

**NASHVILLE RESCUE MISSION
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

As of and for the Years Ended September 30, 2021 and 2020

And Report of Independent Auditor

NASHVILLE RESCUE MISSION AND AFFILIATES

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Report of Independent Auditor

To the Board of Directors
Nashville Rescue Mission and Affiliates
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Nashville Rescue Mission (a non-profit organization) and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nashville Rescue Mission and Affiliates as of September 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Nashville, Tennessee
January 18, 2022

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 14,868,170	\$ 8,674,140
Prepaid expenses	714,344	321,648
Pledges receivable, net, current	3,101,940	933,700
Other assets	10,292	4,626
Total Current Assets	<u>18,694,746</u>	<u>9,934,114</u>
Pledges receivable, net, noncurrent	4,239,622	955,466
Investments	-	2,075
Beneficial interest in trusts	441,472	425,417
Land, buildings, and equipment, net	9,118,153	10,788,970
Total Assets	<u>\$ 32,493,993</u>	<u>\$ 22,106,042</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 686,318	\$ 251,818
Accrued expenses	281,313	412,143
Unearned revenue	18,500	2,500
Deferred grant revenue	-	1,038,456
Total Current Liabilities	<u>986,131</u>	<u>1,704,917</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,115,905	747,446
Board designated (Note 1)	6,135,890	5,651,666
Net investment in land, buildings, and equipment	9,118,153	10,788,970
Total Net Assets Without Donor Restrictions	<u>19,369,948</u>	<u>17,188,082</u>
With Donor Restrictions	12,137,914	3,213,043
Total Net Assets	<u>31,507,862</u>	<u>20,401,125</u>
Total Liabilities and Net Assets	<u>\$ 32,493,993</u>	<u>\$ 22,106,042</u>

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support:			
Contributions	\$ 14,159,453	\$ 10,514,363	\$ 24,673,816
Gifts-in-kind	3,221,165	-	3,221,165
Bequests	349,549	-	349,549
Net assets released from restrictions	1,605,547	(1,605,547)	-
Total Public Support	<u>19,335,714</u>	<u>8,908,816</u>	<u>28,244,530</u>
Revenue:			
Other revenue	1,132,255	-	1,132,255
Loss on disposal of asset (including demolition costs and retainage fees of \$236,250)	(2,838,198)	-	(2,838,198)
Change in value of beneficial interest in trusts	-	16,055	16,055
Total Revenue	<u>(1,705,943)</u>	<u>16,055</u>	<u>(1,689,888)</u>
Total Public Support and Revenue	<u>17,629,771</u>	<u>8,924,871</u>	<u>26,554,642</u>
Expenses:			
Program Services:			
Food, clothing, and other distributions	3,206,479	-	3,206,479
Guest services	4,550,496	-	4,550,496
Recovery services	3,073,672	-	3,073,672
Public awareness	464,644	-	464,644
Total Program Services	<u>11,295,291</u>	<u>-</u>	<u>11,295,291</u>
Supporting Services:			
Management and general	1,345,054	-	1,345,054
Fundraising	2,807,560	-	2,807,560
Total Supporting Services	<u>4,152,614</u>	<u>-</u>	<u>4,152,614</u>
Total Expenses	<u>15,447,905</u>	<u>-</u>	<u>15,447,905</u>
Change in net assets	2,181,866	8,924,871	11,106,737
Net assets, beginning of year	17,188,082	3,213,043	20,401,125
Net assets, end of year	<u>\$ 19,369,948</u>	<u>\$ 12,137,914</u>	<u>\$ 31,507,862</u>

