

SPRINGFIELD VICTORY MISSION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



**ELLIOTT, ROBINSON
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

TRUSTED BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Springfield Victory Mission, Inc.
Springfield, MO 65803

We have audited the accompanying financial statements of Springfield Victory Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 purposes 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 estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Springfield Victory Mission, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Elliott, Robinson & Company, LLP

Springfield, Missouri
December 3, 2021

SPRINGFIELD VICTORY MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,877,914	1,382,097
Accounts receivable	69,217	37,313
Prepaid expenses	36,473	44,645
Inventory	299,210	286,571
Total Current Assets	<u>2,282,814</u>	<u>1,750,626</u>
PROPERTY AND EQUIPMENT		
Land	194,697	194,697
Buildings	3,303,500	3,324,128
Furniture	126,374	191,920
Equipment	581,731	700,989
Computer software	9,062	55,731
	<u>4,215,364</u>	<u>4,467,465</u>
Less accumulated depreciation	1,839,614	1,955,851
Total Property and Equipment	<u>2,375,750</u>	<u>2,511,614</u>
OTHER ASSETS		
Construction in progress	27,450	15,000
Endowment	131,779	103,933
Total Other Assets	<u>159,229</u>	<u>118,933</u>
	<u>\$ 4,817,793</u>	<u>4,381,173</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ -	16,600
Accounts payable	64,118	36,099
Accrued expenses	135,027	106,864
Total Current Liabilities	<u>199,145</u>	<u>159,563</u>
LONG-TERM DEBT - Net of current portion	<u>-</u>	<u>316,851</u>
NET ASSETS		
Net assets without donor restrictions	4,510,329	3,796,440
Net assets with donor restrictions	108,319	108,319
Total Net Assets	<u>4,618,648</u>	<u>3,904,759</u>
	<u>\$ 4,817,793</u>	<u>4,381,173</u>

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	Year ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 2,352,269	-	2,352,269
Contributions - in-kind	410,082	-	410,082
Program service revenue	461,336	-	461,336
Special event revenue	16,809	-	16,809
Government grants	39,700	-	39,700
Interest income	6,144	-	6,144
PPP loan forgiveness	210,030	-	210,030
Miscellaneous income	32,377	-	32,377
Unrealized gain on investments	18,281	-	18,281
Realized gain on investments	8,403	-	8,403
Loss on disposal of assets	(4,073)	-	(4,073)
Total Revenue	<u>3,551,358</u>	<u>-</u>	<u>3,551,358</u>
Program Expenses			
Restoration and family ministry	785,512	-	785,512
Warehouse	916,269	-	916,269
Victory square	448,948	-	448,948
Total Program Expenses	<u>2,150,729</u>	<u>-</u>	<u>2,150,729</u>
Supporting Services Expenses			
Management and general	272,520	-	272,520
Fundraising and development	414,220	-	414,220
Total Supporting Services Expenses	<u>686,740</u>	<u>-</u>	<u>686,740</u>
Total expenses	<u>2,837,469</u>	<u>-</u>	<u>2,837,469</u>
Change in net assets	713,889	-	713,889
Net assets at beginning of year	<u>3,796,440</u>	<u>108,319</u>	<u>3,904,759</u>
Net assets at end of year	<u>\$ 4,510,329</u>	<u>108,319</u>	<u>4,618,648</u>

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 2,130,188	-	2,130,188
Contributions - in-kind	352,697	-	352,697
Program service revenue	594,412	-	594,412
Special event revenue	23,204	-	23,204
Government grants	10,342	-	10,342
Rental income	6,816	-	6,816
Interest income	18,876	-	18,876
Miscellaneous income	1,265	-	1,265
Unrealized loss on investments	(18,864)	-	(18,864)
Realized gain on investments	14,351	-	14,351
Loss on disposal of assets	(12,855)	-	(12,855)
Total Revenue	<u>3,120,432</u>	<u>-</u>	<u>3,120,432</u>
Program Expenses			
Restoration and family ministry	893,743	-	893,743
Warehouse	871,120	-	871,120
Victory square	415,548	-	415,548
Total Program Expenses	<u>2,180,411</u>	<u>-</u>	<u>2,180,411</u>
Supporting Services Expenses			
Management and general	233,665	-	233,665
Fundraising and development	366,368	-	366,368
Total Supporting Services Expenses	<u>600,033</u>	<u>-</u>	<u>600,033</u>
Total expenses	<u>2,780,444</u>	<u>-</u>	<u>2,780,444</u>
Change in net assets	<u>339,988</u>	<u>-</u>	<u>339,988</u>
Net assets at beginning of year	3,227,849	108,319	3,336,168
Restatement	<u>228,603</u>	<u>-</u>	<u>228,603</u>
Restated net assets at beginning of year	<u>3,456,452</u>	<u>108,319</u>	<u>3,564,771</u>
Net assets at end of year	<u>\$ 3,796,440</u>	<u>108,319</u>	<u>3,904,759</u>

