



MIAMI RESCUE MISSION, INC.
AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Miami Rescue Mission, Inc. (a nonprofit corporation) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Miami Rescue Mission, Inc. and Subsidiary as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
September 23, 2020

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 3,311,626	\$ 2,757,467
Inventory	974,258	607,065
Grants receivable	76,775	852,053
Other assets	200,086	127,346
Investments	8,364,221	7,870,080
Property and equipment–net	17,314,361	17,775,683
Total Assets	\$ 30,241,327	\$ 29,989,694
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 104,188	\$ 53,822
Accrued payroll and payroll taxes	345,718	342,100
Agency funds	77,907	62,989
Refundable grant	1,000,000	1,000,000
	1,527,813	1,458,911
Net assets:		
Without donor restrictions:		
Undesignated	11,204,142	10,564,187
Net investment in property and equipment	17,314,361	17,775,683
	28,518,503	28,339,870
With donor restrictions:		
Restricted for purpose or time	170,011	165,913
Restricted in perpetuity	25,000	25,000
	28,713,514	28,530,783
Total Liabilities and Net Assets	\$ 30,241,327	\$ 29,989,694

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Purpose or Time	Restricted in Perpetuity	
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 5,484,556	\$ 1,263,700	\$ -	\$ 6,748,256
Gifts-in-kind	7,961,541	-	-	7,961,541
	13,446,097	1,263,700	-	14,709,797
Revenue:				
Rent gifted to other entities	2,326,320	-	-	2,326,320
Sales of donated items	904,192	-	-	904,192
Program income	413,252	-	-	413,252
Government grants	2,681,840	-	-	2,681,840
Investment income	509,141	-	-	509,141
Other income	275,602	-	-	275,602
	7,110,347	-	-	7,110,347
Total Support and Revenue	20,556,444	1,263,700	-	21,820,144
RECLASSIFICATIONS:				
Net assets released for satisfaction of purpose restrictions	1,259,602	(1,259,602)	-	-
	1,259,602	(1,259,602)	-	-
EXPENSES:				
Program services:				
Miami-Dade	8,102,660	-	-	8,102,660
Broward	6,505,920	-	-	6,505,920
Industrial, warehouse, and stores	2,831,932	-	-	2,831,932
	17,440,512	-	-	17,440,512

(continued)

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Purpose or Time	Restricted in Perpetuity	
EXPENSES, continued:				
Supporting activities:				
Management and general	1,561,885	-	-	1,561,885
Fundraising	2,635,016	-	-	2,635,016
	4,196,901	-	-	4,196,901
 Total Expenses	 21,637,413	 -	 -	 21,637,413
 Change in Net Assets	 178,633	 4,098	 -	 182,731
 Net Assets, Beginning of Year	 28,339,870	 165,913	 25,000	 28,530,783
 Net Assets, End of Year	 \$ 28,518,503	 \$ 170,011	 \$ 25,000	 \$ 28,713,514

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Purpose or Time	Restricted in Perpetuity	
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 5,664,311	\$ 7,875	\$ -	\$ 5,672,186
Gifts-in-kind	9,180,567	-	-	9,180,567
	14,844,878	7,875	-	14,852,753
Revenue:				
Rent gifted to other entities	2,327,320	-	-	2,327,320
Sales of donated items	1,109,580	-	-	1,109,580
Program income	371,214	-	-	371,214
Government grants	4,530,505	-	-	4,530,505
Investment loss	416,354	-	-	416,354
Other income	379,920	-	-	379,920
	9,134,893	-	-	9,134,893
Total Support and Revenue	23,979,771	7,875	-	23,987,646
RECLASSIFICATIONS:				
Net assets released for satisfaction of purpose restrictions	16,913	(16,913)	-	-
EXPENSES:				
Program services:				
Miami-Dade	8,154,679	-	-	8,154,679
Broward	10,273,476	-	-	10,273,476
Industrial, warehouse, and stores	2,280,285	-	-	2,280,285
	20,708,440	-	-	20,708,440

(continued)

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Restricted for Purpose or Time	Restricted in Perpetuity	
EXPENSES, continued:				
Supporting activities:				
Management and general	1,082,931	-	-	1,082,931
Fundraising	2,483,124	-	-	2,483,124
	3,566,055	-	-	3,566,055
 Total Expenses	 24,274,495	 -	 -	 24,274,495
 Change in Net Assets	 (277,811)	 (9,038)	 -	 (286,849)
 Net Assets, Beginning of Year	 28,617,681	 174,951	 25,000	 28,817,632
 Net Assets, End of Year	 \$ 28,339,870	 \$ 165,913	 \$ 25,000	 \$ 28,530,783