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support:			
Contributions	\$ 12,685,005	\$ 2,792,850	\$ 15,477,855
Gifts-in-kind	3,194,247	-	3,194,247
Bequests	315,565	-	315,565
Net assets released from restrictions	56,600	(56,600)	-
Total Public Support	<u>16,251,417</u>	<u>2,736,250</u>	<u>18,987,667</u>
Revenue:			
Other revenue	108,970	-	108,970
Change in value of beneficial interest in trusts	-	1,537	1,537
Total Revenue	<u>108,970</u>	<u>1,537</u>	<u>110,507</u>
Total Public Support and Revenue	<u>16,360,387</u>	<u>2,737,787</u>	<u>19,098,174</u>
Expenses:			
Program Services:			
Food, clothing, and other distributions	3,438,667	-	3,438,667
Guest services	4,855,448	-	4,855,448
Recovery services	3,018,130	-	3,018,130
Public awareness	491,323	-	491,323
Total Program Services	<u>11,803,568</u>	<u>-</u>	<u>11,803,568</u>
Supporting Services:			
Management and general	1,270,560	-	1,270,560
Fundraising	2,596,231	-	2,596,231
Total Supporting Services	<u>3,866,791</u>	<u>-</u>	<u>3,866,791</u>
Total Expenses	<u>15,670,359</u>	<u>-</u>	<u>15,670,359</u>
Change in net assets	690,028	2,737,787	3,427,815
Net assets, beginning of year	16,498,054	475,256	16,973,310
Net assets, end of year	<u>\$ 17,188,082</u>	<u>\$ 3,213,043</u>	<u>\$ 20,401,125</u>

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Food, Clothing, and Other Distributions	Guest Services	Recovery Services	Public Awareness		Management and General	Fundraising		
Salaries and wages	\$ -	\$ 2,529,555	\$ 1,867,125	\$ -	\$ 4,396,680	\$ 589,089	\$ 593,269	\$ 1,182,358	\$ 5,579,038
Gifts-in-kind	3,117,415	-	-	-	3,117,415	-	-	-	3,117,415
Contract services - donor appeals	-	-	-	-	-	-	1,322,340	1,322,340	1,322,340
Other employee benefits	-	360,520	235,909	-	596,429	171,925	46,317	218,242	814,671
Publicity	-	-	-	464,644	464,644	-	307,837	307,837	772,481
Utilities	-	275,278	227,727	-	503,005	25,199	19,867	45,066	548,071
Payroll taxes	-	122,163	81,669	-	203,832	85,962	30,177	116,139	319,971
Repairs and maintenance	-	406,025	91,592	-	497,617	9,587	7,134	16,721	514,338
Printing and postage	-	-	-	-	-	41,521	350,883	392,404	392,404
Supplies	-	212,722	99,364	-	312,086	36,965	8,132	45,097	357,183
Food purchases	89,064	-	-	-	89,064	-	-	-	89,064
Retirement benefits	-	52,836	46,838	-	99,674	67,695	15,814	83,509	183,183
Dues and subscriptions	-	58,471	17,472	-	75,943	49,416	58,772	108,188	184,131
Insurance	-	92,884	74,070	-	166,954	11,012	7,510	18,522	185,476
Miscellaneous	-	11,810	11,372	-	23,182	100,247	181	100,428	123,610
Professional fees	-	-	-	-	-	114,368	15,984	130,352	130,352
Travel and transportation	-	68,142	17,772	-	85,914	19,462	913	20,375	106,289
Benevolence	-	5,026	12,053	-	17,079	176	-	176	17,255
	3,206,479	4,195,432	2,782,963	464,644	10,649,518	1,322,624	2,785,130	4,107,754	14,757,272
Depreciation	-	355,064	290,709	-	645,773	22,430	22,430	44,860	690,633
Total Expenses	\$ 3,206,479	\$ 4,550,496	\$ 3,073,672	\$ 464,644	\$ 11,295,291	\$ 1,345,054	\$ 2,807,560	\$ 4,152,614	\$ 15,447,905

The accompanying notes to the consolidated financial statements are an integral part of these statements.

