



RESCUE MISSION ALLIANCE

Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

RESCUE MISSION ALLIANCE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rescue Mission Alliance
Oxnard, California

We have audited the accompanying financial statements of Rescue Mission Alliance (RMA), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Rescue Mission Alliance
Oxnard, California

Opinion

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

Capin Crouse LLP

Tarzana, California
October 29, 2020

RESCUE MISSION ALLIANCE

Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 4,407,545	\$ 3,128,285
Inventory	638,863	629,179
Prepaid expenses	282,914	258,928
Other assets	171,407	47,570
Property and equipment–net	20,010,589	20,390,198
Total assets	\$ 25,511,318	\$ 24,454,160
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 637,783	\$ 439,627
Accrued wages and related liabilities	460,006	431,733
Debt payable–net	2,969,565	2,519,887
	4,067,354	3,391,247
Net assets:		
Without donor restrictions	21,385,468	20,987,412
With donor restrictions	58,496	75,501
	21,443,964	21,062,913
Total liabilities and net assets	\$ 25,511,318	\$ 24,454,160

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Activities

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Grants and contributions	\$ 6,633,460	\$ 1,273,776	\$ 7,907,236	\$ 5,851,460	\$ 230,000	\$ 6,081,460
Contribution from acquisition	-	-	-	2,500,000	-	2,500,000
In-kind contributions	19,254,866	-	19,254,866	19,351,324	-	19,351,324
Sales	8,242,242	-	8,242,242	10,230,281	-	10,230,281
Less value of donated goods sold	(8,136,609)	-	(8,136,609)	(9,683,647)	-	(9,683,647)
Less cost of non-donated goods sold	(44,095)	-	(44,095)	(48,762)	-	(48,762)
	25,949,864	1,273,776	27,223,640	28,200,656	230,000	28,430,656
Rental and other income	210,165	-	210,165	238,389	-	238,389
Gain (loss) on disposal of property and equipment	-	-	-	1,785,915	-	1,785,915
Total Support and Revenue	26,160,029	1,273,776	27,433,805	30,224,960	230,000	30,454,960
NET ASSETS RELEASED FROM:						
Purpose restrictions	1,290,781	(1,290,781)	-	286,593	(286,593)	-
Total Support, Revenue, and Reclassifications	27,450,810	(17,005)	27,433,805	30,511,553	(56,593)	30,454,960
EXPENSES:						
Program services	22,952,512	-	22,952,512	22,241,934	-	22,241,934
Supporting activities:						
Management and general	2,293,452	-	2,293,452	2,049,123	-	2,049,123
Fundraising	1,806,790	-	1,806,790	1,977,000	-	1,977,000
Total Expenses	27,052,754	-	27,052,754	26,268,057	-	26,268,057
Change in Net Assets	398,056	(17,005)	381,051	4,243,496	(56,593)	4,186,903
Net assets, Beginning of Year	20,987,412	75,501	21,062,913	16,743,916	132,094	16,876,010
Net assets, End of Year	\$ 21,385,468	\$ 58,496	\$ 21,443,964	\$ 20,987,412	\$ 75,501	\$ 21,062,913

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Functional Expenses

Year Ended June 30, 2020

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 5,937,617	\$ 1,050,744	\$ 584,885	\$ 7,573,246
Payroll taxes	590,505	75,904	52,109	718,518
Fringe benefits	507,477	109,254	62,094	678,825
Housing allowance	33,085	-	36,000	69,085
Total salaries and related expenses	<u>7,068,684</u>	<u>1,235,902</u>	<u>735,088</u>	<u>9,039,674</u>
Other expenses:				
In-kind goods	11,108,573	-	-	11,108,573
Depreciation and amortization	937,395	38,549	25,350	1,001,294
Donor development	-	-	865,160	865,160
Insurance	619,300	122,475	17,838	759,613
Consultants	399,933	254,154	62,356	716,443
Utilities	659,699	21,544	9,403	690,646
Rent	462,338	-	-	462,338
Auto expense	414,787	14,261	998	430,046
Supplies	364,922	25,657	20,737	411,316
Telephone	107,920	51,873	37,554	197,347
Bank charges	-	156,811	-	156,811
Repairs and maintenance	147,658	2,885	736	151,279
Food costs	134,616	-	-	134,616
Professional fees	-	130,697	-	130,697
Interest expense	125,464	1,445	101	127,010
Advertising	44,652	44,652	-	89,304
Security	82,526	1,164	483	84,173
Equipment rental	32,526	41,425	5,834	79,785
Personal aid	64,010	9,000	630	73,640
Taxes and licenses	54,221	14,619	3,607	72,447
Postage	-	55,123	-	55,123
Meals and entertainment	32,213	10,195	2,977	45,385
Printing	18,327	14,334	-	32,661
Miscellaneous	8,499	10,860	8,700	28,059
Medical expenses	24,211	818	961	25,990
Computer expenses	-	17,134	6,556	23,690
Travel	15,416	6,694	1,218	23,328
Dues and subscriptions	14,535	2,553	179	17,267
Contributions	7,386	2,549	-	9,935
Conferences and meetings	2,701	4,634	324	7,659
Bad debts	-	1,445	-	1,445
Total 2020 Expenses	<u>\$ 22,952,512</u>	<u>\$ 2,293,452</u>	<u>\$ 1,806,790</u>	<u>\$ 27,052,754</u>

