



RESCUE MISSION ALLIANCE

Financial Statements
With Independent Auditors' Report

June 30, 2022 and 2021

RESCUE MISSION ALLIANCE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rescue Mission Alliance
Oxnard, California

Opinion

We have audited the accompanying financial statements of Rescue Mission Alliance, which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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 Financial Statements* section of our report. We are required to be independent of Rescue Mission Alliance 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 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, and for 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.

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

Board of Directors
Rescue Mission Alliance
Oxnard, California

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Rescue Mission Alliance'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rescue Mission Alliance'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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Woodland Hills, California
September 16, 2022

RESCUE MISSION ALLIANCE

Statements of Financial Position

	June 30,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 5,366,073	\$ 5,078,330
Bequest receivable	-	562,748
Gift-in-kind inventory	801,100	817,238
Prepaid expenses and other assets	323,135	318,781
Property and equipment–net	22,043,340	19,724,007
Total Assets	<u>\$ 28,533,648</u>	<u>\$ 26,501,104</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 467,087	\$ 829,017
Accrued wages and related liabilities	629,875	495,440
Debt payable–net	2,647,052	495,990
Total liabilities:	<u>3,744,014</u>	<u>1,820,447</u>
Net assets:		
Without donor restrictions	24,695,050	24,096,709
With donor restrictions	94,584	583,948
Total net assets:	<u>24,789,634</u>	<u>24,680,657</u>
Total Liabilities and Net Assets	<u>\$ 28,533,648</u>	<u>\$ 26,501,104</u>

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Grants and contributions	\$ 8,217,662	\$ 92,084	\$ 8,309,746	\$ 8,248,790	\$ 606,248	\$ 8,855,038
Payroll Protection Program loan contribution	-	-	-	536,775	-	536,775
Gift-in-kind contributions	18,965,084	-	18,965,084	20,720,873	-	20,720,873
Sales	11,764,398	-	11,764,398	10,828,257	-	10,828,257
Less value of donated goods sold	(11,164,784)	-	(11,164,784)	(10,066,848)	-	(10,066,848)
Less cost of non-donated goods sold	(43,947)	-	(43,947)	(31,142)	-	(31,142)
	27,738,413	92,084	27,830,497	30,236,705	606,248	30,842,953
Gain on sale of property and equipment	352,184	-	352,184	32,012	-	32,012
Rental and other income	76,584	-	76,584	130,438	-	130,438
Total Support and Revenue	28,167,181	92,084	28,259,265	30,399,155	606,248	31,005,403
NET ASSETS RELEASED FROM:						
Purpose restrictions	581,448	(581,448)	-	80,796	(80,796)	-
Total Support, Revenue, and Reclassifications	28,748,629	(489,364)	28,259,265	30,479,951	525,452	31,005,403
EXPENSES:						
Program services	22,841,029	-	22,841,029	23,144,052	-	23,144,052
Supporting activities:						
Management and general	3,195,949	-	3,195,949	2,840,378	-	2,840,378
Fundraising	2,113,310	-	2,113,310	1,784,280	-	1,784,280
Total Expenses	28,150,288	-	28,150,288	27,768,710	-	27,768,710
Change in Net Assets	598,341	(489,364)	108,977	2,711,241	525,452	3,236,693
Net assets, Beginning of Year	24,096,709	583,948	24,680,657	21,385,468	58,496	21,443,964
Net assets, End of Year	\$ 24,695,050	\$ 94,584	\$ 24,789,634	\$ 24,096,709	\$ 583,948	\$ 24,680,657

