

SPRINGFIELD VICTORY MISSION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



ELLIOTT, ROBINSON
& COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

TRUSTED BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

Board of Directors
Springfield Victory Mission, Inc.
Springfield, Missouri

Opinion

We have audited the accompanying financial statements of Springfield Victory Mission, Inc. (a Missouri nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in fund balance, and cash flow for the year 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 Springfield Victory Mission, Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Springfield Victory Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Springfield Victory Mission, Inc. ability to continue as a going concern within one year after the date that the financial statements are available and issued.

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Springfield Victory Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Springfield Victory Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules and combining financial statements are presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such statements or to the financial statements themselves, and other additional procedures in accordance

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Elliott, Robinson & Company, LLP

Springfield, Missouri
December 20, 2022

SPRINGFIELD VICTORY MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,922,645	1,877,914
Accounts receivable	6,134	69,217
Grants receivable	13,790	-
Prepaid expenses	66,249	36,473
Inventory	313,769	299,210
Total Current Assets	<u>2,322,587</u>	<u>2,282,814</u>
PROPERTY AND EQUIPMENT		
Land	194,697	194,697
Buildings	3,397,845	3,303,500
Furniture	126,374	126,374
Equipment	651,890	581,731
Computer software	9,062	9,062
	<u>4,379,868</u>	<u>4,215,364</u>
Less accumulated depreciation	2,007,403	1,839,614
Total Property and Equipment	<u>2,372,465</u>	<u>2,375,750</u>
OTHER ASSETS		
Construction in progress	288,080	27,450
Endowment	116,292	131,779
Total Other Assets	<u>404,372</u>	<u>159,229</u>
	<u>\$ 5,099,424</u>	<u>4,817,793</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 98,711	64,118
Accrued expenses	167,341	135,027
Total Current Liabilities	<u>266,052</u>	<u>199,145</u>
NET ASSETS		
Net assets without donor restrictions	4,725,053	4,510,329
Net assets with donor restrictions	108,319	108,319
Total Net Assets	<u>4,833,372</u>	<u>4,618,648</u>
	<u>\$ 5,099,424</u>	<u>4,817,793</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, 2022

	Year ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 2,352,298	-	2,352,298
Contributions - in-kind	519,201	-	519,201
Program service revenue	525,195	-	525,195
Special event revenue	5,234	-	5,234
Interest income	5,177	-	5,177
Miscellaneous income	11,974	-	11,974
Unrealized loss on investments	(18,017)	-	(18,017)
Realized gain on investments	1,437	-	1,437
Total Revenue	<u>3,402,499</u>	<u>-</u>	<u>3,402,499</u>
Program Expenses			
Restoration and family ministry	882,723	-	882,723
Warehouse	1,031,297	-	1,031,297
Victory square	537,643	-	537,643
Total Program Expenses	<u>2,451,663</u>	<u>-</u>	<u>2,451,663</u>
Supporting Services Expenses			
Management and general	242,486	-	242,486
Fundraising and development	493,626	-	493,626
Total Supporting Services Expenses	<u>736,112</u>	<u>-</u>	<u>736,112</u>
Total expenses	<u>3,187,775</u>	<u>-</u>	<u>3,187,775</u>
Change in net assets	214,724	-	214,724
Net assets at beginning of year	<u>4,510,329</u>	<u>108,319</u>	<u>4,618,648</u>
Net assets at end of year	<u>\$ 4,725,053</u>	<u>108,319</u>	<u>4,833,372</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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES			SUPPORTING SERVICES		Total
	Restoration	Workforce Develop Outreach	Victory Shelter	Management & General	Fundraising & Development	
Advertising and media production	\$ 258	270	-	-	142,010	142,538
Bank charges	3	482	-	4,377	10,659	15,521
Contract labor	11,332	3,504	3,154	2,194	3,875	24,059
Computer related expenses	333	333	111	111	111	999
Conventions and seminars	2,317	-	513	206	11,798	14,834
Depreciation and amortization	57,677	48,666	39,279	11,676	10,489	167,787
In-Kind	-	520,829	-	449	-	521,278
Dues and subscriptions	2,068	676	10,283	2,208	5,219	20,454
Fees and licenses	823	2,079	135	2,845	2,396	8,278
Insurance - general	22,833	22,390	7,422	9,670	2,887	65,202
Insurance - employee	503	(10)	277	209	118	1,097
Meals and entertainment	526	106	-	1,007	925	2,564
Miscellaneous	-	-	-	60	-	60
Postage	210	728	-	2	30,520	31,460
Printing	100	5,024	15	79	7,604	12,822
Professional fees	8,841	62	-	40,339	-	49,242
Rent	36,400	-	-	-	-	36,400
Repairs and maintenance - auto	12,815	21,563	82	593	197	35,250
Repairs and maintenance - building	33,053	11,775	34,839	3,082	5,828	88,577
Repairs and maintenance - equipment	6,564	8,945	7,647	247	23	23,426
Supplies	75,320	62,934	14,442	3,162	8,040	163,898
Taxes - payroll	34,657	20,079	24,600	10,398	16,178	105,912
Telephone	12,910	3,577	2,650	-	5,241	24,378
Travel	44	-	-	-	-	44
Utilities and trash	65,906	14,496	50,782	4,788	7,380	143,352
Wages	474,595	265,382	334,035	139,697	217,542	1,431,251
Employer match	7,818	2,590	2,438	3,166	2,665	18,677
Worker's compensation	14,817	14,817	4,939	1,921	1,921	38,415
TOTAL EXPENSES	\$ 882,723	1,031,297	537,643	242,486	493,626	3,187,775

