

*Consolidated Financial Statements
with Supplemental Information*

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

June 30, 2023 and 2022

FORT WAYNE RESCUE MISSION MINISTRIES, INC.

Consolidated Financial Statements with Supplemental Information **June 30, 2023 and 2022**



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Certified Public Accountants • Business Consultants

Independent Auditors' Report

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

Opinion

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, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fort Wayne Rescue Mission Ministries, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Fort Wayne Rescue Mission Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Wayne Rescue Mission Ministries, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fort Wayne Rescue Mission Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Wayne Rescue Mission Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 29 to 34, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
November 3, 2023

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Financial Position June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 775,870	\$ 825,685
Other receivables	1,264,785	35,822
Contributions receivable	1,725,628	1,288,408
Prepaid expenses and other assets	26,885	25,899
Investments	<u>4,634,451</u>	<u>4,404,178</u>
Total Current Assets	8,427,619	6,579,992
NET PROPERTY AND EQUIPMENT	21,155,995	23,434,474
RIGHT OF USE ASSETS - OPERATING	2,133,151	-
RIGHT OF USE ASSETS - FINANCE	32,749	-
OTHER ASSETS		
Cash - restricted	323,422	394,186
Note receivable	9,135,780	9,135,780
Contributions receivable	1,849,207	720,926
Beneficial interest in charitable trusts	414,200	429,600
Land held for investment - \$2,029,820 restricted at June 30, 2022	<u>-</u>	<u>2,071,036</u>
Total Other Assets	<u>11,722,609</u>	<u>12,751,528</u>
TOTAL ASSETS	<u>\$ 43,472,123</u>	<u>\$ 42,765,994</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Line of credit	\$ 1,236,167	\$ 2,636,167
Accounts payable	132,653	382,259
Accrued expenses	190,051	187,875
Current portion of operating lease liabilities	90,463	-
Current portion of finance lease liabilities	<u>15,611</u>	<u>-</u>
Total Current Liabilities	1,664,945	3,206,301
NONCURRENT LIABILITIES		
Long-term debt	16,649,712	16,105,246
Operating lease liabilities, less current portion	2,067,793	-
Finance lease liabilities, less current portion	<u>16,925</u>	<u>-</u>
Total Noncurrent Liabilities	<u>18,734,430</u>	<u>16,105,246</u>
Total Liabilities	20,399,375	19,311,547
NET ASSETS		
Without donor restrictions	21,701,933	20,563,412
With donor restrictions	<u>1,370,815</u>	<u>2,891,035</u>
Total Net Assets	<u>23,072,748</u>	<u>23,454,447</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,472,123</u>	<u>\$ 42,765,994</u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statement of Activities **Years Ended June 30, 2023 and 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2023	Total 2022
SUPPORT AND REVENUE				
Contributions and grants	\$ 6,845,510	\$ 950,000	\$ 7,795,510	\$ 6,570,210
In-kind contributions	1,012,000	-	1,012,000	485,000
United Way	5,223	-	5,223	36,944
Thrift store	1,159,690	-	1,159,690	586,381
Investment income (loss)	428,268	-	428,268	(306,115)
Change in value of charitable trusts	-	(15,400)	(15,400)	(4,900)
Other	(397,580)	-	(397,580)	(91,171)
Net assets released from restrictions	<u>2,454,820</u>	<u>(2,454,820)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	11,507,931	(1,520,220)	9,987,711	7,276,349
EXPENSES				
Emergency shelter for the homeless and transient	1,283,188	-	1,283,188	1,178,049
Short term residence and rehabilitation	2,084,066	-	2,084,066	1,701,217
Resident and community meals	915,598	-	915,598	671,170
Long term residence and rehabilitation	2,250,383	-	2,250,383	1,784,122
Store/warehouse	<u>1,188,923</u>	<u>-</u>	<u>1,188,923</u>	<u>1,051,960</u>
Total program expense	7,722,158	-	7,722,158	6,386,518
Management and general	1,496,780	-	1,496,780	1,447,609