See notes to financial statements

RESCUE MISSION ALLIANCE

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Supporting Activities:		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 7,832,539	\$ 1,763,571	\$ 666,189	\$ 10,262,299
Fringe benefits	715,091	162,734	54,441	932,266
Payroll taxes	585,935	130,003	51,626	767,564
Total salaries and related expenses	<u>9,133,565</u>	<u>2,056,308</u>	<u>772,256</u>	<u>11,962,129</u>
Other expenses:				
Gift-in-kind food and clothing	7,779,332	-	-	7,779,332
Donor development	-	-	1,080,698	1,080,698
Depreciation and amortization	937,586	39,507	22,269	999,362
Insurance	720,443	181,583	22,124	924,150
Utilities	847,206	23,746	13,396	884,348
Consultants	571,319	208,229	86,706	866,254
Auto expense	552,425	11,036	773	564,234
Rent	533,679	10,560	739	544,978
Supplies	408,355	39,874	8,595	456,824
Security	304,834	843	164	305,841
Repairs and maintenance	173,496	57,878	5,904	237,278
Telephone	135,134	53,303	38,016	226,453
Bank charges	-	186,364	-	186,364
Food costs	180,890	-	-	180,890
Advertising	117,534	8,748	3,821	130,103
Personal aid	106,610	-	-	106,610
Taxes and licenses	69,986	17,138	4,710	91,834
Miscellaneous	34,483	36,957	20,240	91,680
Equipment rental	80,256	7,074	3,798	91,128
Meals and entertainment	51,316	22,183	3,693	77,192
Professional fees	-	70,876	-	70,876
Conferences and meetings	9,900	53,141	4,106	67,147
Interest	-	43,849	-	43,849
Postage	-	27,044	16,563	43,607
Travel	22,839	10,271	1,562	34,672
Medical expenses	25,954	4,223	502	30,679
Printing	12,314	11,633	-	23,947
Dues and subscriptions	8,943	9,271	677	18,891
Computer expenses	12,276	2,310	1,998	16,584
Contributions to others	10,354	2,000	-	12,354
Total 2022 Expenses	<u>\$ 22,841,029</u>	<u>\$ 3,195,949</u>	<u>\$ 2,113,310</u>	<u>\$ 28,150,288</u>

See notes to financial statements

RESCUE MISSION ALLIANCE

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Supporting Activities:		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 6,783,010	\$ 1,540,840	\$ 596,776	\$ 8,920,626
Fringe benefits	534,800	124,928	50,396	710,124
Payroll taxes	568,737	152,433	55,160	776,330
Total salaries and related expenses	<u>7,886,547</u>	<u>1,818,201</u>	<u>702,332</u>	<u>10,407,080</u>
Other expenses:				
Gift-in-kind food and clothing	10,475,651	-	-	10,475,651
Donor development	-	-	858,510	858,510
Depreciation and amortization	858,382	37,382	18,779	914,543
Insurance	419,313	145,247	16,172	580,732
Utilities	725,468	19,744	10,037	755,249
Consultants	427,767	182,482	56,744	666,993
Auto expense	466,741	15,735	1,101	483,577
Rent	493,041	-	-	493,041
Supplies	387,652	19,350	5,213	412,215
Security	185,151	976	176	186,303
Repairs and maintenance	133,875	6,441	1,908	142,224
Telephone	128,982	58,597	46,132	233,711
Bank charges	-	203,413	-	203,413
Food costs	129,928	-	-	129,928
Advertising	-	102,776	-	102,776
Personal aid	74,123	-	-	74,123
Taxes and licenses	67,998	15,865	5,834	89,697
Miscellaneous	10,603	11,221	15,193	37,017
Equipment rental	81,463	7,400	3,479	92,342
Meals and entertainment	38,604	9,909	3,179	51,692
Professional fees	-	74,672	-	74,672
Conferences and meetings	2,226	866	207	3,299
Interest	79,464	39,533	2,767	121,764
Postage	7,043	24,717	32,838	64,598
Travel	5,910	5,506	385	11,801
Medical expenses	32,627	1,691	837	35,155
Printing	10,266	10,508	-	20,774
Dues and subscriptions	6,226	9,159	641	16,026
Computer expenses	7,001	5,487	1,816	14,304
Contributions to others	2,000	13,500	-	15,500
Total 2021 Expenses	<u>\$ 23,144,052</u>	<u>\$ 2,840,378</u>	<u>\$ 1,784,280</u>	<u>\$ 27,768,710</u>