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Food, Clothing, and Other Distributions	Guest Services	Recovery Services	Public Awareness		Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ -	\$ 2,801,525	\$ 1,770,412	\$ -	\$ 4,571,937	\$ 599,340	\$ 583,427	\$ 1,182,767	\$ 5,754,704
Gifts-in-kind	3,194,247	-	-	-	3,194,247	-	-	-	3,194,247
Contract services - donor appeals	-	-	-	-	-	-	1,286,240	1,286,240	1,286,240
Other employee benefits	-	430,561	263,534	-	694,095	160,274	48,012	208,286	902,381
Publicity	-	-	-	491,323	491,323	-	217,372	217,372	708,695
Utilities	-	281,984	231,097	-	513,081	22,052	19,849	41,901	554,982
Payroll taxes	-	179,207	106,425	-	285,632	94,959	29,775	124,734	410,366
Repairs and maintenance	-	313,853	95,937	-	409,790	12,823	5,658	18,481	428,271
Printing and postage	-	-	-	-	-	32,009	299,828	331,837	331,837
Supplies	-	201,737	88,119	-	289,856	47,616	6,510	54,126	343,982
Food purchases	244,420	-	-	-	244,420	3,199	1,347	4,546	248,966
Retirement benefits	-	72,502	50,971	-	123,473	47,559	17,295	64,854	188,327
Dues and subscriptions	-	59,079	15,730	-	74,809	41,062	45,678	86,740	161,549
Insurance	-	81,418	63,534	-	144,952	10,399	6,660	17,059	162,011
Miscellaneous	-	12,552	11,242	-	23,794	79,185	1,285	80,470	104,264
Professional fees	-	-	-	-	-	78,802	3,746	82,548	82,548
Travel and transportation	-	54,528	14,349	-	68,877	13,518	1,671	15,189	84,066
Benevolence	-	3,841	14,273	-	18,114	5,885	-	5,885	23,999
	3,438,667	4,492,787	2,725,623	491,323	11,148,400	1,248,682	2,574,353	3,823,035	14,971,435
Depreciation	-	362,661	292,507	-	655,168	21,878	21,878	43,756	698,924
Total Expenses	\$ 3,438,667	\$ 4,855,448	\$ 3,018,130	\$ 491,323	\$ 11,803,568	\$ 1,270,560	\$ 2,596,231	\$ 3,866,791	\$ 15,670,359

The accompanying notes to the consolidated financial statements are an integral part of these statements.

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 11,106,737	\$ 3,427,815
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	690,633	698,924
Bad debt expense	81,068	24,293
Change in value of beneficial interest in trust	(16,055)	(1,537)
Loss on disposal of asset	2,601,948	-
Contributions restricted for long-term purposes	(10,596,224)	(2,750,347)
Change in operating assets and liabilities:		
Prepaid expenses	(392,696)	(119,114)
Pledges receivable	16,000	(11,000)
Other assets	(5,666)	6,277
Accounts payable	434,500	98,397
Accrued expenses	(130,830)	84,727
Unearned revenue	16,000	(11,500)
Deferred grant revenue	(1,038,456)	1,038,456
Net cash flows from operating activities	<u>2,766,959</u>	<u>2,485,391</u>
Cash flows from investing activities:		
Sale of investments	2,075	26,915
Purchases of land, buildings, and equipment	(1,621,764)	(566,972)
Net cash flows from investing activities	<u>(1,619,689)</u>	<u>(540,057)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	5,046,760	852,888
Net cash flows from financing activities	<u>5,046,760</u>	<u>852,888</u>
Net increase in cash and cash equivalents	6,194,030	2,798,222
Cash and cash equivalents, beginning of year	<u>8,674,140</u>	<u>5,875,918</u>
Cash and cash equivalents, end of year	<u>\$ 14,868,170</u>	<u>\$ 8,674,140</u>

NASHVILLE RESCUE MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies

Nashville Rescue Mission was incorporated March 16, 1954, in accordance with the laws of the state of Tennessee as a non-profit corporation. The Mission's purpose is to serve the hurting of Middle Tennessee by offering food, clothing, and shelter to the homeless and recovery programs to those enslaved in life-degrading problems. The Mission's goal is to help people know the saving grace of Jesus, gain wisdom for living, find fulfillment in life, and become a positive part of their community.