Fundraising	<u>1,192,022</u>	<u>-</u>	<u>1,192,022</u>	<u>1,516,889</u>
TOTAL EXPENSES	<u>10,410,960</u>	<u>-</u>	<u>10,410,960</u>	<u>9,351,016</u>
CHANGE IN NET ASSETS	1,096,971	(1,520,220)	(423,249)	(2,074,667)
NET ASSETS, BEGINNING OF YEAR	20,563,412	2,891,035	23,454,447	25,529,114
ADOPTED LEASE PRONOUNCEMENT	<u>41,550</u>	<u>-</u>	<u>41,550</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>20,604,962</u>	<u>2,891,035</u>	<u>23,495,997</u>	<u>25,529,114</u>
NET ASSETS, END OF YEAR	<u><u>\$ 21,701,933</u></u>	<u><u>\$ 1,370,815</u></u>	<u><u>\$ 23,072,748</u></u>	<u><u>\$ 23,454,447</u></u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statement of Activities **Year Ended June 30, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 6,320,210	\$ 250,000	\$ 6,570,210
In-kind contributions	485,000	-	485,000
United Way	36,944	-	36,944
Thrift store	586,381	-	586,381
Investment loss	(306,115)	-	(306,115)
Change in value of charitable trusts	-	(4,900)	(4,900)
Other	(91,171)	-	(91,171)
Net assets released from restrictions	<u>1,708,245</u>	<u>(1,708,245)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	8,739,494	(1,463,145)	7,276,349
EXPENSES			
Emergency shelter for the homeless and transient	1,178,049	-	1,178,049
Short term residence and rehabilitation	1,701,217	-	1,701,217
Resident and community meals	671,170	-	671,170
Long term residence and rehabilitation	1,784,122	-	1,784,122
Store/warehouse	<u>1,051,960</u>	<u>-</u>	<u>1,051,960</u>
Total program expense	6,386,518	-	6,386,518
Management and general	1,447,609	-	1,447,609
Fundraising	<u>1,516,889</u>	<u>-</u>	<u>1,516,889</u>
TOTAL EXPENSES	<u>9,351,016</u>	<u>-</u>	<u>9,351,016</u>
CHANGE IN NET ASSETS	(611,522)	(1,463,145)	(2,074,667)
NET ASSETS, BEGINNING OF YEAR	<u>21,174,934</u>	<u>4,354,180</u>	<u>25,529,114</u>
NET ASSETS, END OF YEAR	<u>\$ 20,563,412</u>	<u>\$ 2,891,035</u>	<u>\$ 23,454,447</u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Cash Flows Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (423,249)	\$ (2,074,667)
Adjustments to Reconcile Change in Net Assets to Net Cash Used		
In Operating Activities:		
Depreciation and amortization	838,410	862,932
Net realized and unrealized (gains) losses on investments	(239,608)	498,096
Interest and dividends reinvested	(95,769)	(99,595)
Change in beneficial interest in charitable trusts	15,400	4,900
Contributions and grants received for acquisition of long-lived assets	(526,313)	(556,818)
Contribution of vehicle	-	(4,000)
Contributions of marketable securities	(4,804)	(32,367)
Loss on disposal of assets	398,415	103,385
Net lease change	25,105	-
Adoption of lease pronouncement	41,550	-
(Increase) Decrease in Assets:		
Other receivables	34,346	(35,257)
Contributions receivable	(1,565,501)	(217,087)
Prepaid expenses and other assets	(986)	10,494
Increase (Decrease) in Liabilities:		
Accounts payable	(249,608)	74,651
Accrued expenses	2,175	(38,430)
Net Cash Used In Operating Activities	(1,750,437)	(1,503,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(395,302)	(528,934)
Purchase of land held for investment	-	(41,216)
Proceeds from sale of land held for investment	2,029,820	-
Proceeds from sale of property and equipment	568,469	-
Purchase of investments	(5,306,932)	(3,195,265)
Proceeds from sale of investments	5,416,840	3,732,582
Receipts on other receivable	1,122,941	-
Net Cash Provided By (Used In) Investing Activities	3,435,836	(32,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment on line of credit	(1,400,000)	-
Proceeds from contributions and grants restricted for acquisition of long-lived assets	526,313	556,818
Reduction of finance lease liabilities	(19,791)	-
Proceeds from issuance of long-term debt	-	328,498
Payments on long-term debt	(912,500)	(3,000,000)
Net Cash Used In Financing Activities	(1,805,978)	(2,114,684)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED	(120,579)	(3,651,280)
CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED, BEGINNING OF YEAR	1,219,871	4,871,151
CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED, END OF YEAR	\$ 1,099,292	\$ 1,219,871