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES		Total
	Restoration	Workforce Develop Outreach	Victory Shelter	Management & General	Fundraising & Development	
Advertising and media production	\$ 3,528	3,634	1,026	276	151,029	159,493
Bank charges	14	337	-	3,157	12,783	16,291
Contract labor	508	381	-	380	507	1,776
Computer related expenses	11,875	9,094	7,690	5,671	6,854	41,184
Conventions and seminars	3,139	60	7,100	784	20,525	31,608
Depreciation and amortization	53,967	48,774	40,189	10,801	10,072	163,803
In-Kind	-	399,436	1,520	126	-	401,082
Dues and subscriptions	283	542	7,175	1,460	6,834	16,294
Fees and licenses	525	474	36	5,752	566	7,353
Insurance - general	22,278	21,546	7,426	11,078	2,888	65,216
Insurance - employee	1,243	923	499	337	112	3,114
Interest expense	14	7	-	2,862	-	2,883
Meals and entertainment	308	60	100	1,053	468	1,989
Postage	131	1,950	-	59	27,634	29,774
Printing	2,260	1,333	1,921	681	4,850	11,045
Professional fees	17,522	76	527	45,859	-	63,984
Rent	40,855	-	-	-	-	40,855
Repairs and maintenance - auto	4,295	16,984	822	967	-	23,068
Repairs and maintenance - building	15,674	6,238	24,783	4,505	3,048	54,248
Repairs and maintenance - equipment	3,604	13,173	7,025	129	-	23,931
Supplies	90,539	52,249	24,841	6,702	19,686	194,017
Taxes - payroll	29,620	20,509	17,869	10,737	9,027	87,762
Taxes - other	-	-	1,382	-	49	1,431
Telephone	14,999	6,604	4,451	3,558	2,837	32,449
Travel	177	-	-	-	-	177
Utilities and trash	53,415	20,793	45,574	6,278	6,761	132,821
Wages	399,014	279,655	242,826	142,032	124,355	1,187,882
Employer match	7,154	2,866	1,309	3,289	2,224	16,842
Worker's compensation	8,571	8,571	2,857	3,987	1,111	25,097
TOTAL EXPENSES	\$ 785,512	916,269	448,948	272,520	414,220	2,837,469

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES			SUPPORTING SERVICES		Total
	Restoration & Family Ministries	Warehouse Program	Victory Shelter	Management & General	Fundraising & Development	
Advertising and media production	\$ 28,123	1,805	-	1,128	142,715	173,771
Bank charges	-	71	594	10,362	2,785	13,812
Contract labor	4,848	14,654	4,864	5,651	2,528	32,545
Computer related expenses	-	79	-	-	-	79
Conventions and seminars	2,057	-	2,701	1,767	347	6,872
Depreciation and amortization	50,531	45,499	36,244	9,907	9,907	152,088
In-Kind	19,230	333,426	-	-	41	352,697
Dues and subscriptions	451	29	-	2,846	6,757	10,083
Equipment lease	-	-	-	230	-	230
Fees and licenses	477	1,406	124	93	63	2,163
Insurance - general	20,762	20,762	5,682	4,024	3,655	54,885
Interest expense	-	-	-	16,189	-	16,189
Meals and entertainment	1,638	55	-	1,342	231	3,266
Miscellaneous	-	-	-	172	-	172
Postage	2,863	1,192	52	237	42,114	46,458
Printing	5,137	2,076	1,539	1,754	10,359	20,865
Professional fees	36,419	-	400	46,588	628	84,035
Rent	42,926	-	-	-	-	42,926
Repairs and maintenance - auto	2,804	22,870	1,003	1,155	112	27,944
Repairs and maintenance - building	24,136	3,600	63,564	4,606	1,585	97,491
Repairs and maintenance - equipment	10,745	6,227	7,346	3	-	24,321
Supplies	140,261	47,509	11,535	3,005	7,492	209,802
Taxes - payroll	22,138	30,791	15,353	7,607	8,735	84,624
Telephone	8,303	7,054	5,605	4,500	2,134	27,596
Travel	254	10	-	796	-	1,060
Utilities and trash	51,322	18,004	48,355	6,478	5,805	129,964
Wages	397,544	300,289	205,657	98,683	114,113	1,116,286
Employer match	8,345	1,283	787	2,935	2,644	15,994
Worker's compensation	12,429	12,429	4,143	1,607	1,618	32,226
TOTAL EXPENSES	\$ 893,743	871,120	415,548	233,665	366,368	2,780,444