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Supporting Activities				
	Miami-Dade	Broward	Industrial, Warehouse, and Stores	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Specific aid to individuals, contract payment, grants to other agencies	\$ 997,797	\$ 1,188,467	\$ 19,149	\$ 2,205,413	\$ -	\$ -	\$ -	\$ 2,205,413
People—salaries, public relations, tax, benefit, insurance, and professional services	1,951,581	1,552,959	644,685	4,149,225	1,279,751	636,701	1,916,452	6,065,677
Supplies	3,259,925	1,019,849	1,787,278	6,067,052	16,585	204,977	221,562	6,288,614
Communication—telephone, mailing, and trucking	27,471	50,760	7,053	85,284	10,473	1,303,670	1,314,143	1,399,427
Occupancy, equipment rental, and maintenance	1,135,677	2,303,538	73,531	3,512,746	47,954	15,750	63,704	3,576,450
All other expenses	730,209	390,347	300,236	1,420,792	207,122	473,918	681,040	2,101,832
Total Operating Expenses	\$ 8,102,660	\$ 6,505,920	\$ 2,831,932	\$17,440,512	\$ 1,561,885	\$ 2,635,016	\$ 4,196,901	\$21,637,413

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			Supporting Activities				
	Miami-Dade	Broward	Industrial, Warehouse, and Stores	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total
Specific aid to individuals, contract payment, grants to other agencies	\$ 879,705	\$ 2,000,676	\$ 26,335	\$ 2,906,716	\$ -	\$ -	\$ -	\$ 2,906,716
People—salaries, public relations, tax, benefit, insurance, and professional services	1,873,591	2,830,333	628,084	5,332,008	758,672	681,668	1,440,340	6,772,348
Supplies	3,423,756	1,353,717	1,118,966	5,896,439	11,070	182,903	193,973	6,090,412
Communication—telephone, mailing, and trucking	29,469	54,858	3,729	88,056	9,541	1,223,530	1,233,071	1,321,127
Occupancy, equipment rental, and maintenance	1,109,558	3,514,089	107,766	4,731,413	66,517	15,318	81,835	4,813,248
All other expenses	838,600	519,803	395,405	1,753,808	237,131	379,705	616,836	2,370,644
Total Operating Expenses	\$ 8,154,679	\$ 10,273,476	\$ 2,280,285	\$ 20,708,440	\$ 1,082,931	\$ 2,483,124	\$ 3,566,055	\$ 24,274,495

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 182,731	\$ (286,849)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	778,011	796,163
Noncash contribution	(1,100,900)	-
Realized and unrealized gain on investments	(136,902)	(181,299)
Changes in operating assets and liabilities:		
Inventory	(367,193)	(317,893)
Grants receivable	775,278	(471,230)
Other assets	(72,740)	110,614
Accounts payable	50,366	(50,792)
Accrued payroll and payroll taxes	3,618	(100,413)
Agency funds	14,918	(18,911)
Net Cash Provided (Used) by Operating Activities	127,187	(520,610)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(316,689)	(312,793)
Purchases of investments	(357,239)	(234,976)
Net Cash Used by Investing Activities	(673,928)	(547,769)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of note payable	1,100,900	-
Net Change in Cash and Cash Equivalents	554,159	(1,068,379)
Cash and Cash Equivalents, Beginning of Year	2,757,467	3,825,846
Cash and Cash Equivalents, End of Year	\$ 3,311,626	\$ 2,757,467

See notes to consolidated financial statements

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

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

History: founded in 1922, MRM is one of the oldest and largest providers of vital services to the homeless and needy in the south Florida community. Until 1993, the primary geographical focus for its services and ministry was Miami-Dade County. Broward County was looking for solutions to their homeless problem and looked to MRM for assistance. This was the beginning of the Broward Outreach Center (BOC). BOC was launched, providing basic temporal relief to homeless individuals in the south Broward community through leased and owned property. A permanent Hollywood facility (the Hollywood Center) was completed in 1997, providing the first emergency shelter and comprehensive recovery program for the homeless in the southern portion of the county. The Hollywood Center is owned by MRM. The Hollywood Center provides 90 beds for males including 39 transitional spaces for graduates to prepare for external housing. In the northern portion of the county, Broward County constructed a 200-bed facility in Pompano Beach. Due to the success of the Hollywood Center, MRM was chosen to operate the programs and facility. The Hollywood Center held its grand opening in September 2002. The County owns this facility. Over the years, it has been expanded to include 239 beds to those in need. This includes men, women, and children.