(Continued)

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
AS PRESENTED ON THE ACCOMPANYING CONSOLIDATED STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 775,870	\$ 825,685
Cash - restricted	<u>323,422</u>	<u>394,186</u>
TOTAL CASH AND CASH EQUIVALENTS AND CASH - RESTRICTED, END OF YEAR	<u><u>\$ 1,099,292</u></u>	<u><u>\$ 1,219,871</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 449,486	\$ 528,604
Property purchased in exchange for note payable	1,368,750	-
Property sold in exchange for receivable	2,386,250	-
In-kind donations of marketable securities received	4,804	32,367
In-kind donation of vehicle	-	4,000
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	174,752	-
Operating cash flows from finance leases	1,538	-
Financing cash flows from finance leases	19,791	-
Lease assets obtained in exchange for lease obligations:		
Operating leases	20,931	-
Finance leases	31,967	-

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Functional Expenses **Year Ended June 30, 2023**

	Emergency Shelter for the Homeless and Transient	Short Term Residence and Rehabil- itation	Resident and Community Meals	Long Term Residence and Rehabil- itation	Store/ Warehouse	Total Program Expense	Management and General	Fund- raising	Total Expenses
Salaries and wages	\$ 825,894	\$ 1,201,200	\$ -	\$ 1,243,294	\$ 552,213	\$ 3,822,601	\$ 373,516	\$ 518,280	\$ 4,714,397
Employee benefits	151,342	182,038	-	183,227	92,287	608,894	59,241	91,891	760,026
Payroll taxes	<u>56,509</u>	<u>87,273</u>	<u>-</u>	<u>93,283</u>	<u>39,707</u>	<u>276,772</u>	<u>19,870</u>	<u>33,934</u>	<u>330,576</u>
Total salaries, wages and related expenses	1,033,745	1,470,511	-	1,519,804	684,207	4,708,267	452,627	644,105	5,804,999
Thrift store purchases	-	-	-	-	1,510	1,510	-	-	1,510
Equipment maintenance	92,097	113,912	-	76,171	26,840	309,020	21,353	3,596	333,969
Food	-	-	915,598	-	-	915,598	-	-	915,598
Professional fees	21,744	21,697	-	21,846	31,957	97,244	256,766	91,137	445,147
Supplies	47,571	32,735	-	30,509	10,796	121,611	10,563	1,248	133,422
Telephone	1,561	855	-	1,258	849	4,523	2,788	1,116	8,427
Postage and shipping	-	-	-	-	-	-	699	6,351	7,050
Occupancy	35,498	73,173	-	229,173	289,916	627,760	48,224	18,183	694,167
Board administration	-	-	-	-	-	-	13,761	-	13,761
Printing and publications	-	-	-	-	-	-	42,430	372,946	415,376
Vehicle expense	6,622	4,946	-	4,339	25,436	41,343	15,388	-	56,731
Continuing education	-	-	-	60	24	84	7,483	2,861	10,428
Specific assistance to individuals	78	-	-	-	-	78	1,999	-	2,077
Membership dues	-	-	-	90	-	90	15,133	3,362	18,585
Insurance	12,460	15,135	-	15,159	12,086	54,840	50,420	7,372	112,632
Travel and meals	46	-	-	279	68	393	41,574	1,203	43,170
Interest	-	-	-	-	-	-	449,486	-	449,486
Other	15,308	15,974	-	15,974	70,951	118,207	63,150	32,665	214,022
Depreciation and amortization	<u>16,458</u>	<u>335,128</u>	<u>-</u>	<u>335,721</u>	<u>34,283</u>	<u>721,590</u>	<u>2,936</u>	<u>5,877</u>	<u>730,403</u>
TOTAL EXPENSES	<u>\$ 1,283,188</u>	<u>\$ 2,084,066</u>	<u>\$ 915,598</u>	<u>\$ 2,250,383</u>	<u>\$ 1,188,923</u>	<u>\$ 7,722,158</u>	<u>\$ 1,496,780</u>	<u>\$ 1,192,022</u>	<u>\$ 10,410,960</u>

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidated Statements of Functional Expenses **Year Ended June 30, 2022**

	Emergency Shelter for the Homeless and Transient	Short Term Residence and Rehabil- itation	Resident and Community Meals	Long Term Residence and Rehabil- itation	Store/ Warehouse	Total Program Expense	Management and General	Fund- raising	Total Expenses
Salaries and wages	\$ 777,792	\$ 888,836	\$ -	\$ 979,571	\$ 429,838	\$ 3,076,037	\$ 382,029	\$ 483,604	\$ 3,941,670
Employee benefits	149,594	141,632	-	153,052	65,587	509,865	76,200	94,020	680,085
Payroll taxes	51,328	63,917	-	72,330	31,383	218,958	19,934	31,694	270,586
Total salaries, wages and related expenses	978,714	1,094,385	-	1,204,953	526,808	3,804,860	478,163	609,318	4,892,341
Thrift store purchases	-	-	-	-	8,125	8,125	-	-	8,125
Equipment maintenance	62,836	88,669	-	62,477	31,784	245,766	15,669	6,438	267,873
Food	-	-	671,170	-	-	671,170	-	-	671,170
Professional fees	27,106	28,112	-	27,940	43,462	126,620	138,984	381,183	646,787
Supplies	40,356	29,056	-	27,217	8,796	105,425	8,379	4,034	117,838
Telephone	1,556	1,057	-	1,285	1,004	4,902	3,106	1,142	9,150
Postage and shipping	3	12	-	11	19	45	344	7,173	7,562
Occupancy	34,383	63,150	-	63,150	293,234	453,917	43,359	18,702	515,978
Board administration	-	-	-	-	-	-	11,437	-	11,437
Printing and publications	-	-	-	-	362	362	10,693	444,365	455,420
Vehicle expense	5,264	5,069	-	4,596	16,855	31,784	14,343	-	46,127
Continuing education	227	8,008	-	8,103	-	16,338	10,614	17,848	44,800
Specific assistance to individuals	20	67	-	8,436	-	8,523	-	-	8,523
Membership dues	-	-	-	384	45	429	21,425	2,148	24,002
Insurance	13,031	14,892	-	14,913	12,952	55,788	43,539	7,427	106,754
Travel and meals	92	25	-	2,440	308	2,865	34,025	3,833	40,723
Interest	-	-	-	-	351	351	528,253	-	528,604
Other	14,461	12,510	-	12,567	62,979	102,517	57,291	13,278	173,086
Depreciation and amortization	-	356,205	-	345,650	44,876	746,731	27,985	-	774,716
TOTAL EXPENSES	\$ 1,178,049	\$ 1,701,217	\$ 671,170	\$ 1,784,122	\$ 1,051,960	\$ 6,386,518	\$ 1,447,609	\$ 1,516,889	\$ 9,351,016

See Notes to Consolidated Financial Statements.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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 a facility and related costs for the New Markets Tax Credit financing transaction and must be approved by the lender before disbursement.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.

