

Mission Waco, Mission World, Inc.
Financial Statements
December 31, 2019 and 2018
(With Independent Auditor's Report Thereon)



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Mission Waco, Mission World, Inc.:

We have audited the accompanying financial statements of Mission Waco, Mission World, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits 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 upon 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 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 Mission Waco, Mission World, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

October 7, 2020

Mission Waco, Mission World, Inc.

Statements of Financial Position

December 31, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 1,177,646	969,939
Marketable securities	1,255,266	971,971
Accounts receivable	11,352	16,027
Contribution receivable	30,400	427,468
Inventory	98,561	101,725
Prepaid expenses and other assets	31,311	29,319
Total current assets	<u>2,604,536</u>	<u>2,516,449</u>
Property and equipment:		
Land	297,034	297,034
Buildings and improvements	3,898,685	3,601,652
Furniture, fixtures, and equipment	559,247	546,411
Vehicles	195,916	170,049
Construction in progress	307,035	180,516
	<u>5,257,917</u>	<u>4,795,662</u>
Less accumulated depreciation	1,407,703	1,237,266
Total property and equipment	<u>3,850,214</u>	<u>3,558,396</u>
Beneficial interest in assets held by the Waco Foundation	5,454	4,640
	<u>\$ 6,460,204</u>	<u>6,079,485</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 232,069	81,579
Accrued expenses	96,882	89,594
Total current liabilities	<u>328,951</u>	<u>171,173</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,187,797	869,152
Designated for future program expansion	-	596,580
Designated for endowment	5,454	4,640
Invested in property and equipment	3,850,214	3,558,396
	<u>5,043,465</u>	<u>5,028,768</u>
With donor restrictions	1,087,788	879,544
Total net assets	<u>6,131,253</u>	<u>5,908,312</u>
Total liabilities and net assets	<u>\$ 6,460,204</u>	<u>6,079,485</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statements of Activities

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions:		
Revenues and other support:		
Contributions:		
Individuals and others	\$ 1,550,816	1,746,523
Federal and other grants	57,963	95,801
Program revenue	332,874	270,931
Special events	191,612	221,942
Retail sales	1,024,393	1,011,365
Donated services and materials	95,358	81,848
Net investment gain (loss)	205,785	(63,567)
Other income	14,904	48,495
Net assets released from restriction	<u>516,334</u>	<u>596,590</u>
Total revenues and other unrestricted support	<u>3,990,039</u>	<u>4,009,928</u>
Expenses:		
Program expenses:		
Mobilizing programs	584,050	539,949
Empowering programs	1,322,452	1,334,713
Economic development and retail programs	1,564,335	1,470,014
Supporting expenses:		
Management and general	255,252	240,460
Fund-raising	<u>249,253</u>	<u>241,830</u>
Total expenses	<u>3,975,342</u>	<u>3,826,966</u>
Change in net assets without donor restrictions	<u>14,697</u>	<u>182,962</u>
Changes in net assets with donor restrictions:		
Revenues and other support:		
Contributions	681,004	774,509
Net investment gain (loss)	43,574	(17,362)
Net assets released from restriction	<u>(516,334)</u>	<u>(596,590)</u>
Change in net assets with donor restrictions	<u>208,244</u>	<u>160,557</u>
Increase in net assets	222,941	343,519
Net assets at beginning of year	<u>5,908,312</u>	<u>5,564,793</u>
Net assets at end of year	<u>\$ 6,131,253</u>	<u>5,908,312</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statement of Functional Expenses

Year Ended December 31, 2019

	Program			Supporting		Total
	Mobilizing Programs	Empowering Programs	Economic Development and Retail Programs	Management and General	Fund-raising	
Salaries	\$ 158,786	609,579	473,019	165,407	102,934	1,509,725
Payroll taxes	11,270	46,284	36,915	11,089	7,265	112,823
Employee benefits	20,341	46,565	24,859	21,252	9,268	122,285
Cost of sales	7	4,887	682,058	3	3	686,958
Client expenses	244,925	132,924	19,753	5,497	60,644	463,743
Donated services and materials	432	38,570	51,077	188	4,255	94,522
Insurance	2,376	10,818	4,199	3,820	500	21,713
Travel	44,365	25,740	3,030	7,144	520	80,799
Depreciation	7,150	93,352	62,468	4,663	2,826	170,459
Vehicle expenses	5,022	11,279	13,274	2,152	2,114	33,841
Accounting and professional fees	108	245	2,219	24,349	1,021	27,942
Telephone	5,425	11,983	13,925	2,240	2,908	36,481
Postage and shipping	1,087	3,203	1,656	177	10,487	16,610
Occupancy	25,820	177,813	76,839	1,350	407	282,229
Equipment maintenance	5,724	18,107	22,037	2,738	1,536	50,142
Printing and publications	11,459	6,811	42,336	848	16,160	77,614
Staff development	220	997	589	96	18,464	20,366
Medical expenses	-	3,723	-	-	-	3,723
Supplies	5,929	36,676	18,189	2,239	6,883	69,916
Miscellaneous	33,604	42,896	15,893	-	1,058	93,451
	<u>\$ 584,050</u>	<u>1,322,452</u>	<u>1,564,335</u>	<u>255,252</u>	<u>249,253</u>	<u>3,975,342</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statement of Functional Expenses