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 108,977	\$ 3,236,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated gift-in-kind inventory	(18,965,084)	(20,720,874)
Distributed gift-in-kind inventory	18,981,222	20,542,499
Depreciation and amortization	999,362	914,543
Write-off of debt issuance costs	34,360	-
Gain on disposal of property and equipment	(352,184)	(32,012)
Recognition of Payroll Protection Program loan	-	(536,775)
Change in operating assets and liabilities:		
Bequest receivable	562,748	(562,748)
Prepaid expenses and other assets	(4,354)	135,540
Accounts payable and accrued liabilities	(361,930)	191,234
Accrued wages and related liabilities	134,435	35,434
Net Cash Provided by Operating Activities	1,137,552	3,203,534
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	1,835,712	40,480
Purchases of property and equipment	(4,802,223)	(633,341)
Net Cash Used in Investing Activities	(2,966,511)	(592,861)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt payable	(28,298)	(1,939,888)
Proceeds from new debt payable	2,145,000	-
Net Cash Provided by (Used in) Financing Activities	2,116,702	(1,939,888)
Net Change in Cash and Cash Equivalents	287,743	670,785
Cash and Cash Equivalents, Beginning of Year	5,078,330	4,407,545
Cash and Cash Equivalents, End of Year	\$ 5,366,073	\$ 5,078,330
SUPPLEMENTARY DISCLOSURE AND NON-CASH TRANSACTION:		
Cash paid for interest	\$ 44,059	\$ 127,723
Recognition of Paycheck Protection Program loan	\$ -	\$ 536,775

See notes to financial statements

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

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 and programs: 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 Hesperia (Victor 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:

RMA maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

RMA has defined cash and cash equivalents as cash on hand, cash in banks, and money market funds. These accounts may, at times, exceed federally insured limits. As of June 30, 2022 and 2021, RMA's cash balances exceeded federally insured limits by approximately \$5,169,000 and \$4,161,000, respectively. RMA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

BEQUEST RECEIVABLE

RMA records the bequest receivable in the year the bequest clears probate and the amount to be received is estimable. This amount was recorded as contributions with donor restrictions as of June 30, 2022. The receivable was paid in full during the year ended June 30, 2022.

GIFT-IN-KIND INVENTORY

Gift-in-kind (GIK) 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.

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.

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

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

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 with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. Contributions restricted by the donor for a specific purpose and which the restrictions are fully satisfied on or before year-end are reported as support without donor restrictions. If the restrictions are not fully satisfied on or before the year-end, the contributions are recorded as support with donor restrictions. Upon satisfaction of the restriction, 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. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

Gift-in-kind contributions consists of food and non-food items such as clothing, household goods and vehicles. These items are recorded using their fair market value on the date of donation. Additional details are included in Note 3.

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, 2022 and 2021, 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 was eligible for forgiveness based on RMA incurring various qualifying expenses such as normal payroll costs and utilities. RMA overcame the required barriers related to these funds during the year ended June 30, 2021 and the loan was fully forgiven during the year ended June 30, 2021. \$536,775 has been recorded without donor restrictions on the statements of activities during the year ended June 30, 2021. The remaining loan was recognized during the year ended June 30, 2020.

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 based on time and effort, square footage, and estimated benefit to each category. For the years ended June 30, 2022 and 2021, joint costs totaling \$163,717 and \$158,530, respectively, related to the newsletter have been allocated equally between the program and fundraising functions.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

RMA uses advertising to promote its programs among the audiences it serves and is used to educate the public on issues surrounding homelessness, which is why some of the advertising costs are allocated to program. Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2022 and 2021, were \$130,102 and \$102,776, respectively.

RECENTLY ADOPTED ACCOUNTING STANDARD

During the year ended June 30, 2022, RMA adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

3. GIFT-IN-KIND INVENTORY AND CONTRIBUTIONS:

Gift-in-kind inventory consists of:

	June 30,	
	2022	2021
Thrift store clothing	\$ 800,389	\$ 787,464
Automobiles	711	29,774
	<u>\$ 801,100</u>	<u>\$ 817,238</u>

Gift-in-kind contributions consist of:

	Year Ended June 30,	
	2022	2021
Clothing and furniture	\$ 11,163,506	\$ 10,213,603
Food	7,779,332	10,475,651
Automobiles and other	22,246	31,619
	<u>\$ 18,965,084</u>	<u>\$ 20,720,873</u>

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

3. GIFT-IN-KIND INVENTORY AND CONTRIBUTIONS, continued:

GIK contributions are not donor restricted. Food donations are utilized in all of RMA's programs and shelters. RMA serves as a food bank where food donations are received primarily from various grocery chains and items are prepared to be distributed to food pantries that provide food for families in need. RMA uses a discounted price schedule based on similar items available on the market. Unit items are priced in pounds, ounces, package or cans.