Notes to Consolidated Financial Statements (Continued)
June 30, 2023 and 2022



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.

Leases:

The Organization leases certain buildings, equipment, and vehicles. The determination of whether an arrangement is a lease is made at the inception of each contract. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Management has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

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

Leases: (Continued)

Right-of-use ("ROU") assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, the Organization has elected the practical expedient to use the risk free rate at lease commencement for its leases without readily determinable implicit rates.

Lease ROU assets include any upfront lease payments made and exclude any lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease expense for finance lease payments is recognized on a straight-line basis over the useful life of the asset and is included in depreciation expense. The interest associated with finance lease obligations is included in interest expense. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

Certain building lease agreements include variable payments based on property taxes assessed and common area maintenance, which are not determinable at lease commencement and are not included in the measurement of the lease asset and liabilities. Variable payments are expensed during the period incurred. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Certain building leases include one or more options to renew, with renewal terms that can extend the lease term from four to eight years. The exercise of lease renewal options is at the Organization's sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain to be exercised.

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, 2023 and 2022.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

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

Land Held for Investment - Restricted:

Land held for investment (restricted) consists of a piece of donated land and is recorded at the fair value at the date of the gift.

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. For the years ended June 30, 2023 and 2022, \$1,012,000 and \$485,000, respectively, were received in in-kind contributions.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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 the customer takes possession of the merchandise.

Functional Allocation of Expenses:

The consolidated 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.

Advertising Costs:

Expenses for advertising are expensed as incurred.

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 2020.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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 consolidated 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, 2023 and 2022.

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:

Adopted Pronouncements:

The Organization adopted Accounting Standard Update ("ASU") 2016-02, *Leases* (Topic 842), using the modified retrospective approach on July 1, 2022, which permits organizations to recognize a cumulative-effect adjustment to the opening balance of consolidated net assets in the period of adoption without adjusting the comparative periods prior to adoption. The new lease guidance requires all leases to be recognized on the consolidated statement of financial position as right-of-use assets and lease liabilities for the rights and obligations created by lease arrangements with terms greater than 12 months. Expenses are recognized in the consolidated statements of activities in a manner similar to previous accounting guidance.

In addition, the Organization elected the package of practical expedients permitted under the transition guidance, which among other things, allowed it to carry forward the historical lease classification and not reassess initial direct costs for any existing leases.

The adoption of the new standard resulted in the recognition of operating lease right-of-use assets and operating lease obligations on July 1, 2022 of \$2,261,343 and \$2,255,058, respectively and an increase in net assets of \$41,550. This standard had no impact on consolidated cash flows.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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

Recently Issued Accounting Standards: (Continued)

Pronouncements Currently Under Evaluation:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The standard changes from an incurred loss approach of recognizing estimated credit losses (which delays recognition until a loss is probable or has been incurred) to an expected loss approach (requiring immediate recognition of estimated credit losses that are expected to occur over the life of the financial asset). The Organization would be expected to measure all expected credit losses for financial assets, including other and contribution receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The anticipated result of implementation of this standard is earlier recognition of credit losses. The standard will take effect for nonpublic organizations for annual reporting periods beginning after December 15, 2022, and interim and annual reporting periods thereafter. 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 November 3, 2023, the date the consolidated financial statements were available to be issued.

Note 2. Contributions Receivable

Contributions receivable consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 1,725,628	\$ 1,288,408
Due in one to five years	<u>2,109,000</u>	<u>768,000</u>
	3,834,628	2,056,408
Less: unamortized discount (at 5.00% and 2.75% at June 30, 2023 and 2022, respectively)	<u>(259,793)</u>	<u>(47,074)</u>
	<u>\$ 3,574,835</u>	<u>\$ 2,009,334</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 3. Investments and Investment Return

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 55,064	\$ 52,398
Marketable securities	4,454,578	4,231,982
Funds held at community foundation	<u>124,809</u>	<u>119,798</u>
	<u>\$ 4,634,451</u>	<u>\$ 4,404,178</u>

Total investment income (loss) is comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 210,769	\$ 216,823
Investment expenses	(22,109)	(24,842)
Net realized and unrealized gains (losses)	<u>239,608</u>	<u>(498,096)</u>
	<u>\$ 428,268</u>	<u>\$ (306,115)</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, 2023 and 2022, was \$124,809 and \$119,798, respectively.