Effective October 1, 2011, the Mission revised its organizational structure whereby NRM Holdings, Inc. ("Holdings"), established in August 2010, became the sole owner of the Mission and a newly formed "series" limited liability company, NRM Properties, LLC ("NRM Properties"). Each parcel of land owned by the Mission was transferred to a separate series within NRM Properties. All furniture, equipment, and other personal property owned by the Mission, with the exception of automobiles and other motor vehicles, was conveyed to a separate series of NRM Properties. The Mission entered into leases of the real and personal property owned by NRM Properties for the purpose of using said property for the conduct of the business and ministry of the Mission. The Mission remains the principal operating entity for conducting the day-to-day business affairs and ministry of the Mission and Holdings. Board designated funds of the Mission, including the working capital reserve and capital asset reserve, were transferred to Holdings and were held and maintained by Holdings under the same conditions and restrictions as currently exist with respect to the Mission.

Effective January 1, 2012, the principal operating entity was reorganized from a non-profit corporation (since 1954) to a non-profit limited liability company and its name was changed to Nashville Rescue Mission Ministries, LLC. In addition, the name of Holdings was changed to Nashville Rescue Mission effective January 1, 2012.

Principles of Consolidation – The consolidated financial statements include the accounts of Nashville Rescue Mission, Nashville Rescue Mission Ministries, LLC, and NRM Properties, LLC (collectively, the "Mission").

All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation – The Mission presents its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and public support, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. In addition, the Mission is required to present a consolidated statement of cash flows. Net assets of the Mission are presented as follows:

Net Assets Without Donor Restrictions –

Undesignated – Net assets that are not subject to donor-imposed stipulations or designated by the Mission's board.

Board Designated – Net assets designated by the Mission's board for particular purposes, presently designated by the board for future working capital reserves (\$3,005,370) and future capital asset reserves from the receipt of bequests (see Note 9) (\$3,130,520) totaling \$6,135,890 at September 30, 2021.

Net Investment in Land, Buildings, and Equipment – Resources invested in land, buildings, and equipment designated by the Mission's board for particular purposes.

NASHVILLE RESCUE MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects. Net assets required to be held in perpetuity represent restricted gifts held in investment accounts. Generally, donors of these assets may permit the Mission to use all or part of the income earned for general or specific purposes.

Cash and Cash Equivalents – Cash and cash equivalents include all highly liquid investments, such as money market funds and other investments, which have a maturity of three months or less at the time of purchase.

Receivables – Contributions receivable are reviewed periodically as to their collectability. Management provides for losses on receivables using the allowance method. Based on management judgement, an allowance for doubtful accounts of \$105,361 and \$24,293 is recorded at September 30, 2021 and 2020, respectively.

Land, Buildings, and Equipment – Land, buildings, and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method. Estimated useful lives of all major classes of assets are as follows:

Buildings and improvements	20 – 40 years
Automobiles and trucks	5 – 7 years
Furniture, fixtures and equipment	3 – 10 years

Split-Interest Agreement – Accounting standards require that the following instruments be recorded as contributions and assets at the fair value of the Mission's ultimate interest.

Beneficial Interest in Trusts – Donors have established and funded trusts naming outside fiscal agents to invest and manage the trust assets in perpetuity. The Mission, each year, will receive a pro rata share of income from the trust assets in perpetuity.

Public Support – The Mission receives public support in the form of cash contributions, unconditional promises to give, bequests, noncash gifts of securities, real estate, gifts-in-kind, and donated services. The Mission generally recognizes public support in the year contributed at fair value, with gifts-in-kind determined as follows:

Gifts-in-Kind – Primarily includes donated food, clothing, and other assets. The value of donated food and clothing is recognized as public support with a corresponding expense for program services when consumed at an estimated value of \$2.26 per meal served and \$3.50 per article of clothing provided. Excess clothing distributed to other non-profit agencies is valued at \$3.70 per pound. Management believes these estimated values for donated food and clothing are conservative based on cost and value studies performed. Other assets donated are recorded at estimated fair value on the date received.

