



**Winston-Salem Rescue Mission, Inc.**

**Financial Statements**

**Year Ended June 30, 2021**

**Winston-Salem Rescue Mission, Inc.**

**Year Ended June 30, 2021**

**TABLE OF CONTENTS**

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Winston-Salem Rescue Mission, Inc.

We have audited the accompanying financial statements of Winston-Salem Rescue Mission Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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, whether due to fraud or error.

### **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 from 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 auditors' 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Winston-Salem Rescue Mission, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Winston-Salem Rescue Mission, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Dennis Ashe, P.A.*

Greensboro, North Carolina  
February 10, 2022

Winston-Salem Rescue Mission, Inc.  
Statement of Financial Position  
June 30, 2021  
with Comparative Totals for 2020

	2021	2020
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,234,831	\$ 590,937
Inventory		
Thrift store inventory	8,457	7,541
Furniture and appliance inventory	42,229	33,731
Food and groceries inventory	130,676	83,787
Accounts receivable	3,570	5,515
Sales tax receivable	10,597	4,849
Prepaid expenses	24,054	-
Total current assets	1,454,414	726,360
Restricted deposits:		
Cash - donor designated	20,942	14,585
Cash - client savings accounts	15,382	22,666
Total restricted deposits	36,324	37,251
Noncurrent assets:		
Property and equipment, at cost, net of accumulated depreciation of \$2,415,305 and \$2,520,413	4,404,733	4,908,450
Total assets	\$ 5,895,471	\$ 5,672,061
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 64,688	\$ 48,923
Accrued salaries and wages	44,947	22,459
Accrued employee benefits and taxes	38	28
Sales tax payable	2,873	4,086
Current portion of long-term debt	176,292	291,133
Total current liabilities	288,838	366,629
Deposit liabilities:		
Client savings accounts	15,382	22,666
Noncurrent liabilities:		
Long-term debt	183,183	495,716
Total noncurrent liabilities:	183,183	495,716
Total liabilities	487,403	885,011
Net assets:		
Net assets without donor restrictions	5,387,126	4,772,465
Net assets with donor restrictions	20,942	14,585
Total net assets	5,408,068	4,787,050
Total liabilities and net assets	\$ 5,895,471	\$ 5,672,061

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

Winston-Salem Rescue Mission, Inc.  
Statement of Activities  
For the Year Ended June 30, 2021  
with Comparative Totals for 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Revenues, Gains and Other Support:				
Contributions	\$ 2,139,084	17,933	\$ 2,157,017	\$ 1,623,904
Donations in-kind (See Note 6)	1,021,951	-	1,021,951	1,276,517
Contributed services	164	-	164	2,005
Sales to public:				
Sale of donated inventory	607,856	-	607,856	492,580
Sale of donated automobiles	370	-	370	2,685
Total sales to public	<u>608,226</u>	<u>-</u>	<u>608,226</u>	<u>495,265</u>
Fundraising events (net of expenses)	30,935	-	30,935	59,157
Program fees	64,094	-	64,094	73,740
Realized gain/(loss) on sale of assets	(88,020)	-	(88,020)	5,102
PPP Loan forgiveness	255,600	-	255,600	-
Other income	3,906	-	3,906	1,168
Gain(loss) on insurance proceeds, net of restoration expenses	(10,430)	-	(10,430)	116,774
Net assets released from restriction	<u>11,576</u>	<u>(11,576)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,037,086</u>	<u>6,357</u>	<u>4,043,443</u>	<u>3,653,632</u>
Functional Expenses				
Program services	2,711,833	-	2,711,833	2,972,933
Management and general	334,466	-	334,466	315,154
Fundraising	376,126	-	376,126	225,947
Total functional expenses	<u>3,422,425</u>	<u>-</u>	<u>3,422,425</u>	<u>3,514,034</u>
Change in net assets	614,661	6,357	621,018	139,598
Net assets - beginning of year	<u>4,772,465</u>	<u>14,585</u>	<u>4,787,050</u>	<u>4,647,452</u>
Net assets - end of year	<u>\$ 5,387,126</u>	<u>20,942</u>	<u>\$ 5,408,068</u>	<u>\$ 4,787,050</u>

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

Winston-Salem Rescue Mission, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2021  
with Comparative Totals for 2020