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.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 214,724	713,889
Non-cash items included in net income:		
Depreciation and amortization	167,787	163,803
Loss on disposal of assets	-	4,073
Realized gain on sale of investments	(1,437)	(8,403)
Unrealized (gain) loss on investments	18,017	(18,281)
PPP loan forgiveness	-	(210,030)
(Increase) decrease in operating assets:		
Accounts receivable	63,083	(31,904)
Grants receivable	(13,790)	-
Prepaid expenses	(29,776)	8,172
Inventory	(14,559)	(12,639)
Increase (decrease) in operating liabilities:		
Accounts payable	34,593	28,019
Accrued expenses	32,314	28,163
Net Cash Provided by Operating Activities	470,956	664,862
INVESTING ACTIVITIES		
Reinvested interest and capital gains	(1,093)	(1,162)
Construction in progress	(260,630)	(12,450)
Purchases of property and equipment	(164,502)	(32,012)
Net Cash Used by Investing Activities	(426,225)	(45,624)
FINANCING ACTIVITIES		
Repayments of long-term debt	-	(123,421)
Net Cash Used by Financing Activities	-	(123,421)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	44,731	495,817
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	1,877,914	1,382,097
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 1,922,645	1,877,914
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest expense	\$ -	2,883

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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 teaches those experiencing homelessness and coming from challenging life circumstances how to be independent and gives them the tools to rebuild their lives. Victory does this through three keyways: Outreach programming, Workforce Development training, and long-term programming called "Restoration". Outreach services include emergency shelter, mobile pantry, and street outreach. Workforce Development training includes WorkReady BootCamp (work ready assistance), vocational service classes, and paid internships. Restoration focuses on walking with individuals for at least a year of their life focusing on 5 key areas: Spiritual, Personal, Relational, Vocational, and Financial. These areas focus to engage potential individuals with food, shelter, and clothing while developing long-term relationships focusing on lasting and forever transformation. Life-long victory is available for everyone.

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

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021 and interim periods within annual reporting periods beginning after June 15, 2022.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, Victory considered all remaining accounts receivable to be fully collectible. During the years ended June 30, 2022 and 2021, Victory had \$0 of bad debt expense each year.

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, 2022 and 2021 totaled \$167,789 and \$163,803, 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.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Good and Services

During the years ended June 30, 2022 and 2021, 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, 2022 and 2021 was \$519,201 and \$410,082, respectively, and has been properly used to support program services.

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.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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 \$142,538 and \$159,493 of advertising expense for the years ended June 30, 2022 and 2021, 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 2019 through 2022 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, 2022 and 2021.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 20, 2022, the date which the financial statements were available to be issued.

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.

**SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 2: DESCRIPTION OF PROGRAM ACTIVITIES (CONTINUED)

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.

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>2022</u>	<u>2021</u>
Food	\$ 168,425	111,119
Warehouse	122,567	181,950
Coffee	<u>22,777</u>	<u>6,141</u>
	<u>\$ 313,769</u>	<u>299,210</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, 2022 and 2021 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, 2022 and 2021 using quoted prices in active markets. At June 30, 2022 and 2021, the fund balance was \$116,292 and \$131,779, respectively.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 4: ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2020	\$ (4,386)	108,319	103,933
Distributions	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>

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	\$ 23,460	108,319	131,779
Contributions	-	-	-
Investment return:			
Net investment income	943	-	943
Net appreciation (realized and unrealized)	(16,430)	-	(16,430)
Total investment return	(15,487)	-	(15,487)
Endowment net assets, June 30, 2022	<u>\$ 7,973</u>	<u>108,319</u>	<u>116,292</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.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 4: ENDOWMENT (CONTINUED)

Interpretation of Relevant Law

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.

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.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

- 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, 2021.

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, 2022, respectively:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ -	48,959	-	48,959
Common or preferred stock	-	67,333	-	67,333
Total assets at fair value	<u>\$ -</u>	<u>116,292</u>	<u>-</u>	<u>116,292</u>

**SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

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>

NOTE 6: LONG TERM DEBT

Interest expense related to the debt totaled \$0 and \$2,883, respectively, for the years ended June 30, 2022 and 2021.

NOTE 7: IN-KIND CONTRIBUTIONS

Victory Mission recognized contributed nonfinancial assets within revenue, including a contributed building, vehicles, household goods, food, clothing, and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Vehicles

It is Victory Mission’s policy to use all contributed vehicles within Victory programming. Vehicles can be restricted for use in a specific program by the donor. No vehicles received during the period were restricted for use. All vehicles were used for programming value. All vehicles are valued by KBB (Kelley Blue Book) or like valuing systems. Values are taken at the men and based on available life and wear.

The contributed building will be used for general and administrative activities. In valuing the contributed building, Victory Mission estimated the fair value based on the basis of recent comparable sales prices in the Springfield real estate market.

Food

Contributed food was utilized in the following programs: outreach and shelter meals, food for partner churches and organizations, and food for individuals in the long-term program (Restoration).

Values

All food is valued by using estimated U.S. wholesale prices. Victory uses either the identical product or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for the use at the time of the contribution. New items are valued at new (food, clothing, etc.). Used items are valued at “resale value” similar to values placed at a thrift store or resale shop.

**SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 7: IN-KIND CONTRIBUTIONS

Goods

Contributed household goods were used in community development programs, like the Mobile Pantry, and services to shelters. Some contributed clothing was restricted by donors for use in specific community shelters. Contributed clothing was used in specific community shelters.

Services (labor)

Contributed services recognized comprise professional services from attorneys advising Victory Mission. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services.

This could also be accountants sharing valuable insights. It could also rise from labor on specific jobs. Victory mission requires the “labor” to be in a bid or representative of other bids from companies also interested in doing the work. The value could be taken from the average of the bids of labor on the gifted “labor”.

Victory received the following contributions in-kind, estimated at fair market value on the dates of the donations, during the years ended June 30, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 644	-
Food	344,131	288,021
Miscellaneous Household Items	174,426	122,061
	<u>\$ 519,201</u>	<u>410,082</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.

NOTE 8: LEASES

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, 2022 and 2021 totaled \$33,000 and \$38,605, respectively.

Total rent from all operating leases for the years ended June 30, 2022 and 2021 totaled \$36,400 and \$40,481, 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, 2022:

2023	<u>\$ 6,800</u>
	<u>\$ 6,800</u>

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,922,645	1,877,914
Restricted cash	<u>-</u>	<u>-</u>
Total cash, cash equivalents and restricted cash Shown in the statement of cash flows	<u>\$ 1,922,645</u>	<u>1,877,914</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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,922,645	\$ 1,877,914
Accounts receivable	<u>6,134</u>	<u>69,217</u>
Total	<u>\$ 1,928,779</u>	<u>\$ 1,947,131</u>

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.