Donated Services – Generally not recognized unless the services:

- a. Create or enhance a non-financial asset (such as a building), or
- b. Are specialized skills provided by entities or persons possessing those skills (such as physicians or accountants) and would be purchased if they were not donated.

NASHVILLE RESCUE MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Contributions are recognized when the donor makes a promise to give to the Mission that is, in substance, unconditional. Amounts scheduled to be received in excess of one year are recorded at estimated present value, by discounting the future cash flows using a credit risk adjusted interest rate that corresponds with the term of each promise to give.

Income Taxes – The Mission (including, for tax purposes, Affiliates) is a non-profit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Mission follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification guidance which clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Mission has no tax penalties or interest reported in the accompanying consolidated financial statements. The Mission had no uncertain tax positions at September 30, 2021 or 2020.

Functional Allocation of Expenses – The costs of providing program services and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that have been allocated consist primarily of salaries and related expenses and depreciation.

The following program and supporting services are included in the accompanying consolidated financial statements:

Program Services

Food, Clothing, and Other Distributions – Represents in-kind donations and purchases of food and clothing utilized in programs as well as excess amounts distributed to other non-profit agencies.

Guest Services –

- *Men’s Emergency Shelter* – Providing shelter and spiritual counseling to homeless men.
- *Women’s Emergency Shelter* – Providing shelter and spiritual counseling to homeless women and their children.
- *Travelers Aid* – Providing travel assistance to needy individuals.

NASHVILLE RESCUE MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Recovery Services –

- *Men's Recovery Program* – Providing a life recovery program for men affected by addictions and life defeating problems including: Bible classes, counseling, educational classes, and employment preparation to men who seek a way out of destructive lifestyles.
- *Education* – Providing educational opportunities including: graduate equivalency diploma, vocational skills, reading, writing, and other classes.
- *Women's Recovery Program* – Providing a life recovery program for women affected by addictions and life defeating problems including: Bible classes, counseling, educational classes, and employment preparation to women who seek a way out of destructive lifestyles.
- *Transitional Housing for Men and Women* – Providing transitional housing (single resident occupancy) to graduates of the life recovery program who have demonstrated a commitment to building new lives for themselves. Housing is for a limited period while transitioning from reliance on the Mission's life recovery programs to securing independent housing arrangements. The Transitional Housing for men is located at 639 Lafayette Street and the housing for women was located at 1716 Rosa Parks Boulevard with plans to replace the old facility with a new facility, expected to be completed in fiscal year 2023.

Public Awareness – Providing information to the public regarding needs of the community and the Mission's program services.

Supporting Services

Management and General – Includes costs related to the overall direction of the Mission. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the Mission. Specific activities include organization oversight, business management, human resource function, finance and accounting services, training and coordinating volunteers, property and technology oversight, and other administrative duties.

Fundraising – Includes costs of activities directed toward grant writing, donor tracking, public relations, and fundraising. Other activities include the cost of solicitations as well as the creation and distribution of fundraising materials.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates used by management in preparing these consolidated financial statements primarily relate to those assumed in establishing the value of gifts-in-kind, donated services, and the allocation of functional expenses. Accordingly, actual results could differ from those estimates.

Subsequent Events – The Mission evaluated subsequent events through January 18, 2022, when these consolidated financial statements were available to be issued.

NASHVILLE RESCUE MISSION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Adoption of New Accounting Pronouncement – In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Mission evaluated the new standard and determined the accounting standard did not require a change to the Mission’s practice for recording revenue.

Forthcoming Accounting Pronouncement – In February 2016, FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that brings substantially all leases on the statements of financial position. This guidance is effective for the year ending September 30, 2023. The Mission is evaluating the impact this guidance may have on its consolidated financial statements.