	Program Services	Management and General	Fundraising	2021 Totals	2020 Totals
Salaries	\$ 912,137	263,630	36,230	\$ 1,211,997	\$ 1,130,032
Employee benefits	22,061	7,014	339	29,414	28,775
Payroll taxes	50,885	22,540	2,772	76,197	64,849
Total salaries and related expenses	985,083	293,184	39,341	1,317,608	1,223,656
Bank fees	35,726	-	-	35,726	19,575
Bad debts	-	-	-	-	20
Computer expenses	39,916	2,101	-	42,017	36,995
Depreciation	160,342	6,681	-	167,023	176,753
Dues and subscriptions	6,924	364	-	7,288	6,523
Educational expenses	3,008	-	-	3,008	451
Farm expenses	-	-	-	-	1,533
Store expenses	19,658	-	-	19,658	11,823
Food	23,610	-	-	23,610	9,477
Client expenses - other	8,034	103	-	8,137	5,896
Fundraising - consultant and other	-	-	336,785	336,785	204,462
Gas and oil	11,396	-	-	11,396	18,892
Insurance	89,735	5,989	-	95,724	79,915
Interest	12,359	-	-	12,359	24,172
Kitchen expenses	9,410	-	-	9,410	2,451
Garbage disposal	21,233	1,118	-	22,351	19,559
Office supplies	11,038	581	-	11,619	6,443
Postage	14,205	748	-	14,953	9,644
Professional fees	-	14,750	-	14,750	14,500
Promotional expenses	16,430	-	-	16,430	21,032
Repairs and maintenance - facilities	60,620	605	-	61,225	42,008
Repairs and maintenance - vehicles	9,393	-	-	9,393	9,682
Repairs and maintenance - other	40,405	-	-	40,405	17,306
Staff expenses	2,542	847	-	3,389	1,664
Taxes and licenses	1,959	31	-	1,990	1,813
Travel	994	331	-	1,325	151
Utilities	135,895	7,033	-	142,928	158,160
Vehicle rentals and leases	26,106	-	-	26,106	26,464
	1,746,021	334,466	376,126	2,456,613	2,151,020
Non-cash distributions (See Note 6):					
Thrift store - merchandise	608,226	-	-	608,226	495,265
Distributions of food and clothing	357,422	-	-	357,422	865,744
Contributed services	164	-	-	164	2,005
	965,812	-	-	965,812	1,363,014
Total functional expenses	\$ 2,711,833	334,466	376,126	\$ 3,422,425	\$ 3,514,034
Functional expenses by percent	80%	10%	10%	100%	

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

Winston-Salem Rescue Mission, Inc.  
Statement of Cash Flows for the Year Ended June 30, 2021  
with Comparative Totals for 2020

6

	2021	2020
Cash flows from operating activities:		
Cash received from donations	\$ 2,157,015	\$ 1,623,905
Store sales and other receipts	677,769	630,611
Interest and dividend income	1,535	15
Interest paid	(12,359)	(24,172)
Cash paid to suppliers and employees	(2,247,463)	(1,941,523)
Net cash provided (used) by operating activities	576,497	288,836
Cash flows from investing activities:		
Purchases of property and equipment	(264,055)	(61,546)
Proceeds from sale of property and equipment	512,729	20,325
Net casualty claims	(10,430)	119,375
Net cash provided (used) by investing activities	238,244	78,154
Cash flows from financing activities:		
Proceeds from PPP loan	-	255,600
Payments to reduce long-term debt	(171,774)	(159,187)
Net cash provided (used) by financing activities	(171,774)	96,413
Net increase (decrease) in cash	642,967	463,403
Cash, cash equivalents, and restricted cash - beginning of period	628,188	164,785
Cash, cash equivalents, and restricted cash - end of period	\$ 1,271,155	\$ 628,188
<u>Reconciliation of Change in Net Assets</u>		
<u>to Net Cash Provided (Used) by Operating Activities:</u>		
Increase (decrease) in net assets	\$ 621,018	\$ 139,598
Adjustments:		
Depreciation	167,023	176,753
Net casualty claims	10,430	(116,774)
(Gain)/Loss from sale of property and equipment	88,020	(5,102)
(Gain)/Loss from debt extinguishment - PPP	(255,600)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Inventory	(56,303)	84,493
Accounts receivable	1,945	919
Sales tax receivable	(5,748)	379
Prepaid expenses	(24,054)	-
Increase (decrease) in:		
Accounts payable	15,765	(63)
Accrued payroll	22,488	(1,734)
Accrued employee benefits and taxes	10	(452)
Resident savings deposits	(7,284)	9,990
Sales tax payable	(1,213)	829
Net cash provided (used) by operating activities	\$ 576,497	\$ 288,836