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

In Miami-Dade County, there are two residential centers, the Center for Men and the Center for Women and Children. A nonresidential Miami Community Activity Center provides a preventative program for at-risk children and youth.

The Center for Men provides 360 beds for programs, which include emergency services, long-term care, and transitional housing. Approximately 190 men per day are involved in an 8 to 14 month intensive program of education, counseling, discipleship training, career preparedness, and job entry called the Regeneration Program. There is also a program for Hispanics that are challenged by the English language called Vida Cambiadas (changed lives). On average, an additional 250 to 350 men per day are provided with a shower, change of clothes, and dinner. An annex to the Center for Men was opened recently and provides for an additional 78 beds for men in the residential program.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION, continued:

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

In November 2001, the Miami Community Activity Center (CAC) was opened to provide preventative programs for adjoining neighborhood children and youth. The goal is to prepare children to become successful in life and to prevent the next generation of homeless. A private school, CARE Elementary, occupies the building and provides educational classes. It is a separate non-profit and operates the school for kindergarten through 6th grade. Out of school programs are provided to 120 children and summer camp is offered to 150 children. The CAC serves between 350 and 400 different children each year in these programs. MRM is supporting the CARE Elementary School initiative to serve the poor and needy.

The Miami Jeffrey A. Tew Education Center houses the Innovative Computer Learning and Career Development departments which are utilized by all Miami residents. This was started in 1997 and has the capacity to help people learn to read (or improve their reading levels) and obtain their High School Diploma. Reading, writing, and arithmetic are the subjects of focus. Along with the educational component, students also learn vital computer skills and common office applications.

In 2009, the first Health Clinic was opened to serve our residents and underserved populations. The Health Clinic is our partner, but is a separate non-profit organization.

MRM operates a Thrift Store named the Bargain Barn. There are two stores that provide merchandise for sale such as clothing, appliances, furniture, bric-a brac, etc. Donated items are picked up by their fleet of trucks. Many donated items are put into direct use by their Centers (furniture, paint, clothing, appliances); the remaining items are sold to help fund their programs. The Bargain Barn also accepts donated cars and other motor vehicles. Those that are not used in the ministry are auctioned off on the first Saturday of the month and provide revenue for their programs. The Bargain Barn is also a place to help train residents for future employment.

The centers in Miami and Hollywood hold special events throughout the year to care for the homeless and needy as well as a tool to engage the homeless into their residential programs. These include the Great Thanksgiving Banquet (nearly 2,500 served for Thanksgiving), Thanksgiving in April (nearly 2,000 served), Bombastic Birthday Party, and many other activities for men, women and children. Volunteers provide many wonderful and valuable services from serving meals, doing special drives, becoming mentors or tutors, dress for success, personal makeovers, special work days to improve the facilities and so much more.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION, continued:

MRM has three radio programs: Mission Possible: The Good News Program, launched in August of 2009. It is an hour long program on Sunday mornings from 8 AM to 9 AM on 610WIOD. This is a large station that reaches from Palm Beach to Monroe County. This program highlights what is good in the community and includes interviews with other non-profit agencies, businesses, individuals or organizations that are doing good things. The program also highlights their residents (personal testimonies), their staff and special events at their centers.

Life-Changers was started in September of 2009. This is a weekly half -hour program. The format is similar to Mission Possible but geared for the faith community.

Vidas Cambiadas is the Spanish Version of Life-Changers and airs weekly on an all-Spanish radio station. These radio programs have been well received by listeners, have raised awareness of homelessness, and have brought new donors to MRM (individuals, companies, places of worship, etc.).

During 2009, MRM began its external transitional housing program. This program is designed to provide their graduates the next step in integrating fully into society. MRM now owns nine properties (5 in Broward, 4 in Miami-Dade). Graduates for this program are selected based on merit and need. They do pay fees for living in the units and this is another stream of revenue for MRM programs. MRM has concentrated on purchasing distressed properties and utilizing their staff and clients to renovate them. MRM desires to increase the number of units and seeks additional funding from present donors or other resources.