Note 2—Liquidity and availability

The Mission regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Mission considers all expenditures related to its ongoing activities of providing to the hurting of Middle Tennessee by offering food, clothing, and shelter to the homeless and recovery programs to those enslaved in life-degrading problems, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of the Mission’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at September 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 14,868,170	\$ 8,674,140
Investments	-	2,075
Total financial assets	<u>14,868,170</u>	<u>8,676,215</u>
Less amounts not available to be used for general expenditures within one year:		
Board designated	6,135,890	5,651,666
Purpose restrictions	<u>4,354,880</u>	<u>871,017</u>
Financial assets not available to be used within one year	<u>10,490,770</u>	<u>6,522,683</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,377,400</u>	<u>\$ 2,153,532</u>

NASHVILLE RESCUE MISSION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 3—Concentrations

The Mission maintains its cash in bank accounts that at times may exceed federally insured limits. The Mission has not experienced any losses in such accounts. Deposits are insured by the Federal Deposit Insurance Corporation up to statutory limits. Management believes the Mission is not exposed to any significant credit risk regarding cash balances.

For the year ended September 30, 2021, contributions from one donor represented approximately 14% of total revenue received by the Mission.

Note 4—Fair value measurements

The Mission has established a framework for measuring fair value. The 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) 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. There have been no changes in methodologies used at September 30, 2021 and 2020.

The following is a description of the valuation methodology used for asset measurements at fair value at September 30, 2021 and 2020:

Beneficial Interest in Trusts – Valued using information obtained from third party sources, including financial statements and other information from detailed listings of holdings from the trusts. These valuations are typically performed annually, based on the fair value of the amounts the Mission expects to receive under the term of the trusts.

The method 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 Mission's management 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 different fair value measurements at the reporting date.

NASHVILLE RESCUE MISSION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 4—Fair value measurements (continued)

The following table sets forth the Mission's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trusts	\$ -	\$ -	\$ 441,472	\$ 441,472

The following table sets forth the Mission's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in trusts	\$ -	\$ -	\$ 425,417	\$ 425,417

A summary of changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows at September 30:

	<u>2021</u>	<u>2020</u>
Beneficial interest in trusts at beginning of year	\$ 425,417	\$ 423,880
Change in value of beneficial interest in trusts	16,055	1,537
Beneficial interest in trusts at end of year	<u>\$ 441,472</u>	<u>\$ 425,417</u>

Note 5—Land, buildings, and equipment

Land, buildings, and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 2,333,998	\$ 2,394,687
Buildings and improvements	9,066,822	13,373,128
Furniture, fixtures, and equipment	2,569,483	3,683,917
Automobiles and trucks	246,936	246,936
Construction in progress	1,344,369	102,611
	15,561,608	19,801,279
Less accumulated depreciation	(6,443,455)	(9,012,309)
	<u>\$ 9,118,153</u>	<u>\$ 10,788,970</u>

Construction in progress consists primarily of initial cost for the Mission's new women's facility. The existing women's facility was demolished resulting in a write-off of remaining property, demolition costs, and other of approximately \$2.8 million.

NASHVILLE RESCUE MISSION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 6—Beneficial interest in trusts

A donor has established a trust held by a third party naming the Mission as one of the beneficiaries to a perpetual trust. Under terms of the split-interest agreement, the Mission is to receive 10% of investment return annually. The asset is approximately \$141,000 and is considered to have a perpetual restriction. This valuation is based on 10% of the fair value of the trust, which currently approximates the fair value of amounts to be received under the trust. The Mission received annual income from such trust of approximately \$6,200 and \$6,000 for the years ended September 30, 2021 and 2020, respectively. Such amount is included in contributions without donor restrictions in the accompanying consolidated statements of activities.