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

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

Winston-Salem Rescue Mission, Inc. (the "Organization", "Mission") was formed on June 19, 1967 under the laws of the state of North Carolina. The Organization is a non-profit, non-denominational, Christian social service organization established as a response to the hundreds of homeless men wandering the streets of the Triad area of North Carolina seeking food, shelter, and spiritual help. Since 1967, the Mission has been actively involved in meeting the physical, spiritual, emotional, and social needs of destitute people. Through services and programs offered, the Organization is able to reach out and effectively enrich men's lives with nurturing and rehabilitative services. Services provided by the Mission include providing residents with shelter, food, clothing, and other programs. Such programs include Christian counseling and recovery sessions, work therapy and training, chapel services, and financial and life skills classes. The Mission also provides emergency food and clothing, and is a host site of the Samaritan Clinic, who provides medical and dental clinics free of charge to other needy individuals in the Triad area.

The Mission operates primarily on volunteer contributions. The vast majority of support comes from individual donors; the balance from churches, organizations, and businesses. In addition to cash donations, the Organization receives gifts-in-kind donations, including food, furniture, clothing, appliances, household items, and vehicles. While many of these items are given to the needy in the community, other donated items are sold in the Mission's thrift store. The sale of vehicles and merchandise sold in the thrift store provides income for the Mission as well as work therapy opportunities for the residents.

### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and liabilities.

### Use of 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 and disclosures at the date of the financial statements. Accordingly, actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Property and Equipment

Property and equipment are stated at cost and have assigned lives ranging from three to forty years. Improvements and betterments are capitalized, while repairs and maintenance costs are expensed in the statement of activities. The Organization uses the straight-line method to record depreciation over the assets' useful lives. Estimated useful lives for various categories of property and equipment range between three and ten years, while buildings and improvements lives range between fifteen and forty years. Depreciation expense for the years ended June 30, 2021 and 2020 was \$167,023 and \$176,753, respectively.

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

### **Contributions**

Contributions are reported as without donor restrictions unless the donor has restricted the donation to a particular use. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. If the donor has imposed two or more restrictions on a contribution, the expiration of those restrictions shall be recognized in the period in which the last remaining restriction has expired.

### **Advertising**

Advertising costs are charged to operations when incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$14,875 and \$14,500, respectively.

### **Income Taxes**

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not a private foundation under Section 170(b)(1)(A)(vi). The Organization is also exempt from state income tax and, therefore, no provision for income tax has been made in the accompanying statement of activities. The Organization's federal *Return of Organization Exempt From Income Tax* (Form 990) for 2018 - 2020 are subject to examination by the IRS, generally for three years after they were filed.

The Organization accounts for income taxes in accordance with ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination.

The Organization has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, the provisions of ASC 740 did not have any impact on the accompanying financial statements.

### **Donated Goods and Services**

The Mission reports the fair value of gifts of food and grocery products over which it has control as unrestricted public support.

In addition, a number of individuals and organizations have made in-kind donations or volunteered their services to the Mission. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. In-kind donations and services for which fair value can be validated and meet the criterion for recognition under ASC Topic 958 have been reflected in the financial statements at their fair value. Volunteer services were valued at \$164 for the year ended June 30, 2021 and \$2,005 for the year ended June 30, 2020.

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates developed by management. These expenses include cash and non-cash distributions (See Note 6).

### 2. CONCENTRATION OF RISK

The Organization maintains in high quality financial institutions deposits that at times exceed the insured amounts of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The excess amounts at June 30, 2021 and 2020 were \$770,917 and \$380,885, respectively. The Mission believes that credit risk to cash is remote and mitigated by the use of nationally recognized banking institutions.

### 3. AVAILABILITY AND LIQUIDITY

The Organization's goal is to maintain financial assets to meet 60 days of operating expenses. In addition to the following liquid assets at June 30, 2021 and 2020, the Organization has a \$250,000 line of credit available to meet cash flow needs.

