</u>	<u>-</u>	<u>3,412</u>	<u>-</u>	<u>1,195,183</u>
Total Expenses	<u>7,467,001</u>	<u>-</u>	<u>958,861</u>	<u>(417,746)</u>	<u>8,008,116</u>
CHANGE IN NET ASSETS	3,129,242	1,019,162	(663,366)	-	3,485,038
NET ASSETS, BEGINNING OF YEAR	<u>15,282,255</u>	<u>4,358,449</u>	<u>2,403,372</u>	<u>-</u>	<u>22,044,076</u>
NET ASSETS, END OF YEAR	<u>\$ 18,411,497</u>	<u>\$ 5,377,611</u>	<u>\$ 1,740,006</u>	<u>\$ -</u>	<u>\$ 25,529,114</u>

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FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position June 30, 2020

	Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission	Fort Wayne Rescue Mission Ministries Foundation, Inc.	FWRM Support Corporation	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,428,846	\$ 66,773	\$ -	\$ -	\$ 3,495,619
Accounts receivable	523	-	47,302	(47,302)	523
Contributions receivable	1,124,067	-	-	-	1,124,067
Prepaid expenses and other assets	40,281	-	-	-	40,281
Investments	<u>15,787</u>	<u>4,291,676</u>	<u>-</u>	<u>-</u>	<u>4,307,463</u>
Total Current Assets	4,609,504	4,358,449	47,302	(47,302)	8,967,953
NET PROPERTY AND EQUIPMENT	4,197,144	-	19,359,872	-	23,557,016
OTHER ASSETS					
Cash - restricted	-	-	543,956	-	543,956
Note receivable	9,135,780	-	-	-	9,135,780
Contributions receivable	1,188,358	-	-	-	1,188,358
Beneficial interest in charitable trusts	<u>386,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,900</u>
Total Other Assets	<u>10,711,038</u>	<u>-</u>	<u>543,956</u>	<u>-</u>	<u>11,254,994</u>
TOTAL ASSETS	<u>\$ 19,517,686</u>	<u>\$ 4,358,449</u>	<u>\$ 19,951,130</u>	<u>\$ (47,302)</u>	<u>\$ 43,779,963</u>

(Continued)

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position (Continued)
June 30, 2020

	Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission	Fort Wayne Rescue Mission Ministries Foundation, Inc.	FWRM Support Corporation	Eliminations	Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Line of credit	\$ 2,636,158	\$ -	\$ -	\$ -	\$ 2,636,158
Accounts payable	125,137	-	2,117,107	(47,302)	2,194,942
Accrued expenses	294,136	-	51,185	-	345,321
Short-term debt	<u>1,180,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180,000</u>
Total Current Liabilities	4,235,431	-	2,168,292	(47,302)	6,356,421
NONCURRENT LIABILITIES					
Long-term debt	<u>-</u>	<u>-</u>	<u>15,379,466</u>	<u>-</u>	<u>15,379,466</u>
NET ASSETS					
Without donor restrictions	12,917,886	4,358,449	2,403,372	-	19,679,707
With donor restrictions	<u>2,364,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,364,369</u>
Total Net Assets	<u>15,282,255</u>	<u>4,358,449</u>	<u>2,403,372</u>	<u>-</u>	<u>22,044,076</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,517,686</u>	<u>\$ 4,358,449</u>	<u>\$ 19,951,130</u>	<u>\$ (47,302)</u>	<u>\$ 43,779,963</u>

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FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Activities Year Ended June 30, 2020

	Fort Wayne Rescue Mission Ministries, Inc. d/b/a The Rescue Mission	Fort Wayne Rescue Mission Ministries Foundation, Inc.	FWRM Support Corporation	Eliminations	Total
SUPPORT AND REVENUE					
Contributions and grants	\$ 6,630,647	\$ 25,298	\$ -	\$ -	\$ 6,655,945
In-kind contributions	326,200	-	-	-	326,200
United Way	57,319	-	-	-	57,319
Thrift store	588,878	-	-	-	588,878
Investment income	95,327	149,587	287	-	245,201
Change in value of charitable trusts	3,900	-	-	-	3,900
Other	1,698	-	-	-	1,698
Contributions to (from)	<u>(1,149,950)</u>	<u>(4,415)</u>	<u>1,154,365</u>	-	<u>-</u>
TOTAL SUPPORT AND REVENUE	6,554,019	170,470	1,154,652	-	7,879,141
EXPENSES					
Emergency shelter for the homeless and transient	1,042,029	-	-	-	1,042,029
Short term residence and rehabilitation	1,091,067	-	-	-	1,091,067
Resident and community meals	451,731	-	-	-	451,731
Long term residence and rehabilitation	1,609,116	-	-	-	1,609,116
Store/warehouse	919,107	-	-	-	919,107
Total program expense	<u>5,113,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,113,050</u>
Management and general	881,752	15	150,715	-	1,032,482
Fundraising	911,119	-	-	-	911,119
Total Expenses	<u>6,905,921</u>	<u>15</u>	<u>150,715</u>	<u>-</u>	<u>7,056,651</u>
CHANGE IN NET ASSETS	(351,902)	170,455	1,003,937	-	822,490
NET ASSETS, BEGINNING OF YEAR	<u>15,634,157</u>	<u>4,187,994</u>	<u>1,399,435</u>	<u>-</u>	<u>21,221,586</u>
NET ASSETS, END OF YEAR	<u>\$ 15,282,255</u>	<u>\$ 4,358,449</u>	<u>\$ 2,403,372</u>	<u>\$ -</u>	<u>\$ 22,044,076</u>

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