A donor has established a trust held by a third party naming the Mission as one of the beneficiaries to a perpetual trust. Under terms of the split-interest agreement, the Mission is to receive 25% of the net income annually until the demise of the lead beneficiary, at which time, the Mission is to receive 50% of the net income. The asset is approximately \$301,000 and is considered to have a perpetual restriction. This valuation is based on 25% of the fair value of the trust, which currently approximates the fair value of amounts to be received under the trust. The Mission received annual income from such trust of approximately \$32,000 for the years ended September 30, 2021 and 2020. Such amount is included in contributions without donor restrictions in the accompanying consolidated statements of activities.

As discussed in Note 4, beneficial interest in trusts is considered to be Level 3 investments.

Note 7—Pledges receivable

Pledges receivable consist of the following at September 30:

	2021	2020
Capital campaign contributions	\$ 7,460,992	\$ 1,900,000
Other	-	16,000
	<u>7,460,992</u>	<u>1,916,000</u>
Less discount to net present value (0.25% at September 30, 2021 and 2020)	(14,069)	(2,541)
Less allowance for uncollectible pledges	(105,361)	(24,293)
Pledges receivable	<u>\$ 7,341,562</u>	<u>\$ 1,889,166</u>
Receivable in less than one year	<u>\$ 3,101,940</u>	<u>\$ 933,700</u>
Receivable in one to five years	<u>\$ 4,239,622</u>	<u>\$ 955,466</u>

Near the end of fiscal year 2020, the Mission began a capital campaign, with a goal to raise \$20 million for its new women's facility. Amounts received to date in cash and in pledges approximate \$15 million.

NASHVILLE RESCUE MISSION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 8—Deferred grant revenue

The Mission received a Paycheck Protection Program (“PPP”) loan in the amount of \$1,034,000. The PPP loan is granted by the Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Mission does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Mission had deferred recognition of grant revenue for the year ended September 30, 2020 because the conditions for forgiveness had not yet been substantially met. In December 2020, the PPP loan of \$1,034,000, plus accrued interest, was fully forgiven by the SBA and was recognized in other revenue within the consolidated statement of activities for the year ended September 30, 2021.

Note 9—Net assets with donor restrictions

Certain contributions were restricted by donors for use in conjunction with specified projects or future periods as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Beneficial interest in trust with perpetual restrictions	\$ 441,472	\$ 425,417
Support for future Women’s Campus projects	4,287,355	820,888
Freight elevator upgrade, minibus, forklift	6,263	6,263
Miscellaneous supplies	61,262	43,866
Pledges receivable (primarily for future Women’s Campus)	7,341,562	1,916,609
Total net assets with donor restrictions	<u>\$ 12,137,914</u>	<u>\$ 3,213,043</u>

Net assets that were released from restriction upon satisfaction of donor-specified expenditure or time restrictions are summarized as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Freight elevator upgrade, minibus, forklift	\$ -	\$ 19,600
Women’s Campus projects purchases	1,580,293	32,000
Miscellaneous supplies	6,104	-
Pledges receivable	19,150	5,000
Total net assets released from restrictions	<u>\$ 1,605,547</u>	<u>\$ 56,600</u>

NASHVILLE RESCUE MISSION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 10—Bequests

Similar to many non-profit organizations, the Mission receives support from bequests. As indicated in Note 1, contributions (including bequests) are recognized as public support when received or when the contributor makes an unconditional promise to give a determinable amount. As a result, the amount of support from bequests may vary significantly between years. Bequests received during the years ended September 30, 2021 and 2020 totaled \$349,549 and \$315,565, respectively.

The Mission's policy is to utilize amounts received from bequests for repayment of debt, capital additions, endowments, and other long-range planning purposes. Support from bequests is not intended to be utilized for day-to-day operations.