Financial assets at June 30,	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,271,155	\$ 628,188
Accounts receivable	<u>14,167</u>	<u>10,364</u>
Total financial assets	1,285,322	638,552
Less:		
Restricted deposits	(15,382)	(22,666)
Amounts with donor restrictions	<u>(20,942)</u>	<u>(14,585)</u>
Financial assets available to meet general, short-term cash needs	<u>\$ 1,248,998</u>	<u>\$ 601,301</u>

### 4. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Restricted cash amounts are restricted from general corporate use and consist of client savings. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the amounts shown in the statement of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,234,831	\$ 605,522
Restricted deposits	<u>36,324</u>	<u>22,666</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 1,271,155</u>	<u>\$ 628,188</u>

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

## 5. FAIR VALUE MEASUREMENTS

The Organization's financial instruments are cash and cash equivalents, accounts payable, accrued expenses, and long-term debt. The recorded value of cash and cash equivalents, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. Management believes that the recorded values of long-term debt approximate fair value, as they believe interest rates approximate market rates based upon consideration of the issuer, purpose and repayment terms of the instruments held. There are no assets or liabilities of the Organization that are reported at fair value on a recurring basis

## 6. INVENTORY AND DISTRIBUTIONS OF DONATED GOODS

The Mission recognized donations in-kind and contributed services revenue of \$1,022,115 and \$1,278,522 for the years ended June 30, 2021 and 2020, respectively. The Mission recorded total program non-cash distributions in the statement of functional expense amounting to \$965,812 and \$1,363,014 for the years ended June 30, 2021 and 2020, respectively.

Inventory activity for the years ended June 30, 2021 and 2020 was as follows:

	<u>Thrift Store Operations</u>	<u>Food and Clothing</u>	<u>Totals</u>
Inventory at June 30, 2019	\$ 50,073	159,478	\$ 209,551
In-kind donations	486,464	790,053	1,276,517
Retail value of inventory, scrap and vehicles sold to customers	(495,265)	-	(495,265)
Distributions of food and clothing	<u>-</u>	<u>(865,744)</u>	<u>(865,744)</u>
Inventory at June 30, 2020	41,272	83,787	125,059
In-kind donations	617,640	404,311	1,021,951
Retail value of inventory, scrap and vehicles sold to customers	(608,226)	-	(608,226)
Distributions of food and clothing	<u>-</u>	<u>(357,422)</u>	<u>(357,422)</u>
Inventory at June 30, 2021	<u>\$ 50,686</u>	<u>130,676</u>	<u>\$ 181,362</u>

Non-cash program expense distributions presented in the statement of functional expenses for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Thrift store	\$ 608,226	\$ 495,265
Donated food and clothing distribution	357,422	865,744
Contributed services	<u>164</u>	<u>2,005</u>
	<u>\$ 965,812</u>	<u>\$ 1,363,014</u>

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

**7. PROPERTY AND EQUIPMENT**

Property and equipment was comprised of the following at June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 536,645	\$ 931,645
Building	5,787,568	5,959,104
Machinery and equipment	229,367	263,175
Furniture and fixtures	171,170	191,026
Automotive and transportation equipment	<u>95,288</u>	<u>83,913</u>
Property and equipment	6,820,038	7,428,863
Less, accumulated depreciation	<u>(2,415,305)</u>	<u>(2,520,413)</u>
Property and equipment, net	<u>\$ 4,404,733</u>	<u>\$ 4,908,450</u>

**8. LINE OF CREDIT**

In addition to the debt described in Note 11, the Organization maintains a line of credit of \$250,000 with Truist Bank that bears a variable interest rate of prime plus 0.4 percent. Payments of interest due on the outstanding balance are payable on a monthly basis. A second deed of trust on Winston-Salem Rescue Mission, Inc. property is assigned as collateral to the credit line and termination of the line is at the discretion of the Mission or the lender. There was not a balance outstanding for the years ended June 30, 2021 and 2020.

**9. PENSION PLAN**

The Organization has an Internal Revenue Code section 403(b) pension plan. Participation in the Plan is available on the first day of employment. Eligible employees elect to contribute a certain percentage of their salary to the plan. After 90 days of full-time service, the Mission matches 50% of employee contributions, up to a maximum matching contribution equal to 3% of their salary. For the years ended June 30, 2021 and 2020, the Mission's contributions to the 403(b) plan were \$11,469 and \$11,213, respectively.