More than 9,000 people provided over 92,000 hours of volunteering during the year ending June 30, 2020. These included individuals, schools, organizations, and places of worship. The combined centers serve nearly 1,300 men, women, and children each day. During the year ended June 30, 2020, MRM/BOC provided 975,000 meals, 370,000 nights of safe-shelter, over 160 clients successfully completed our long-term educational program, over 9,000 hours of counseling, and helped nearly 8000 men and women entering the job market and find housing.

During the first half of 2020, our ministries have changed to better serve men, women, and children during the Coronavirus pandemic. All CDC and Health Department guidelines are being followed. We continue to work with all agencies in Miami and Broward in order to prevent infections as well as treat those that do become infected and need isolation or quarantine. This has affected our staff, donors, and volunteers.

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

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION, continued:

Both MRM and MMA receive the majority of their support from Florida individuals, corporations, churches, foundations, civic organizations, thrift store sales of donated items, and governmental grants. The ministry is not affiliated with any church denomination but seeks to represent the church in its mandated service to the poor among us.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

USE OF ESTIMATES

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

PRINCIPLES OF CONSOLIDATION

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

CASH AND CASH EQUIVALENTS

The Organization considers cash on hand, bank checking accounts, money markets, and certificates of deposit with original maturities of three months or less to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2020 and 2019, the Organization's cash balances exceeded federally insured limits by \$1,912,676 and \$2,311,984, respectively.

INVESTMENTS

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

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

Inventory is stated at the lower of cost (based on the average cost basis) or net realizable value and consists of thrift store donated goods, donated food, and donated vehicles. At June 30, 2020 and 2019, no reserve for obsolescence has been recorded, as management believes all inventory is sellable.

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

GRANTS RECEIVABLE

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

PROPERTY AND EQUIPMENT—NET

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

CLASSES OF NET ASSETS

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

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

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

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

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

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

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

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications.

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

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

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Expenses, including advertising costs of \$192,650 and \$164,479 for the years ended June 30, 2020 and 2019, respectively, are recorded when incurred in accordance with the accrual basis of accounting. Gifts-in-kind expenses are reported in the accompanying consolidated statements of functional expenses under program services, primarily as supplies and other services, as well as specific assistance to individuals. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries and benefits, depreciation, facilities operations, and other expenses. Salaries and benefits are allocated based on the programmatic purpose of the employees incurring the expenses. All other costs are allocated based on a square footage analysis of the Organization's facilities. The Organization incurred no joint costs. All costs associated with publications are charged directly to fundraising.

GIFTS-IN-KIND

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

Donated services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2020 and 2019, donated services meeting the criteria for recognition in the accompanying consolidated statements of activities totaled \$69,801 and \$137,517, respectively and include legal, pastoral, counseling, education, and master chef services.

All the client services facilities are owned by the Organization except the Pompano Beach facility (see Note 1). The Pompano Beach facility was built and is owned by Broward County and leased to the Organization for \$1 a year. The Organization reports the value of below market rentals on facilities as gifts-in-kind support. For the years ended June 30, 2020 and 2019, \$0 and \$922,037, respectively has been reported as part of gifts-in-kind support for the Pompano Beach Facility. This lease agreement can be canceled with a sixty day notice. This facility was vacated by the Organization during the year ended June 30, 2019.

RENT GIFTED TO OTHER ENTITIES

The Organization allows the use of its Hollywood Center to an independent third party (see Note 1) recognized at the fair value of the gifted rent. The third party is under no control or obligation to the Organization. For both years ended June 30, 2020 and 2019, the fair value of the gifted rent totaled \$1,920,000 for both years ended.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RENT GIFTED TO OTHER ENTITIES, continued

The Organization allows the use of its facilities to CARE Elementary School (see Note 13) recognized at the fair value of the gifted rent. The school is under no control or obligation to the Organization. For both years ended June 30, 2020 and 2019, the fair value of the gifted rent was \$315,000 for both years ended.