In addition to the aforementioned fund at the Community Foundation, at June 30, 2023 and 2022, the Community Foundation has \$328,341 and \$259,349, 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.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 5. Property and Equipment

Property and equipment consists of the following at June 30:

	Estimated Useful Lives	2023	2022
Land		\$ 2,344,607	\$ 2,839,363
Building and improvements	5 - 40 years	19,161,048	21,431,649
Leasehold improvements	9 years	295,307	295,307
Equipment	2 - 15 years	1,471,796	1,461,652
Vehicles	2 - 15 years	123,006	164,431
Construction in progress		-	145,669
		<u>23,395,764</u>	<u>26,338,071</u>
Less: Accumulated depreciation		<u>2,239,769</u>	<u>2,903,597</u>
		<u>\$ 21,155,995</u>	<u>\$ 23,434,474</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022, was \$730,403 and \$774,716, respectively.

The Organization disposed of a building during the year ended June 30, 2023. The Organization recorded a loss on the disposal of approximately \$400,000, which is included in the consolidated statement of activities for the year ended June 30, 2023, in other support and revenue.

Note 6. Leases

The following is a summary of the lease expense:

	2023
Operating lease costs (included in operating expenses):	
Operating lease expense	\$ 349,580
Short-term lease cost	9,946
Variable lease payments	<u>84,541</u>
	<u>\$ 444,067</u>
Finance lease costs:	
Amortization of lease assets included in depreciation and amortization	\$ 19,569
Interest on lease liabilities included in interest expense	<u>1,538</u>
	<u>\$ 21,107</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2023 and 2022

Note 6. Leases (Continued)

Total rent expense under these leases was approximately \$200,000 for the year ended June 30, 2022. The Organization also paid approximately \$6,000 per month for the cost of insurance, repairs and maintenance, real estate taxes and common area maintenance (CAM) related to the property.

The following is a summary of the maturities of lease liabilities:

	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 158,639	\$ 16,525	\$ 175,164
2025	158,459	8,821	167,280
2026	153,172	8,174	161,346
2027	155,602	612	156,214
2028	159,626	-	159,626
Thereafter	<u>2,037,583</u>	<u>-</u>	<u>2,037,583</u>
Total lease payments	2,823,081	34,132	2,857,213
Less: interest	<u>(664,825)</u>	<u>(1,596)</u>	<u>(666,421)</u>
Present value of lease liabilities	\$ <u>2,158,256</u>	\$ <u>32,536</u>	\$ <u>2,190,792</u>

The following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	
Operating leases	16.4 years
Finance leases	2.5 years
Weighted Average Discount Rate	
Operating leases	3.22 %
Finance leases	4.00 %

As of June 30, 2023, the Organization has an additional operating lease for a vehicle, that has not yet commenced of approximately \$80,000. This lease is anticipated to commence during the year ended June 30, 2024, with a lease term of 6 years.

The Organization adopted ASU 2016-02, *Leases*, using the modified retrospective approach. Under this approach, the Organization must also present the minimum required lease (and CAM) payments under operating leases that were in effect as of the prior year end (June 30, 2022) as follows:

2023	\$ 218,050
2024	218,050
2025	218,050
2026	218,050
2027	222,133
Thereafter	<u>1,074,734</u>
	\$ <u>2,169,067</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 7. 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 14). The note requires quarterly interest payments at 1.0% through June 2026, then quarterly interest and principal payments of \$138,806 through maturity.

Note 8. 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 \$414,200 and \$429,600 at June 30, 2023 and 2022, respectively.

Note 9. 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, 2023 and 2022.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) June 30, 2023 and 2022

Note 9. Fair Value Measurements (Continued)

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 units/shares are traded.

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, 2023				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 55,064	\$ -	\$ 55,064
Mutual funds				
Equity	1,160,227	-	-	1,160,227
Fixed income	<u>235,692</u>	<u>-</u>	<u>-</u>	<u>235,692</u>
Total mutual funds	1,395,919	-	-	1,395,919
Exchange traded funds				
Equity	1,570,768	-	-	1,570,768
Fixed income	<u>1,487,891</u>	<u>-</u>	<u>-</u>	<u>1,487,891</u>
Total exchange traded funds	3,058,659	-	-	3,058,659
Funds held at community foundation	-	-	124,809	124,809
Beneficial interest in charitable trusts	<u>-</u>	<u>-</u>	<u>414,200</u>	<u>414,200</u>
Total assets at fair value	<u>\$ 4,454,578</u>	<u>\$ 55,064</u>	<u>\$ 539,009</u>	<u>\$ 5,048,651</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 9. Fair Value Measurements (Continued)