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 713,889	339,988
Non-cash items included in net income:		
Depreciation and amortization	163,803	152,088
Loss on disposal of assets	4,073	12,855
Realized gain on sale of investments	(8,403)	(14,351)
Unrealized (gain) loss on investments	(18,281)	18,864
PPP loan forgiveness	(210,030)	-
(Increase) decrease in operating assets:		
Accounts receivable	(31,904)	(15,914)
Prepaid expenses	8,172	(39,759)
Inventory	(12,639)	(86)
Increase (decrease) in operating liabilities:		
Accounts payable	28,019	2,866
Accrued expenses	28,163	7,067
Net Cash Provided by Operating Activities	664,862	463,618
INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	-	2,715
Reinvested interest and capital gains	(1,162)	15,129
Construction in progress	(12,450)	(15,000)
Purchases of property and equipment	(32,012)	(205,784)
Net Cash Used by Investing Activities	(45,624)	(202,940)
FINANCING ACTIVITIES		
Proceeds from PPP loan	-	210,030
Repayments of long-term debt	(123,421)	(431,023)
Net Cash Used by Financing Activities	(123,421)	(220,993)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	495,817	39,685
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	1,382,097	1,342,412
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 1,877,914	1,382,097
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest expense	\$ 2,883	15,858

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Company's Business

Springfield Victory Mission, Inc. ("Victory") is a not-for-profit Christian ministry that provides essential services to needy individuals and families in the Southwest Missouri area. Victory is also committed to teaching the homeless and formally incarcerated to be independent and gives them the resources to rebuild their lives.

Victory's primary sources of funding include contributions received from the general public and program service fees.

Basis of Accounting

Victory uses the accrual method of accounting, which recognizes revenue when earned and expenses when incurred.

Financial Statement Presentation

The financial statements of Victory have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Victory to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: – Net assets subject to donor-imposed stipulations that they be maintained permanently by Victory. Generally, the donors of these assets permit Victory to use all or part of the income earned on any related investments for general or specific purposes.

New Accounting Pronouncement

On August 16, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about the liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The organization has adjusted the presentation of these statements accordingly.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Accounts Receivables

Accounts receivable are reflected net of estimated uncollectible amounts. While generally acceptable accounting principles require the use of the allowance method, management believes that there are immaterial differences between using the allowance method and the direct write off method. At June 30, 2021 and 2020, Victory considered all remaining accounts receivable to be fully collectible. During the years ended June 30, 2021 and 2020, Victory had \$0 of bad debt expense each year.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first out method.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is provided principally on the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Buildings and improvements	30-39 years
Furniture and equipment	5-15 years
Transportation equipment	5-15 years
Computer software	3 years

The costs of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income, except for gains on assets where no cash was received. Expenditures for maintenance and repairs are charged to income as incurred; replacements and betterments that extend the useful lives are capitalized.

Long-lived assets held and used by Victory are reviewed for impairment whenever events or changes in circumstances indicate that the cost of any long-lived assets may be impaired, and evaluation of recoverability would be performed following generally accepted accounting principles.

Depreciation expense during the years ended June 30, 2021 and 2020 totaled \$163,803 and \$152,088, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence or nature of any donor restrictions. With donor restrictions net assets are reclassified to without donor restrictions net assets upon satisfaction of the time or purpose restrictions.

Victory reports donations of real property as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributed Good and Services

During the years ended June 30, 2021 and 2020, the value of contributed products and services meeting the requirements for recognition in the financial statements was material and has been recorded at fair market value. Donated contributions are recognized if the donation creates or enhances a nonfinancial asset or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The value of contributed goods and services as of June 30, 2021 and 2020 was \$410,082 and \$352,697, respectively, and has been properly used to support program services.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization’s revenue is derived from the men’s restoration program (included in program service revenue). The organization recognizes revenue from these contracts during the year in which the services are provided to participants. The performance obligation of providing services to participants is simultaneously received and consumed by the participants; therefore, the revenue is recognized when the service is provided over the course of the year. Payments from these contracts are due within 30 days, and the participants pay within 30 to 60 days. Therefore, no significant financing component exists.

