

SPRINGFIELD VICTORY MISSION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019



**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 statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, functional expenses and cash flows for the six months 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, 2019, and the changes in its net assets and its cash flows for the six months then ended, in accordance with accounting principles generally accepted in the United States of America.

Elliott, Robinson & Company, LLP

Springfield, Missouri
January 17, 2020

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,342,412
Accounts receivable		21,399
Prepaid expenses		4,886
Inventory		57,881
Total Current Assets		1,426,578

PROPERTY AND EQUIPMENT

Land		119,385
Buildings		3,338,650
Furniture		191,920
Equipment		588,783
Computer software		55,731
		4,294,469
Less accumulated depreciation		1,820,980
Total Property and Equipment		2,473,489

OTHER ASSETS

Endowment		123,575
Total Other Assets		123,575

\$ 4,023,642

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$	28,800
Accounts payable		33,233
Accrued expenses		99,797
Total Current Liabilities		161,830

LONG-TERM DEBT - Net of current portion

525,644

NET ASSETS

Net assets without donor restrictions		3,227,849
Net assets with donor restrictions		108,319
Total Net Assets		3,336,168

\$ 4,023,642

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
SIX MONTHS ENDED JUNE 30, 2019

	Six months ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 1,053,014	-	1,053,014
Contributions - in-kind	104,753	-	104,753
Program service revenue	368,433	-	368,433
Special event revenue	1,048	-	1,048
Interest income	9,124	-	9,124
Miscellaneous income	698	-	698
Unrealized gain on investments	12,309	-	12,309
Realized loss on investments	(187)	-	(187)
Gain on disposal of assets	7,582	-	7,582
Total Revenue	<u>1,556,774</u>	<u>-</u>	<u>1,556,774</u>
Program Expenses			
Restoration and family ministry	363,574	-	363,574
Warehouse	278,794	-	278,794
Victory square	157,994	-	157,994
Maintenance	9,599	-	9,599
Total Program Expenses	<u>809,961</u>	<u>-</u>	<u>809,961</u>
Supporting Services Expenses			
Management and general	223,302	-	223,302
Fundraising and development	164,961	-	164,961
Total Supporting Services Expenses	<u>388,263</u>	<u>-</u>	<u>388,263</u>
Total expenses	<u>1,198,224</u>	<u>-</u>	<u>1,198,224</u>
Change in net assets	<u>358,550</u>	<u>-</u>	<u>358,550</u>
Net assets at beginning of year	<u>2,869,299</u>	<u>108,319</u>	<u>2,977,618</u>
Net assets at end of year	<u>\$ 3,227,849</u>	<u>108,319</u>	<u>3,336,168</u>

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
SIX MONTHS ENDED JUNE 30, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES			Total
	Restoration & Family Ministries	Warehouse Program	Victory Square	Maintenance Program	Management & General	Fundraising & Development		
Advertising and media production	\$ 390	-	-	-	1,048	41,894	43,332	
Bank charges	-	-	281	-	2,328	4,079	6,688	
Computer related expenses	539	-	-	-	-	3,218	3,757	
Conventions and seminars	1,682	-	992	-	1,047	372	4,093	
Depreciation and amortization	12,928	7,890	18,925	3,716	27,685	2,434	73,578	
In-Kind	519	104,104	-	-	15	116	104,754	
Dues and subscriptions	908	454	454	-	617	1,568	4,001	
Fees and licenses	353	7,915	103	64	30	-	8,465	
Insurance - general	-	-	-	-	24,146	-	24,146	
Interest expense	-	-	-	-	15,248	-	15,248	
Meals and entertainment	517	11	950	-	201	636	2,315	
Miscellaneous	-	-	-	-	49	-	49	
Postage	456	-	(68)	-	962	12,226	13,576	
Printing	1,890	408	916	-	594	1,337	5,145	
Professional fees	18,184	108	-	-	18,121	43	36,456	
Rent	21,072	-	-	-	-	-	21,072	
Repairs and maintenance - auto	1,946	15,285	360	660	138	43	18,432	
Repairs and maintenance - building	8,691	7,750	4,555	80	3,036	2,260	26,372	
Repairs and maintenance - equipment	915	8,143	960	-	-	-	10,018	
Supplies	71,930	17,042	6,703	198	5,118	5,896	106,887	
Taxes - payroll	13,609	6,478	6,116	298	6,705	5,822	39,028	
Telephone	4,083	3,495	2,534	-	3,227	2,177	15,516	
Travel	133	15	-	-	-	-	148	
Utilities and trash	16,382	10,153	27,049	-	6,425	2,960	62,969	
Wages	186,447	89,543	87,164	4,583	76,616	77,880	522,233	
Employer match	-	-	-	-	6,743	-	6,743	
Worker's compensation	-	-	-	-	23,203	-	23,203	
TOTAL EXPENSES	\$ 363,574	278,794	157,994	9,599	223,302	164,961	1,198,224	

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2019

OPERATING ACTIVITIES

Change in net assets	\$ 358,550
Non-cash items included in net income:	
Depreciation and amortization	73,578
Gain on disposal of assets	(7,582)
Realized loss on sale of investments	187
Unrealized gain on investments	(12,309)
(Increase) decrease in operating assets:	
Accounts receivable	4,164
Prepaid expenses	4,012
Inventory	2,360
Increase (decrease) in operating liabilities:	
Accounts payable	(60,394)
Accrued expenses	14,531
Net Cash Provided by Operating Activities	377,097

INVESTING ACTIVITIES

Proceeds from disposal of property and equipment	21,892
Reinvested interest and capital gains	24,981
Purchases of property and equipment	(4,400)
Net Cash Provided by Investing Activities	42,473

FINANCING ACTIVITIES

Repayments of long-term debt	(369,048)
Net Cash Used by Financing Activities	(369,048)

NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH 50,522

CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR 1,291,890

CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR **\$ 1,342,412**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:	
Interest expense	\$ 13,457

See accompanying accountants' report and notes to financial statements.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

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 their clients' long-term rehabilitation, restoration, and re-entry to society.