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Functional Expenses

Year Ended June 30, 2019

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 6,365,989	\$ 945,366	\$ 671,361	\$ 7,982,716
Fringe benefits	509,054	99,345	65,333	673,732
Payroll taxes	524,356	70,116	48,006	642,478
Housing allowance	32,111	18,000	21,960	72,071
Total salaries and related expenses	<u>7,431,510</u>	<u>1,132,827</u>	<u>806,660</u>	<u>9,370,997</u>
Other expenses:				
In-kind goods	9,736,689	-	-	9,736,689
Depreciation and amortization	1,056,999	42,531	26,137	1,125,667
Donor development	-	-	901,323	901,323
Utilities	714,431	22,065	9,456	745,952
Insurance	593,202	107,548	17,621	718,371
Consultants	434,763	196,914	65,500	697,177
Auto expense	495,671	8,836	619	505,126
Rent	475,778	-	-	475,778
Supplies	365,034	29,531	23,539	418,104
Telephone	111,955	44,833	39,376	196,164
Repairs and maintenance	159,145	13,695	3,724	176,564
Interest expense	126,090	45,675	3,197	174,962
Bank charges	-	157,595	-	157,595
Food costs	125,504	-	-	125,504
Advertising	-	40,270	55,610	95,880
Security	84,883	1,122	389	86,394
Equipment rental	69,139	7,687	4,019	80,845
Taxes and licenses	62,916	15,100	1,702	79,718
Personal aid	70,728	-	-	70,728
Postage	-	67,883	-	67,883
Professional fees	-	49,523	-	49,523
Meals and entertainment	26,975	10,796	3,029	40,800
Printing	19,649	15,257	-	34,906
Travel	18,222	11,053	2,651	31,926
Medical expenses	23,045	1,573	1,969	26,587
Miscellaneous	17,674	2,444	3,296	23,414
Dues and subscriptions	8,544	9,059	652	18,255
Contributions	120	12,000	-	12,120
Computer expenses	4,706	1,065	6,088	11,859
Conferences and meetings	8,562	2,241	443	11,246
Total 2019 Expenses	<u>\$ 22,241,934</u>	<u>\$ 2,049,123</u>	<u>\$ 1,977,000</u>	<u>\$ 26,268,057</u>

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 381,051	\$ 4,186,903
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated gift-in-kind inventory	(8,146,293)	(9,614,634)
Distributed gift-in-kind inventory	8,136,609	9,683,921
Depreciation and amortization	1,001,294	1,125,667
Contribution recorded from acquisition	-	(2,500,000)
Gain on disposal of property and equipment	-	(1,785,915)
Recognition of payroll protection program loan contribution	(1,230,825)	-
Change in operating assets and liabilities:		
Prepaid expenses	(23,986)	160,792
Other assets	(123,837)	133,666
Accounts payable and accrued liabilities	287,922	(184,837)
Accrued wages and related liabilities	28,273	(39,738)
Net Cash Provided by Operating Activities	310,208	1,165,825
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	3,591,195
Purchases of property and equipment	(707,192)	(511,926)
Net Cash Provided by (Used in) Investing Activities	(707,192)	3,079,269
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt payable	(91,356)	(2,840,852)
Proceeds from payroll protection program loan	1,767,600	-
Net Cash Provided by (Used in) Financing Activities	1,676,244	(2,840,852)
Net Change in Cash and Cash Equivalents	1,279,260	1,404,242
Cash and Cash Equivalents, Beginning of Year	3,128,285	1,724,043
Cash and Cash Equivalents, End of Year	\$ 4,407,545	\$ 3,128,285
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEM:		
Cash paid for interest	\$ 123,037	\$ 181,758
Property and equipment acquired through accounts payable	\$ -	\$ 89,766

See notes to financial statements

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

Rescue Mission Alliance (RMA) was incorporated in 1972 in California as a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, RMA is subject to federal income tax on any unrelated business taxable income. In addition the organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions by the public are deductible for income tax purposes.