The Organization allows the use of its facilities to Miami Rescue Mission Clinic, Inc. (MRMC) (see Note 13) recognized at the fair value of the gifted rent. MRMC is under no control or obligation to the Organization. For the years ended June 30, 2020 and 2019, the fair value of the gifted rent was \$91,320 and \$92,320, respectively.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization implemented ASU No. 2014-09 and its related amendments, and there was no adjustment to the presentation of program and service fee revenue in the consolidated financial statements. Following the adoption of the ASU, the Organization continues to recognize revenue from customers as services are provided, which corresponds to the year in which the related services are provided. There was no material impact to the consolidated financial statements as a result of adoption. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued consolidated financial statements.

In 2018, FASB also issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	June 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 3,311,626	\$ 2,757,467
Grants receivable	76,775	852,053
Investments	8,364,221	7,870,080
Financial assets, at year-end	<u>11,752,622</u>	<u>11,479,600</u>
Less those not available for general expenditure within one year:		
Net assets restricted in perpetuity	<u>(25,000)</u>	<u>(25,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,727,622</u>	<u>\$ 11,454,600</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has \$170,011 in net assets with donor restrictions for various purposes including project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

The Organization has a revolving working capital line of credit in the amount of \$350,000 which is due on demand and bears interest at a variable rate (4.75% at June 30, 2020). Borrowings under this line of credit is collateralized by certain cash and investment account balances. For the years ended June 30, 2020 and 2019, there were no outstanding borrowings under this line of credit.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

4. INVESTMENTS:

Investments consist of the following:

	June 30,	
	2020	2019
Held at cost:		
Cash and cash equivalents	\$ 1,676,094	\$ 119,922
Held at fair value:		
Corporate and government bonds	3,960,113	5,022,404
Index linked funds	1,321,829	-
Equities	1,034,667	-
Mutual funds	316,489	2,633,257
International developed bonds	55,029	94,497
	<u>6,688,127</u>	<u>7,750,158</u>
	<u>\$ 8,364,221</u>	<u>\$ 7,870,080</u>

5. INVENTORY:

Inventory consists of the following:

	June 30,	
	2020	2019
Donated food	\$ 895,541	\$ 509,712
Thrift store donated goods	77,587	95,218
Donated vehicles	1,130	2,135
	<u>\$ 974,258</u>	<u>\$ 607,065</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

6. OTHER ASSETS:

Other assets consist of the following:

	June 30,	
	2020	2019
Prepaid insurance	\$ 123,277	\$ 53,516
Refundable deposits	43,638	43,225
Other	33,171	30,605
	<u>\$ 200,086</u>	<u>\$ 127,346</u>

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of the following:

	June 30,	
	2020	2019
Land	\$ 4,915,739	\$ 4,915,739
Buildings and improvements	19,790,141	19,598,448
Vehicles and equipment	2,991,196	2,866,198
	<u>27,697,076</u>	<u>27,380,385</u>
Less accumulated depreciation	(10,414,715)	(9,636,702)
Construction in progress	32,000	32,000
	<u>\$ 17,314,361</u>	<u>\$ 17,775,683</u>

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2020	2019
Restricted for purpose or time:		
Pompano center	\$ 86,355	\$ 86,355
John Stella education fund	39,405	39,405
Carole Brook grant for chapel furniture	18,845	18,845
Spanish language program	8,213	11,138
Reading room	7,569	7,569
Batchelor Foundation	7,023	-
Miami men alumni	1,342	1,342
Veterans funding for veterans	1,259	1,259
	\$ 170,011	\$ 165,913
Restricted in perpetuity:		
Learning Center scholarship fund	\$ 25,000	\$ 25,000

9. SALES OF DONATED ITEMS:

Sales of donated items consist of the following:

	Year Ended June 30,	
	2020	2019
General merchandise	\$ 873,922	\$ 1,078,530
Vehicles	30,270	31,050
	\$ 904,192	\$ 1,109,580

10. COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES

The Organization leases certain office equipment under non-cancelable operating lease agreements, with various expiration dates through March 2022. Rental and lease expenses totaled \$158,369 and \$139,542 for the years ended June 30, 2020 and 2019, respectively. Future minimum payments under the non-cancelable operating lease agreements to be incurred during the year ending June 30, 2021, amount to \$94,164.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

10. COMMITMENTS AND CONTINGENCIES, continued:

CONTINGENT LIABILITIES

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

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

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

CONSULTING, COMMUNICATIONS, AND DEVELOPMENT SERVICES

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

11. RETIREMENT PLANS:

MRM has established a 403(b) retirement plan (the Plan). MRM contributes to the Plan on behalf of all full-time employees participating through elective salary reductions. MRM matches employee contributions equal to 3% of elective deferrals, up to 100% of eligible pay. Employees are eligible for the Plan if they are at least 18 years old and have completed 90 days of service. Participants become fully vested after five years of services. For the years ended June 30, 2020 and 2019, employer contributions to the Plan totaled \$52,944 and \$60,643, respectively.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