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 52,398	\$ -	\$ 52,398
Mutual funds				
Equity	745,692	-	-	745,692
Fixed income	<u>259,160</u>	<u>-</u>	<u>-</u>	<u>259,160</u>
Total mutual funds	1,004,852	-	-	1,004,852
Exchange traded funds				
Equity	659,847	-	-	659,847
Fixed income	<u>1,572,424</u>	<u>-</u>	<u>-</u>	<u>1,572,424</u>
Total exchange traded funds	2,232,271	-	-	2,232,271
Common stocks				
Consumer staples	102,164	-	-	102,164
Financial	131,151	-	-	131,151
Healthcare	225,060	-	-	225,060
Industrials	136,170	-	-	136,170
Information technology	194,237	-	-	194,237
Other	<u>206,077</u>	<u>-</u>	<u>-</u>	<u>206,077</u>
Total common stocks	994,859	-	-	994,859
Funds held at community foundation	-	-	119,798	119,798
Beneficial interest in charitable trusts	<u>-</u>	<u>-</u>	<u>429,600</u>	<u>429,600</u>
Total assets at fair value	<u>\$ 4,231,982</u>	<u>\$ 52,398</u>	<u>\$ 549,398</u>	<u>\$ 4,833,778</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 9. 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, 2021	\$ 134,094	\$ 434,500
Net realized and unrealized losses	(13,225)	(4,900)
Interest and dividends	4,563	-
Grants	(4,957)	-
Fees	<u>(677)</u>	<u>-</u>
Balance, June 30, 2022	119,798	429,600
Net realized and unrealized gains (losses)	7,202	(15,400)
Interest and dividends	3,597	-
Grants	(5,172)	-
Fees	<u>(616)</u>	<u>-</u>
Balance, June 30, 2023	<u>\$ 124,809</u>	<u>\$ 414,200</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 10. Line of Credit

The Organization has a line of credit agreement with a bank that provides for a maximum borrowing of \$3,000,000, with interest at the Secured Overnight Funding Rate (SOFR) plus 1.5% (6.66% at June 30, 2023), 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, 2023 and 2022, was \$1,236,167 and \$2,636,167, respectively. The line will expire in April 2025.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 11. Long-Term Debt

Long-term debt consists of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Promissory note agreement with YWCA Northeast Indiana, Inc. for \$1,368,750. This note is non-interest bearing and matures on the date that the Organization takes possession of the building.	\$ 456,250	\$ -
Construction loan agreement with a bank for draws up to \$6,500,000 (\$155,764 available for draw at June 30, 2023), with interest at 4.00%, quarterly interest payments, maturing June 2026, secured by substantially all assets of Support and certain assets of the Mission.	3,344,236	3,344,236
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.	915,220	915,220
	16,883,486	16,427,236
Less: Unamortized loan costs	<u>233,774</u>	<u>321,990</u>
	<u>\$ 16,649,712</u>	<u>\$ 16,105,246</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 11. Long-Term Debt (Continued)

Maturities of long-term debt for the five years ending after June 30, 2023, and in the aggregate, are as follows:

2024	\$ -
2025	456,250
2026	3,444,236
2027	499,964
2028	505,391
Thereafter	<u>11,977,645</u>
	<u>\$ 16,883,486</u>

Interest expense on all borrowings for the years ended June 30, 2023 and 2022, was \$449,486 and \$528,604, respectively.

Note 12. Net Assets

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

	<u>2023</u>	<u>2022</u>
Beneficial interest - fixed term trust (time)	\$ 75,200	\$ 73,900
Land held for investment (time)	-	2,029,820
Contributions receivable (time and purpose)	<u>950,000</u>	<u>425,000</u>
	<u>\$ 1,025,200</u>	<u>\$ 2,528,720</u>

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

	<u>2023</u>	<u>2022</u>
Investment in perpetuity, the income of which is expendable to support any activity of the Organization	<u>\$ 345,615</u>	<u>\$ 362,315</u>

Net assets were released from restrictions as follows:

	<u>2023</u>	<u>2022</u>
Land held for investment	\$ 2,029,820	\$ -
Time restrictions expired due to collection of contributions receivable and appropriate use of funds	425,000	1,533,245
Pledge received (time restriction)	<u>-</u>	<u>175,000</u>
	<u>\$ 2,454,820</u>	<u>\$ 1,708,245</u>

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Notes to Consolidated Financial Statements (Continued) **June 30, 2023 and 2022**

Note 13. 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>2023</u>	<u>2022</u>
Financial assets at June 30:		
Cash and cash equivalents	\$ 775,870	\$ 825,685
Cash - restricted	323,422	394,186
Other receivable	1,264,785	35,822
Contributions receivable, net of unamortized discount	3,574,835	2,009,334
Investments	4,634,451	4,404,178
Beneficial interest in charitable trusts	414,200	429,600
Note receivable	<u>9,135,780</u>	<u>9,135,780</u>
Total financial assets	20,123,343	17,234,585
Less: Financial assets not available to be used within one year:		
Cash - restricted	323,422	394,186
Contributions receivable not due within one year	1,849,207	720,926
Beneficial interest in charitable trusts	414,200	429,600
Note receivable not due within one year	9,135,780	9,135,780
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>11,729,224</u>	<u>10,687,107</u>
Total financial assets available for general expenditures within one year	<u>\$ 8,394,119</u>	<u>\$ 6,547,478</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 (\$1,763,833 available at June 30, 2023) which can be drawn upon.

The Organization has restricted cash to be used only for costs related to the NMTC transaction (see Note 14) 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, 2023 and 2022

Note 14. 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 7). 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 11.

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, 2023 and 2022**

Note 15. 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, 2023 and 2022, 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, 2023 and 2022, the discretionary contribution was 6% of the employee's regular wages. The Mission incurred expenses, related to the Plan, of approximately \$261,000 and \$242,000 for the years ended June 30, 2023 and 2022, respectively.