A portion of the Organization’s revenue is derived from warehouse sales (included in program service revenue). The Organization recognizes revenue from these contracts during the year in which the products are sold. The performance obligation of selling scrap metal, vending machine items, and bailing and recycling excess donated goods is simultaneously received and consumed by the participants; therefore, the revenue is recognized when the sale occurs. Payments from these contracts are due within 30 days, and the participants pay within 30 to 60 days. Therefore, no significant financing component exists.

A portion of the Organization’s revenue is derived from catering services (included in program service revenue). The Organization recognizes revenue from these contracts during the year in which the catering contract is fulfilled. The performance obligation of providing catered meals is simultaneously received and consumed by the participants; therefore, the revenue is recognized when the catering event occurs. Payments from these contracts are due within 30 days, and the participants pay within 30 to 60 days. Therefore, no significant financing component exists.

A portion of the Organization’s revenue is derived from victory coffee sales (included in program service revenue). The Organization recognizes revenue from these contracts during the year in which the coffee is sold. The performance obligation of providing coffee is simultaneously received and consumed by the participants; therefore, the revenue is recognized when the coffee is sold. Payments from these contracts are due within 30 days, and the participants pay within 30 to 60 days. Therefore, no significant financing component exists.

All revenue recorded in program service revenue on the statement of activities is revenue from the men’s restoration program, warehouse sales, catering services, and victory coffee sales. All revenues included in this category are considered to be within the scope of ASU 2014-09.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. In accordance with the standard, the Organization has determined that commensurate value is not received and sacrificed by fundraising event sponsors and ticket holders. Therefore, the revenues received from the event sponsors and ticket holders are not considered within the scope of ASU 2014-09.

Advertising

Victory's policy is to expense advertising costs when incurred. Victory incurred \$159,493 and \$173,771 of advertising expense for the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of allocating the various programs and other activities have been summarized on a functional basis in the in the statement of activities and changes in net assets in accordance with FASB ASC 958-205, "Presentation of Financial Statements of Not-for-Profit-Organizations". Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Income Taxes

Victory is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Victory has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to federal and state jurisdiction are the 2018 through 2021 tax years. However, Victory is not currently under audit nor has Victory been contacted by any jurisdiction. Based on the evaluation of Victory's tax positions, management believes all tax positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2021 and 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management Review

Management has evaluated subsequent events through December 3, 2021, the date which the financial statements were available to be issued.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2: DESCRIPTION OF PROGRAM ACTIVITIES

Victory Mission's programs and services are carried out through three primary programs: Outreach, Workforce Development, and Restoration. In our Outreach programs, Victory operates the emergency shelter, mobile pantry, and street outreach. The Workforce Development operates Equip Coffee, WorkReady BootCamp, and the bailing operation.

Outreach

Victory Shelter for men is the housing and program facility located at 1610 North Broadway. Services offered there are:

Emergency Shelter: A transitional-service shelter that offers housing and breakfast for thirty days and is available every six months. It is a sober facility, and a daily chore is necessary in order to keep the bed. In addition, a man must participate in five classes each week with numerous classes to choose from. The Mission Chaplain or case manager is available to help men work on the spiritual and relational pieces of their lives.

Transitional Shelter: A dormitory-hotel part of the building where a man pays a program fee for a bed and breakfast in a room with other men. He must maintain sobriety and live by the building rules. There is no chore or class requirement although the men are encouraged to participate.

Other Victory Outreach Services include the Mobile Pantry and Street Outreach.

Mobile Pantry: A food pantry for emergency food, vouchers for clothing and furniture, and Christian love and encouragement. It is responsible for our annual "Back to School" event which provides students with clothing and school supplies, Thanksgiving baskets for families, and Christmas baskets for families.

Victory Street Outreach: This is a group of Victory staff and volunteers who spend time in places where the unsheltered or homeless are. This team of individuals will visit camps, downtown spaces, and under bridges to find those ready for their own level of victory.

Workforce Development

Equip Coffee supports job training for men and women in the long-term restoration program. Product packaging and budgeting skills are learned by the Equip Coffee interns.