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.

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, 2019, Victory considered all remaining accounts receivable to be fully collectible. During the six months ended June 30, 2019, Victory had \$0 of bad debt expense.

Inventory

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

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 six months ended June 30, 2019 totaled \$73,578.

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 six months ended June 30, 2019, 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, 2019 was \$368,433, and has been properly used to support program services.

Advertising

Victory's policy is to expense advertising costs when incurred. Victory incurred \$43,332 of advertising expense for the six months ended June 30, 2019.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016 through 2019 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 six months ended June 30, 2019.

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.

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 January 17, 2020, 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 Outreach programs. In our Outreach programs, Victory operates Victory Square, Family Ministries, Single Momz Rock (SMR), Warehouse and Recycling, and the Maintenance of buildings and systems. Victory also focuses in on long-term restoration. This program is primarily the Men's Restoration Program.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

NOTE 2: DESCRIPTION OF PROGRAM ACTIVITIES (CONTINUED)

Victory Square

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

1st 30: 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.

Victory Lodge: 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.

Restoration & Family Ministries

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

Family Ministries offers a food pantry for emergency food, vouchers for clothing and furniture, in addition to Christian love and encouragement. It is also responsible for our annual "Back to School" event which provides students with clothing and school supplies; Thanksgiving baskets for families; Adopt-A-Family at Christmas time; The Sheriffs Kids; and Christmas Baskets for families.

Warehouse Program

Our Warehouse program 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 us one of the major recycling efforts in our community, shipping four to five tractor-trailer loads each month for recycling.

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.

Maintenance Program

The Maintenance Department of Victory Mission is responsible for the preventative, emergency and long-term maintenance of all of our facilities and equipment. This includes plumbing, electrical, HVAC, computers, phones, roofs, vehicles, equipment and outdoor areas. Their work is carried out through staff, contracted services and volunteers.

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

NOTE 3: INVENTORY

Inventories consist of the following:

	<u>2019</u>
Food	\$ 50,965
Warehouse	4,500
Coffee	<u>2,416</u>
	<u>\$ 57,881</u>

Victory received a grant to create a new social enterprise, For Victory, a coffee company. This new 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, 2019 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 six months ended June 30, 2019 using quoted prices in active markets. At June 30, 2019, the fund balance was \$123,575.

Changes in endowment net assets for the six months ended June 30, 2019 were:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2019	\$ 28,115	108,319	136,434
Distributions	(25,201)	-	(25,201)
Investment return:			
Net investment income	220	-	220
Net appreciation (realized and unrealized)	<u>12,122</u>	-	<u>12,112</u>
Total investment return	<u>12,342</u>	-	<u>12,342</u>
Endowment net assets, June 30, 2019	<u>\$ 15,256</u>	<u>108,319</u>	<u>123,575</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
SIX MONTHS ENDED JUNE 30, 2019

NOTE 4: ENDOWMENT (CONTINUED)

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
SIX MONTHS ENDED JUNE 30, 2019

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, 2019.

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, 2019, respectively:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	\$ -	56,227	-	56,227
Common or preferred stock	-	67,348	-	67,348
Total assets at fair value	<u>\$ -</u>	<u>123,575</u>	<u>-</u>	<u>123,575</u>

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

NOTE 6: LONG TERM DEBT

Long-term debt consists of the following:

Notes Payable

Note payable to Guaranty Bank with fixed interest rate of 5.125%, maturing in March 2021, due in monthly principal and interest installments of \$4,711 with a balloon payment of \$508,605 as the last installment.

Less: current portion

\$	554,444
	<u>(28,800)</u>
\$	<u>525,644</u>

Interest expense related to the debt totaled \$15,248 for the six months ended June 30, 2019.

Maturities of current and long-term debt are as follows for the six months ended June 30, 2019:

2020	28,800
2021	<u>525,644</u>
	<u>\$ 554,444</u>

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 six months ended June 30, 2019:

Food	\$ 26,425
Non-food	<u>78,328</u>
	<u>\$ 104,753</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
SIX MONTHS ENDED JUNE 30, 2019

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. The total rent expensed under this lease and included in rent expense on the statement of functional expenses during the six months ended June 30, 2019 totaled \$3,300.

During the year, Victory leased five different properties with monthly rent ranging from \$625-\$795 that extend through various dates through May 2020. Rent paid for these properties totaled \$16,920 and is included in rent expense on the statement of functional expenses during the six months ended June 30, 2019.

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 six months ended June 30, 2019 totaled \$2,215.

Total rent from all operating leases for the six months ended June 30, 2019 totaled \$22,435. These amounts are recorded in rent and repairs and maintenance 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 six months ending June 30, 2019:

2020	\$ 24,031
2021	<u>1,846</u>
	<u>\$ 25,877</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:

Cash and cash equivalents	\$ 1,342,412
Restricted cash	<u>-</u>
Total cash, cash equivalents and restricted cash	
Shown in the statement of cash flows	<u>\$ 1,342,412</u>

SPRINGFIELD VICTORY MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2019

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:

Cash and cash equivalents	\$ 1,342,412
Accounts receivable	21,399
Endowment	<u>14,893</u>
Total	<u>\$ 1,378,704</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.