Clothing and household goods that are donated are sold in the thrift stores. These donations are sorted, priced at fair value then placed on the sales floor. Clothing and household items are priced by a team of veteran retail personnel who review comparable items online and in other thrift stores.

Vehicle donations are valued using the average trade-in value from public websites, which approximates estimated exit transaction value.

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	June 30,	
	2022	2021
Land and land improvements	\$ 8,768,340	\$ 9,135,318
Buildings	20,637,885	17,337,745
Equipment	2,945,695	2,901,282
Furniture and fixtures	882,191	800,197
Autos and trucks	2,207,030	2,090,583
	<u>35,441,141</u>	<u>32,265,125</u>
Less accumulated depreciation	<u>(13,724,064)</u>	<u>(12,752,669)</u>
	21,717,077	19,512,456
Projects in progress	<u>326,263</u>	<u>211,551</u>
	<u>\$ 22,043,340</u>	<u>\$ 19,724,007</u>

Depreciation expense was \$999,362 and \$911,455, for the years ended June 30, 2022 and 2021, respectively.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

5. DEBT PAYABLE–NET:

Debt payable–net consists of:

	June 30,	
	2022	2021
Note payable to a financial institution, collateralized by real property, payments of \$10,815 are due monthly including principal and interest at a fixed rate of 3.5%. The note matures April 2019 at which time a balloon payment will be due.	\$ 2,131,166	\$ -
Note payable to a financial institution, collateralized by real property, monthly payments of \$3,313 including principal and interest at 4.85%, due in May 2028.	515,886	530,350
	2,647,052	530,350
Less debt issuance costs	-	(34,360)
	\$ 2,647,052	\$ 495,990

Debt issuance costs are recorded at cost and are amortized over the term of the loan agreement using the straight-line method. Debt issuance costs were written off during the year ended June 30, 2022 as they were related to repaid debt from previous years. Debt issuance costs were not capitalized during the year ended June 30, 2022 related to the new note payable due to immateriality. Amortization expense for the years ended June 30, 2022 and 2021, was \$0 and \$3,088, respectively. Accumulated amortization as of June 30, 2022 and 2021, was \$0 and \$25,563, respectively.

Principal payment requirements on debt payable are:

Year Ending June 30,	
2023	\$ 71,030
2024	73,767
2025	76,612
2026	79,569
2027	82,642
Thereafter	2,263,432
	\$ 2,647,052

RMA was in compliance with all financial and reporting covenants at June 30, 2022 and 2021.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

5. DEBT PAYABLE–NET, continued:

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 January 2023. There were no draws on the line of credit during the years ended, June 30, 2022 and 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2022	2021
Angel House	\$ 50,547	\$ 9,700
Day care fund for Home Again	40,000	-
Vehicle and equipment additions	2,500	11,500
Other	1,537	-
Time restricted	-	562,748
	<u>\$ 94,584</u>	<u>\$ 583,948</u>

7. RENTAL INCOME:

RMA owns several residential buildings and an office building, and received rental income from those properties of \$68,458 and \$101,016, for the years ended June 30, 2022 and 2021, 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. 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 \$209,155 and \$180,276, for the years ended June 30, 2022 and 2021, respectively.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES:

RMA has approximately \$5,366,000 and \$5,641,000, for financial assets available within one year of the statements of financial position as of June 30, 2022 and 2021, respectively. These amounts consist of cash and cash equivalents and bequest receivable. 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.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2022 and 2021

10. RISK AND UNCERTAINTIES:

In March 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 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 change in net assets of RMA for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 16, 2022, which is the date the financial statements were available to be issued.