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 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 2027.

Note 17. Subsequent Event

Subsequent to June 30, 2023, the Organization entered into a 36 month lease for a vehicle with monthly payments of approximately \$550.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position **June 30, 2023**

	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	\$ 738,494	\$ 37,376	\$ -	\$ -	\$ 775,870
Other receivables	1,264,785	-	47,302	(47,302)	1,264,785
Contributions receivable	1,725,628	-	-	-	1,725,628
Prepaid expenses and other assets	26,885	-	-	-	26,885
Investments	<u>15,861</u>	<u>4,618,590</u>	<u>-</u>	<u>-</u>	<u>4,634,451</u>
Total Current Assets	3,771,653	4,655,966	47,302	(47,302)	8,427,619
NET PROPERTY AND EQUIPMENT	2,078,710	-	19,077,285	-	21,155,995
RIGHT OF USE ASSETS - OPERATING	2,133,151	-	-	-	2,133,151
RIGHT OF USE ASSETS - FINANCE	32,749	-	-	-	32,749
OTHER ASSETS					
Cash - restricted	-	-	323,422	-	323,422
Note receivable	9,135,780	-	-	-	9,135,780
Contributions receivable	1,849,207	-	-	-	1,849,207
Beneficial interest in charitable trusts	<u>414,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,200</u>
Total Other Assets	<u>11,399,187</u>	<u>-</u>	<u>323,422</u>	<u>-</u>	<u>11,722,609</u>
TOTAL ASSETS	<u>\$ 19,415,450</u>	<u>\$ 4,655,966</u>	<u>\$ 19,448,009</u>	<u>\$ (47,302)</u>	<u>\$ 43,472,123</u>

(Continued)

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position (Continued)

June 30, 2023

	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>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Line of credit	\$ 1,236,167	\$ -	\$ -	\$ -	\$ 1,236,167
Accounts payable	179,955	-	-	(47,302)	132,653
Accrued expenses	167,995	-	22,056	-	190,051
Current portion of operating lease liability	90,463	-	-	-	90,463
Current portion of finance lease liabilities	<u>15,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,611</u>
Total Current Liabilities	1,690,191	-	22,056	(47,302)	1,664,945
NONCURRENT LIABILITIES					
Long-term debt	456,250	-	16,193,462	-	16,649,712
Operating lease liabilities, less current portion	2,067,793	-	-	-	2,067,793
Finance lease liabilities, less current portion	<u>16,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,925</u>
Total Noncurrent Liabilities	<u>2,540,968</u>	<u>-</u>	<u>16,193,462</u>	<u>-</u>	<u>18,734,430</u>
Total Liabilities	4,231,159	-	16,215,518	(47,302)	20,399,375
NET ASSETS					
Without donor restrictions	13,813,476	4,655,966	3,232,491	-	21,701,933
With donor restrictions	<u>1,370,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,370,815</u>
Total Net Assets	<u>15,184,291</u>	<u>4,655,966</u>	<u>3,232,491</u>	<u>-</u>	<u>23,072,748</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,415,450</u>	<u>\$ 4,655,966</u>	<u>\$ 19,448,009</u>	<u>\$ (47,302)</u>	<u>\$ 43,472,123</u>

See Independent Auditors' Report on Pages 1 - 2.

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Activities **Year Ended June 30, 2023**

	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	\$ 7,775,620	\$ 19,890	\$ -	\$ -	\$ 7,795,510
In-kind contributions	1,012,000	-	-	-	1,012,000
United Way	5,223	-	-	-	5,223
Thrift store	1,159,690	-	-	-	1,159,690
Investment income	92,780	335,377	111	-	428,268
Change in value of charitable trusts	(15,400)	-	-	-	(15,400)
Other	(397,580)	-	460,241	(460,241)	(397,580)
Contributions to (from)	<u>491,509</u>	<u>(255,172)</u>	<u>(236,337)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	10,123,842	100,095	224,015	(460,241)	9,987,711
EXPENSES					
Emergency shelter for the homeless and transient	1,268,931	-	14,257	-	1,283,188
Short term residence and rehabilitation	1,793,761	-	290,305	-	2,084,066
Resident and community meals	915,598	-	-	-	915,598
Long term residence and rehabilitation	1,959,564	-	290,819	-	2,250,383
Store/warehouse	<u>1,188,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,188,923</u>
Total program expense	7,126,777	-	595,381	-	7,722,158
Management and general	1,571,484	-	385,537	(460,241)	1,496,780
Fundraising	<u>1,186,931</u>	<u>-</u>	<u>5,091</u>	<u>-</u>	<u>1,192,022</u>
Total Expenses	<u>9,885,192</u>	<u>-</u>	<u>986,009</u>	<u>(460,241)</u>	<u>10,410,960</u>
CHANGE IN NET ASSETS	238,650	100,095	(761,994)	-	(423,249)
NET ASSETS, BEGINNING OF YEAR	14,904,091	4,555,870	3,994,486	-	23,454,447
ADOPTED LEASE PRONOUNCEMENT	<u>41,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,550</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>14,945,641</u>	<u>4,555,870</u>	<u>3,994,486</u>	<u>-</u>	<u>23,495,997</u>
NET ASSETS, END OF YEAR	<u>\$ 15,184,291</u>	<u>\$ 4,655,965</u>	<u>\$ 3,232,492</u>	<u>\$ -</u>	<u>\$ 23,072,748</u>

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FORT WAYNE RESCUE MISSION MINISTRIES, INC.