11. RETIREMENT PLANS, continued:

MRM has established a qualified 457(b) deferred compensation plan (the 457 Plan) for the benefit of the president and those employees listed as a director. The 457 Plan allows eligible employees to contribute to the 457 Plan and to direct the investment of their funds into professionally managed investment funds. MRM matches one dollar for every dollar contributed by the employee based on length of service, matching up to 4% of wages for one to three years of service; matching up to 6% of wages between three and five years of service; and matching up to 8% of wages for more than five years of service. For the years ended June 30, 2020 and 2019, employer contributions to the 457 Plan totaled \$60,150 and \$50,590, respectively. The funds for the 457 Plan are held in trust in separate accounts and are invested by the president and those employees listed as directors. The assets related to the 457 Plan are not included in the accompanying consolidated statements of financial position as MRM has no ongoing control over these assets.

12. GOVERNMENT GRANTS:

Government grants consist of:

Title of Grant	Year Ended June 30,	
	2020	2019
Nonfederal funds:		
Miami Dade county	\$ 84,015	\$ 97,781
Homeless trust emergency shelter	711,875	739,505
Broward County HIP–Homeless Assistance Center–3 year grant–South HAC	1,854,517	1,658,049
Broward County HIP–Homeless Assistance Center–3 year grant–North HAC	-	1,796,827
Broward County HIP Challenge Grant	-	96,660
Broward County HIP–Low Demand Overflow Beds Program	-	110,250
Federal funds:		
United States Department of Homeland Security: FEMA Phase 35 & 36		
Pass thru United Way of Miami Dade County	31,433	31,433
Total government grants	\$ 2,681,840	\$ 4,530,505

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

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

13. RELATED PARTY TRANSACTIONS:

The Organization contracts with MRMC to provide health services for clients of the Organization. Certain board members of MRMC are on the board of the Organization. During both years ended June 30, 2020 and 2019, the Organization expended \$300,000 to MRMC.

The Organization allows the use of its facilities to CARE Elementary School. Certain board members of CARE are on the board of the Organization. During both years ended June 30, 2020 and 2019, the Organization donated \$315,000, in gifted rent to CARE.

14. FAIR VALUE MEASUREMENTS:

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

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2020 and 2019:

		June 30, 2020		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Corporate and government bonds:				
Corporate/government	\$ 3,960,113	\$ -	\$ 3,960,113	\$ -
International	55,029	-	55,029	-
	<u>4,015,142</u>	<u>-</u>	<u>4,015,142</u>	<u>-</u>

(continued)

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

14. FAIR VALUE MEASUREMENTS, continued:

	June 30, 2020			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value, continued:				
Equities:				
International developed	294,265	294,265	-	-
US equities	117,335	117,335	-	-
Large cap	494,706	494,706	-	-
Mid-small cap	128,361	128,361	-	-
	1,034,667	1,034,667	-	-
Index linked funds				
Insurance annuity	1,321,829	-	1,321,829	-
Mutual funds:				
Income/growth	316,489	316,489	-	-
	\$ 6,688,127	\$ 1,351,156	\$ 5,336,971	\$ -
	June 30, 2019			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Corporate and government bonds:				
Corporate/government	\$ 5,022,404	\$ -	\$ 5,022,404	\$ -
International	94,497	-	94,497	-
	5,116,901	-	5,116,901	-
Mutual funds:				
Income/growth	2,633,257	2,633,257	-	-
	\$ 7,750,158	\$ 2,633,257	\$ 5,116,901	\$ -

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

14. FAIR VALUE MEASUREMENTS, continued:

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

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

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

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

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

Changes in valuation techniques—None.

15. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve. As part of the response to the impact of COVID-19, MRM applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. MRM was approved for a loan in the amount of approximately \$1,100,000. For the year ended June 30, 2020, in accordance with FASB ASC 958-605, MRM has simultaneously recognized a noncash contribution with donor restrictions and a release for same amount in the accompanying consolidated statements of activities. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan provided MRM overcomes (meets) certain loan stipulations.

MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

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16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 23, 2020, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.