RMA focuses its efforts on two core ministries, rescue missions and thrift stores, in addition to some auxiliary services they provide. RMA operates the following rescue missions: Ventura County Rescue Mission, Central Coast Rescue Mission, San Fernando Valley Rescue Mission, Victor Valley Rescue Mission, Lighthouse for Women and Children, Valley Food Bank, Rescue S.O.S., and Renewed Hope Rescue Mission (formerly Hope Again Rescue Mission). RMA operates six thrift stores in the following cities: Oxnard, Santa Maria, North Hollywood, Reseda, and Victor Valley. During the year ended June 30, 2019, RMA sold a thrift store that was located in Sun Valley. RMA also operates an online bookstore.

RMA was formed to share the gospel of Jesus Christ and to provide care and services to homeless individuals and families. These services encompass food, shelter, Biblical counseling, job training, and personal development.

The primary support for RMA comes through contributions, and sales from their six thrift stores that sell donated merchandise. These facilities are also used to train RMA clients in various vocations.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of RMA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by RMA are described below.

CASH AND CASH EQUIVALENTS

RMA has defined cash and cash equivalents as cash on hand, cash in banks, and money market funds with original maturities of ninety days or less when acquired. These accounts may, at times, exceed federally insured limits. At June 30, 2020 and 2019, RMA's cash balances exceeded federally insured limits by approximately \$3,917,000 and \$2,838,000, respectively.

INVENTORY

A significant portion of inventory consists of donated items such as clothing and miscellaneous items. Donations of inventory are measured at estimated fair value, based on estimated exit transaction value, and recognized as revenue in the period received. RMA also purchases certain specialty items for resale. These items are valued at the lower of cost or net realizable value.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

OTHER ASSETS

Other assets primarily consist of various receivables owed to RMA. Management believes the receivables will be paid in full so there is no allowance for uncollectible amounts at either June 30, 2020 or 2019.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, RMA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. RMA capitalizes all assets acquired through purchase or donation with a cost or fair value of greater than or equal to \$500, which is considered tangible personal or real property.

The estimated useful lives of property and equipment are:

Buildings and building improvements	3-40 years
Equipment and furniture	3-7 years
Vehicles	5-7 years

NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board of directors for use in RMA's operations and those resources invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to RMA. RMA records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donations of material, facilities, and stock, are recorded as support at their estimated fair value as of the date of donation.

Many individuals and businesses volunteer their time and equipment to perform a variety of tasks that assist RMA's project development, fundraising, and operations. These contributed services are recorded at fair value at the date of contribution only if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended June 30, 2020 and 2019, no services meeting the criteria for recognition were received. Rental and other income is recorded when earned.

During the year ended June 30, 2020, RMA received a Paycheck Protection Program loan of \$1,767,600. The loan is eligible for forgiveness based on RMA incurring various qualifying expenses such as normal payroll costs and utilities. Since RMA has overcome the required barriers related to these funds as of June 30, 2020, \$1,230,825 has been recorded as grants and contributions with donor restrictions on the statements of activities, with the remaining amount expected to be forgiven during the year ended June 30, 2021.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities. For the years ended June 30, 2020 and 2019, joint costs totaling \$141,761 and \$142,776, respectively, related to the newsletter have been allocated equally between the program and fundraising functions.

ADVERTISING

RMA uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2020 and 2019, were \$89,304 and \$95,880, respectively.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

ADOPTION OF NEW ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board issued Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. RMA adopted the provisions of this new standard during the year ended June 30, 2020. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had no effect on change in net assets or net assets in total.

3. INVENTORY:

Inventory consists of:

	June 30,	
	2020	2019
Thrift store donations	\$ 617,570	\$ 609,890
Automobiles	21,293	19,289
	<u>\$ 638,863</u>	<u>\$ 629,179</u>

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30,	
	2020	2019
Land and land improvements	\$ 9,082,320	\$ 9,067,115
Buildings	17,096,386	16,739,945
Equipment	2,907,378	2,825,694
Furniture and fixtures	764,360	696,364
Autos and trucks	2,235,925	2,099,806
	32,086,369	31,428,924
Less accumulated depreciation	(12,182,752)	(11,250,925)
	19,903,617	20,177,999
Construction in progress	106,972	212,199
	\$ 20,010,589	\$ 20,390,198

Depreciation expense was \$997,035 and \$1,121,279, for the years ended June 30, 2020 and 2019, respectively.