Consolidating Statement of Financial Position
June 30, 2022



	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	\$ 658,200	\$ 167,485	\$ -	\$ -	\$ 825,685
Other receivables	35,822	-	47,302	(47,302)	35,822
Contributions receivable	1,288,408	-	-	-	1,288,408
Prepaid expenses and other assets	25,899	-	-	-	25,899
Investments	<u>15,793</u>	<u>4,388,385</u>	<u>-</u>	<u>-</u>	<u>4,404,178</u>
Total Current Assets	2,024,122	4,555,870	47,302	(47,302)	6,579,992
NET PROPERTY AND EQUIPMENT	3,754,175	-	19,680,299	-	23,434,474
OTHER ASSETS					
Cash - restricted	-	-	394,186	-	394,186
Note receivable	9,135,780	-	-	-	9,135,780
Contributions receivable	720,926	-	-	-	720,926
Beneficial interest in charitable trusts	429,600	-	-	-	429,600
Land held for investment	<u>2,071,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071,036</u>
Total Other Assets	<u>12,357,342</u>	<u>-</u>	<u>394,186</u>	<u>-</u>	<u>12,751,528</u>
TOTAL ASSETS	<u>\$ 18,135,639</u>	<u>\$ 4,555,870</u>	<u>\$ 20,121,787</u>	<u>\$ (47,302)</u>	<u>\$ 42,765,994</u>

(Continued)

FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Financial Position (Continued)

June 30, 2022

	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>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Line of credit	\$ 2,636,167	\$ -	\$ -	\$ -	\$ 2,636,167
Accounts payable	429,561	-	-	(47,302)	382,259
Accrued expenses	<u>165,820</u>	<u>-</u>	<u>22,055</u>	<u>-</u>	<u>187,875</u>
Total Current Liabilities	3,231,548	-	22,055	(47,302)	3,206,301
NONCURRENT LIABILITIES					
Long-term debt	<u>-</u>	<u>-</u>	<u>16,105,246</u>	<u>-</u>	<u>16,105,246</u>
Total Liabilities	3,231,548	-	16,127,301	(47,302)	19,311,547
NET ASSETS					
Without donor restrictions	12,013,056	4,555,870	3,994,486	-	20,563,412
With donor restrictions	<u>2,891,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,891,035</u>
Total Net Assets	<u>14,904,091</u>	<u>4,555,870</u>	<u>3,994,486</u>	<u>-</u>	<u>23,454,447</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,135,639</u>	<u>\$ 4,555,870</u>	<u>\$ 20,121,787</u>	<u>\$ (47,302)</u>	<u>\$ 42,765,994</u>

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FORT WAYNE RESCUE MISSION MINISTRIES, INC.



Consolidating Statement of Activities ***Year Ended June 30, 2022***

	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	\$ 6,558,493	\$ 11,717	\$ -	\$ -	\$ 6,570,210
In-kind contributions	485,000	-	-	-	485,000
United Way	36,944	-	-	-	36,944
Thrift store	586,381	-	-	-	586,381
Investment income (loss)	92,254	(398,501)	132	-	(306,115)
Change in value of charitable trusts	(4,900)	-	-	-	(4,900)
Other	(91,171)	-	457,977	(457,977)	(91,171)
Contributions to (from)	<u>(2,430,473)</u>	<u>(434,957)</u>	<u>2,865,430</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	5,232,528	(821,741)	3,323,539	(457,977)	7,276,349
EXPENSES					
Emergency shelter for the homeless and transient	1,178,049	-	-	-	1,178,049
Short term residence and rehabilitation	1,414,940	-	286,277	-	1,701,217
Resident and community meals	671,170	-	-	-	671,170
Long term residence and rehabilitation	1,506,328	-	277,794	-	1,784,122
Store/warehouse	<u>1,051,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,051,960</u>
Total program expense	5,822,447	-	564,071	-	6,386,518
Management and general	1,400,598	-	504,988	(457,977)	1,447,609
Fundraising	<u>1,516,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,516,889</u>
Total Expenses	<u>8,739,934</u>	<u>-</u>	<u>1,069,059</u>	<u>(457,977)</u>	<u>9,351,016</u>
CHANGE IN NET ASSETS	(3,507,406)	(821,741)	2,254,480	-	(2,074,667)
NET ASSETS, BEGINNING OF YEAR	<u>18,411,497</u>	<u>5,377,611</u>	<u>1,740,006</u>	<u>-</u>	<u>25,529,114</u>
NET ASSETS, END OF YEAR	<u><u>\$ 14,904,091</u></u>	<u><u>\$ 4,555,870</u></u>	<u><u>\$ 3,994,486</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,454,447</u></u>

See Independent Auditors' Report on Pages 1 - 2.