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

**10. NET ASSET CLASSIFICATION**

At June 30, 2021 and 2020, the net assets with donor restrictions were available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 6,190	\$ 6,244
Christmas Gifts	-	430
Resident Graduation	147	-
Kitchen and Pantry Equipment	50	513
Learning Lab/GED Program	-	121
Mayor Arts Project Proposal	150	150
Mission Refurbishment Projects	-	405
Pantry Food	4,412	5,535
Postage for Grant Application	-	17
Fire ReHousing Appeal Funds	9,570	-
Resident Recreation	303	345
Board Meetings	120	-
Staff Outings	-	825
	<u>\$ 20,942</u>	<u>\$ 14,585</u>

**11. LONG-TERM DEBT**

Long-term debt at June 30, 2021 and June 30, 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Note payable to First Citizens Bank, bearing interest at a fixed rate of 2.50 percent, with monthly installments of principal and interest of \$15,279 with the final installment due of all unpaid interest and principal on August 5, 2023. The note was secured by all land and improvements owned by the Mission except for Alpha Acres in Yadkinville, North Carolina. The note was paid off in full subsequent to year end, but prior to the issuance of the financial statements.	\$ 359,475	\$ 531,249
Note payable to Truist Bank, bearing interest at a fixed rate of 1.00 percent, with equal monthly installments of principal and interest beginning seven months after date of loan, or November 21, 2020 with the final installment due of all unpaid interest and principal on April 21, 2022. This note, which was fully forgiven on May 3, 2021, is part of the Paycheck Protection Program funded by the CARES Act.	\$ -	\$ 255,600
Total long-term debt	359,475	786,849
Less: current portion of long-term debt	<u>176,292</u>	<u>291,133</u>
Total long-term debt, less current portion	<u>\$ 183,183</u>	<u>\$ 495,716</u>

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

Scheduled principal maturities of long-term debt as of June 30, 2021 are as follows:

Year ending June 30,

2022	176,292
2023	180,813
2024	<u>2,370</u>
Total	<u>\$ 359,475</u>

On August 25, 2020, the note payable to First Citizens Bank was refinanced to lower the interest rate to 2.5%.

## 12. RECLASSIFICATION

Certain amounts in the June 30, 2020 financial statements have been reclassified for comparative purposes to conform with the presentation in the June 30, 2021 financial statements.

## 13. CASUALTY LOSS, DAMAGES, AND OTHER EXTRAORDINARY EVENTS

On July 24, 2019 a fire occurred inside the thrift store mattress sterilizer unit, causing irreparable damage to the equipment. Mattress sterilizations ceased until the equipment was replaced, and it became operational again March 12, 2020.

The Mission paid \$51,451 to purchase and install the new sterilizer unit. The Mission received \$124,286 from Selective Insurance Company of America for claims made. Business income loss was estimated to be \$66,694 for the days the thrift store was closed. The resulting revenue from the insurance claim is shown as "Insurance proceeds net of restoration expenses" on the Statement of Activities.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown.

On March 27, 2020, a Statewide Quarantine began. The Mission's non-essential employees pay was continued while they were not working by using two weeks of Emergency Paid Sick Leave ("EPSL") and granting additional paid time-off. EPSL hours were also paid to essential employees as applicable, as afforded under the Families First Coronavirus Response Act ("FFCRA"). All EPSL hours paid resulted in a corresponding payroll tax credit. Under restructuring, only two positions were eliminated. Except for these two positions, non-essential employees began returning to work beginning in May. Concurrently, the Mission applied for, and was awarded, Payroll Protection Program ("PPP") funding in April 2020 totaling \$255,600. The loan was fully forgiven on May 3, 2021. The 90-day and 1-year addiction recovery programs have remained operational as has the food pantry and food trailer. Following a period of closure, the clothing ministry, Thrift Store, and medical/dental clinic reopened. 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.

Winston-Salem Rescue Mission, Inc.  
Notes to Financial Statements  
June 30, 2021

**14. SUBSEQUENT EVENTS**

On November 15, 2021 the Organization paid off the note payable to First Citizen's Bank.

The Organization has performed an evaluation of subsequent events through February 10, 2022 which is the date the financial statements were available to be issued.