Note 11—Gifts-in-kind and donated services

As described in Note 1, the Mission receives various noncash gifts, primarily food and clothing, and recognizes them as public support as the gifts are utilized. Generally, these gifts-in-kind are utilized in the same year they are received. Gifts-in-kind received, distributed, and capitalized as fixed assets included in the consolidated statements of financial position are summarized as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Gifts-in-kind received	\$ 3,221,165	\$ 3,194,247
Gifts-in-kind distributed:		
Food	\$ 903,206	\$ 1,096,495
Clothing	1,974,988	1,954,616
Supplies	239,221	143,136
Total distributed	<u>\$ 3,117,415</u>	<u>\$ 3,194,247</u>
Gifts-in-kind pledged	<u>\$ 99,750</u>	<u>\$ -</u>
Gifts-in-kind capitalized	<u>\$ 4,000</u>	<u>\$ -</u>

A substantial number of non-professional volunteers have donated significant amounts of their time to the Mission's program services; however, the fair value of these services has not been reflected in the accompanying consolidated financial statements.

Note 12—Employee benefit plan

The Mission provides a retirement benefit (the "Retirement Plan") to its eligible employees. Effective April 2014, the Mission provides a base contribution of 3% of gross salary to every employee's retirement account. In addition, the Mission matches 50% of participating employee contributions on the first 6% of an employee's contributions. All eligible employees who elect to participate make contributions to the Retirement Plan through payroll deductions. The Mission recognized expense of \$183,183 and \$188,327 during the years ended September 30, 2021 and 2020, respectively, for base and matching contributions to the Retirement Plan.

NASHVILLE RESCUE MISSION AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

Note 13—Supplemental cash flow information

The Mission recognized certain non-cash transactions as follows for the year ended September 30:

	<u>2021</u>	<u>2020</u>
Gifts-in-kind:		
Received	\$ 3,221,165	\$ 3,194,247
Distributed	\$ 3,117,415	\$ 3,194,247
Capitalized	\$ 4,000	\$ -
Pledged	\$ 99,750	\$ -

Note 14—Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruptions and adversely impacting many industries. The outbreak has had a material, adverse impact on economic conditions. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Mission, its performance, and its financial results.

The Mission is subject to various claims and legal actions arising in the ordinary course of business. Management does not believe any such action will have a material adverse effect on the Mission's financial position.

SUPPLEMENTARY INFORMATION

Report of Independent Auditor on Supplementary Information

To the Board of Directors
Nashville Rescue Mission and Affiliates
Nashville, Tennessee

We have audited the consolidated financial statements of Nashville Rescue Mission and Affiliates (the "Mission") as of and for the years ended September 30, 2021 and 2020, and our report thereon dated January 18, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedules of total expenses by department for the years ended September 30, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Cherry Bekaert LLP

Nashville, Tennessee
January 18, 2022

NASHVILLE RESCUE MISSION AND AFFILIATES
CONSOLIDATED SCHEDULES OF TOTAL EXPENSES BY DEPARTMENT

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Program Services:			
Food, clothing, and other distributions	\$ 3,206,479	\$ 3,438,667	\$ (232,188)
Guest Services:			
Men's Emergency Shelter	2,805,079	3,086,240	(281,161)
Women's Emergency Shelter	1,745,417	1,769,208	(23,791)
Total Guest Services	<u>4,550,496</u>	<u>4,855,448</u>	<u>(304,952)</u>
Recovery Services:			
Men's Recovery Program and Education	1,874,579	1,799,481	75,098
Women's Recovery Program and Education	1,199,093	1,218,649	(19,556)
Total Recovery Services	<u>3,073,672</u>	<u>3,018,130</u>	<u>55,542</u>
Public awareness	464,644	491,323	(26,679)
Total Program Services	<u>11,295,291</u>	<u>11,803,568</u>	<u>(508,277)</u>
Supporting Services:			
Management and general	1,345,054	1,270,560	74,494
Fundraising	2,807,560	2,596,231	211,329
Total Supporting Services	<u>4,152,614</u>	<u>3,866,791</u>	<u>285,823</u>
Total Expenses	<u>\$ 15,447,905</u>	<u>\$ 15,670,359</u>	<u>\$ (222,454)</u>