WorkReady BootCamp allows emergency shelter participants the opportunity to learn in a three day class environment. At the completion of the training, BootCamp participants are equipped to apply for jobs and to understand the requirements of obtaining and keeping a position.

Our bailing operation supervises all of the gifts-in-kind donations to Victory as well as a fleet of trucks that pick-up and deliver items for Victory. Non-food items are distributed to Victory programs as well as other organizations in the area. Excess clothing, shoes, belts, purses, hats, toys, cardboard, and metals are recycled with the money earned going into the programs of Victory. The volume of recycling makes Victory a helpful part of the recycling efforts in our community.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2: DESCRIPTION OF PROGRAM ACTIVITIES (CONTINUED)

Workforce Development (Continued)

The Food Depot, located inside our warehouse, receives sorts, stores, and ships food to Victory Mission programs as well as other churches and charities in our area.

Restoration (Men's and Women's Programming):

Participants will work through five core areas (Personal, Vocational, Relational, Financial, and Spiritual) in order to progress through the outlined Phases. During Phase 1 participants focus on themselves and develop character and workforce ready skills. Phase 1 has 20 hours of volunteer assignments and 20 hours of classes. When participants transition to Phase 2, they begin applying for jobs within the community. Once reaching Phase 3, Restoration participants live and work within the community. This Restoration process has high expectations and high accountability. Participants successfully accomplishing transition to Phase 3 have an 80% success rate.

NOTE 3: INVENTORY

Inventories consist of the following:

	<u>2021</u>	<u>2020</u>
Food	\$ 111,119	196,424
Warehouse	181,950	87,645
Coffee	6,141	2,502
	<u>\$ 299,210</u>	<u>286,571</u>

Victory received a grant to create a social enterprise, Equip Coffee, a coffee company. This opportunity will train men and women in business operations, inventory controls, accounting and customer service.

NOTE 4: ENDOWMENT

Net assets with donor restrictions at June 30, 2021 and 2020 consist of a single endowment held at the Community Foundation of the Ozarks, Inc. The account was recorded at fair value on a recurring basis during the years ended June 30, 2021 and 2020 using quoted prices in active markets. At June 30, 2021 and 2020, the fund balance was \$103,933 and \$103,933, respectively.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2019	\$ 15,256	108,319	123,575
Distributions	(17,057)	-	(17,057)
Investment return:			
Net investment income	1,928	-	1,928
Net appreciation (realized and unrealized)	(4,513)	-	(4,513)
Total investment return	<u>(19,642)</u>	<u>-</u>	<u>(19,642)</u>
Endowment net assets, June 30, 2020	<u>\$ (4,386)</u>	<u>108,319</u>	<u>103,933</u>

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4: ENDOWMENT (CONTINUED)

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2020	\$ (4,386)	108,319	103,933
Contributions	135	-	135
Investment return:			
Net investment income	1,026	-	1,026
Net appreciation (realized and unrealized)	26,685	-	26,685
Total investment return	27,846	-	27,846
Endowment net assets, June 30, 2021	<u>\$ 23,460</u>	<u>108,319</u>	<u>131,779</u>

Interpretation of Relevant Law

The Board of Directors have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

Return Objectives

Victory has adopted the investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Victory must hold in perpetuity or for a donor-specified period. Under this policy, endowment assets are invested in a manner that prevents erosion of the endowment providing a total return sufficient to cover the cost of investment and the rate of inflation.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4: ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Victory relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

Victory follows the donor's stipulation in regard to endowment funds. The donor stipulated that the original principal be held and invested by Victory indefinitely, and income from the fund be used for general operations. Victory retains the option to appropriate for expenditure the income and appreciation earned above and beyond the original gift.

NOTE 5: FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value and expands disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets and liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

Mutual Funds and Common and Preferred stocks: All investments are pooled with other funds and investment valuations are provided by an independent third party which are based on quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the organization's assets including investments and endowment funds at fair value as of June 30, 2021, respectively:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ -	56,138	-	56,138
Common or preferred stock	-	75,641	-	75,641
Total assets at fair value	<u>\$ -</u>	<u>131,779</u>	<u>-</u>	<u>131,779</u>

The following table summarizes the organization's assets including investments and endowment funds at fair value as of June 30, 2020, respectively:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ -	51,759	-	51,759
Common or preferred stock	-	52,174	-	52,174
Total assets at fair value	<u>\$ -</u>	<u>103,933</u>	<u>-</u>	<u>103,933</u>