5. DEBT PAYABLE–NET:

Debt payable–net consists of:

	June 30,	
	2020	2019
Note payable to a financial institution, collateralized by real property of RMA, monthly payments of \$10,894 including principal and interest of 5.0%, due in June 2023.	\$ 1,493,404	\$ 1,547,967
Note payable to a financial institution, collateralized by real property of RMA, monthly payments of \$3,313 including principal and interest at 4.85%, due in May 2028.	544,226	555,916
Note payable to a financial institution, collateralized by real property of RMA, monthly payments of \$1,546, including principal and interest at 4.2%, due in December 2022.	227,772	237,110
Note payable to a financial institution, collateralized by real property of RMA, monthly payments of \$1,803, including principal and interest at 5.45%, due in July 2024.	204,837	220,193

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

5. DEBT PAYABLE–NET, continued:

Debt payable–net consists of, continued:

	June 30,	
	2020	2019
Paycheck protection program loan through the small business administration. The loan will be fully or partially forgiven if RMA meets all barriers to forgiveness. If the loan is not fully forgiven, principal and interest payments will begin October 2020 at a fixed interest of 1%. The loan matures April 2022, at which time any unforgiven amounts will be due.	536,774	-
	3,007,013	2,561,186
Less debt issuance costs	(37,448)	(41,299)
	\$ 2,969,565	\$ 2,519,887

Debt issuance costs are recorded at cost and are amortized over the term of the loan agreement using the straight-line method. Amortization expense for the years ended June 30, 2020 and 2019 was \$4,259 and \$4,388, respectively. Accumulated amortization as of June 30, 2020 and 2019, was \$22,475 and \$18,216, respectively.

Principal payment requirements on debt payable are:

<u>Year Ending June 30,</u>	
2021	\$ 86,474
2022	627,184
2023	1,619,749
2024	191,350
2025	23,215
Thereafter	459,041
	\$ 3,007,013

RMA was in compliance with all financial and reporting covenants at June 30, 2020 and 2019.

RMA has a revolving line of credit with a bank. The line of credit has a maximum draw of \$1,500,000, bears interest at the greater of the bank's prime rate or 4.5%, and is secured by real property. The line matures in September 2020. There were no draws on the line of credit during the years ended, June 30, 2020 and 2019.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of:

	June 30,	
	2020	2019
Amounts contributed for vehicle and equipment additions	\$ 55,829	\$ 75,120
Other	2,667	381
	<u>\$ 58,496</u>	<u>\$ 75,501</u>

7. RENTAL INCOME:

RMA owns several residential buildings and an office building, and received rental income from those properties of \$173,478 and \$168,366, for the years ended June 30, 2020 and 2019, respectively. RMA is also the lessor of a building that leases rooms under month-to-month leases to individuals who have graduated from drug and rehabilitation programs.

8. LEASE COMMITMENTS:

RMA is committed under non-cancelable lease agreements for property and equipment. In most cases, management expects that, in the normal course of business, leases will be renewed or replaced by other leases. Leases expire through November 2022. The monthly payments under non-cancelable lease agreements is \$28,181 as of June 30, 2020. Future minimum payments under non-cancelable operating leases are:

<u>Year Ending June 30,</u>	
2021	\$ 290,890
2022	138,771
2023	<u>875</u>
	<u>\$ 430,536</u>

Rent and equipment lease expense under cancelable and non-cancelable lease contracts was \$542,123 and \$556,623, for the years ended June 30, 2020 and 2019, respectively.

9. RETIREMENT PLAN:

RMA maintains a non-contributory defined contribution pension plan, qualified under Section 403(b) of the Internal Revenue Code, for the benefit of its eligible employees. Under the plan, a predetermined contribution is made to the account of each individual employee based on annual compensation. Contributions to the plan were \$163,764 and \$170,190, for the years ended June 30, 2020 and 2019, respectively.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2020 and 2019

10. LIQUIDITY AND AVAILABILITY OF RESOURCES:

RMA has approximately \$4,407,000 and \$3,128,000, for financial assets available within one year of the statements of financial position as of June 30, 2020 and 2019, respectively. These amounts consist of cash and cash equivalents. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statements of financial position date.

RMA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, RMA maintains a \$1,500,000 revolving line of credit with a bank. If necessary, that line of credit could be utilized to satisfy obligations as they come due.

11. RISK AND UNCERTAINTIES

During the year ended June 30, 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. Specifically, RMA was forced to close its thrift stores for three months. 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 change in net assets of RMA for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 29, 2020, which is the date the financial statements were available to be issued.