SPRINGFIELD VICTORY MISSION, INC.
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NOTE 6: LONG TERM DEBT

Long-term debt consists of the following:

Notes Payable	<u>2021</u>	<u>2020</u>
Note payable to Guaranty Bank with fixed interest rate of 4.250%, maturing in April 2023, due in monthly principal and interest installments of \$1,800 with a balloon payment of \$76,069 as the last installment.	\$ -	123,421
PPP Loan from Mid Missouri Bank with fixed interest rate of 1.00%, maturing in April 2022	-	210,030
Less: current portion	-	(16,600)
	<u>\$ -</u>	<u>316,851</u>

The Organization was granted a \$210,030 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and the right of return of the PPP loan no longer existed. The Organization has recognized \$210,030 as revenue and is included on the statement of activities for the year ended June 30, 2021. On January 8, 2021, the Organization received notice of complete forgiveness of the first round off PPP Loan proceeds.

Interest expense related to the debt totaled \$2,883 and \$16,189, respectively, for the years ended June 30, 2021 and 2020.

NOTE 7: CONTRIBUTED GOODS AND SERVICES

Victory records various types of contributions in-kind. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by the like amounts included in the expenses or additions of property and equipment.

Victory received the following contributions in-kind, estimated at fair market value on the dates of the donations, during the years ended June 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Food	\$ 288,021	190,581
Non-food	<u>122,061</u>	<u>162,116</u>
	<u>\$ 410,082</u>	<u>352,697</u>

In addition, a number of individuals volunteer their time each year to Victory’s program and support services. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8: LEASES

Victory leases a room for men for \$550 per month with an agreement that began April 2018 and went through September 2018. The lease was then month to month after the initial agreement ended. In July 2019, the rent increased to \$600 per month. The total rent expensed under this lease and included in rent expense on the statement of functional expenses for the years ending June 30, 2021 and 2020 totaled \$0 and \$4,200, respectively.

During the year, Victory leased different properties with monthly rent ranging from \$625-\$1,200 that extend through various dates through February 2023. The total rent expensed under these leases and included in rent expense on the statement of functional expenses for the years ending June 30, 2021 and 2020 totaled \$38,605 and \$29,743, respectively.

In addition, Victory also has a 60 month equipment lease with a monthly payment amount of \$369 beginning in December 2016. Total lease expense is grouped in printing on the statement of functional expenses for the years ended June 30, 2021 and 2020 totaled \$1,846 and \$4,431, respectively.

Total rent from all operating leases for the years ended June 30, 2021 and 2020 totaled \$40,451 and \$38,373, respectively. These amounts are recorded in rent and printing on the statement of operations and changes in net assets.

The following is a schedule of future minimum lease payments required under all leases for the year ending June 30, 2021:

2022	\$ 10,200
2023	<u>6,800</u>
	<u>\$ 17,000</u>

NOTE 9: RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same amounts in the statement of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,877,914	1,382,097
Restricted cash	<u>-</u>	<u>-</u>
Total cash, cash equivalents and restricted cash		
Shown in the statement of cash flows	<u>\$ 1,877,914</u>	<u>1,382,097</u>

NOTE 10: LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,877,914	\$ 1,382,097
Accounts receivable	<u>69,217</u>	<u>37,313</u>
Total	<u>\$ 1,947,131</u>	<u>\$ 1,419,410</u>

**SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10: LIQUIDITY AND AVAILABILITY (CONTINUED)

None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and obligations come due.

NOTE 11: CONCENTRATION OF CREDIT RISK

Victory maintains cash balances at several financial institutions. FDIC insurance coverage per depositor account is \$250,000 and all non-interest bearing or low interest bearing accounts (less than .5%) are entirely covered by FDIC insurance. At times, cash balances may have been in excess of insured limits.

NOTE 12: RESTATEMENT OF NET ASSETS

The beginning net assets on the financial statements have been restated to conform with generally accepted accounting principles. The Organization has increase its July 1, 2019 net assets by \$228,603 for the cumulative effects of the change in inventory for the year ended June 30, 2020.

The following sets for the reconciliation of the restatement of July 1, 2019 net assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets as Originally Reported	\$ 3,227,849	108,319	\$ 3,336,168
Restatement	<u>228,603</u>	<u>-</u>	<u>-</u>
Restated Net Assets	<u>\$ 3,456,452</u>	<u>108,319</u>	<u>\$ 3,564,771</u>

NOTE 13: COVID-19 IMPACT

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to impact our operating results. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.