Year Ended December 31, 2018

	Program			Supporting		Total
	Mobilizing Programs	Empowering Programs	Economic Development and Retail Programs	Management and General	Fund-raising	
Salaries	\$ 139,126	587,862	437,839	153,817	93,400	1,412,044
Payroll taxes	9,474	41,114	32,581	10,484	6,474	100,127
Employee benefits	11,051	59,289	23,542	21,340	9,592	124,814
Cost of sales	-	2,816	681,073	-	-	683,889
Client expenses	260,620	144,077	15,363	9,102	60,590	489,752
Donated services and materials	-	37,773	46,365	-	-	84,138
Insurance	10,375	33,151	24,428	7,859	4,072	79,885
Travel	39,570	8,545	928	2,723	884	52,650
Depreciation	6,522	81,687	55,170	3,729	2,685	149,793
Vehicle expenses	4,660	12,162	12,448	2,036	2,048	33,354
Accounting and professional fees	126	312	823	19,747	146	21,154
Telephone	4,588	10,364	11,381	1,818	2,368	30,519
Postage and shipping	1,193	1,963	1,619	128	9,354	14,257
Occupancy	20,013	198,234	56,168	144	351	274,910
Equipment maintenance	2,447	13,879	9,167	3,384	336	29,213
Printing and publications	7,533	11,255	31,613	835	13,802	65,038
Staff development	421	1,316	1,146	1,112	189	4,184
Medical expenses	309	4,225	-	-	-	4,534
Supplies	6,447	38,031	17,952	2,202	7,775	72,407
Miscellaneous	15,474	46,658	10,408	-	27,764	100,304
	<u>\$ 539,949</u>	<u>1,334,713</u>	<u>1,470,014</u>	<u>240,460</u>	<u>241,830</u>	<u>3,826,966</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 222,941	343,519
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	170,459	149,793
Net unrealized (gains) losses	(159,266)	136,646
Net realized gains	(29,384)	(9,356)
Loss (gain) on beneficial interest in assets held by the Waco Foundation	(814)	327
Decrease (increase) in operating assets:		
Accounts and contribution receivables	4,675	124,939
Inventory	3,164	(19,040)
Prepaid expenses and other assets	(1,992)	(5,433)
Increase (decrease) in operating liabilities:		
Accounts payable	150,490	13,692
Accrued expenses	7,288	(37,417)
Net cash provided by operating activities	367,561	697,670
Cash flows from investing activities:		
Proceeds from sale of marketable securities	533,286	89,567
Purchase of marketable securities	(230,863)	(108,892)
Purchases of property and equipment	(462,277)	(375,980)
Net cash used in investing activities	(159,854)	(395,305)
Net increase in cash and cash equivalents	207,707	302,365
Cash and cash equivalents at beginning of year	969,939	667,574
Cash and cash equivalents at end of year	\$ 1,177,646	969,939

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

(1) Summary of Significant Accounting Policies(a) Nature of Activities

Mission Waco, Mission World, Inc. (the “Organization”) is a nonprofit organization that is dedicated to ministering to individuals outside the dominant culture of the United States of America with opportunities for wholeness, improvement, and self-sufficiency. The Organization also provides opportunities for people in the dominant culture to understand the plight and needs of those persons outside their cultural background through informal education, shared experiences, simulations, trips to foreign countries, and other programs. Revenues are derived primarily from contributions, program revenue, special events, and retail sales.

(b) Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization 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 stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(c) Revenues, Support, and Expenses

Contributions received and unconditional promises to give are measured at their fair values as an increase in net assets. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(c) Revenues, Support, and Expenses (continued)

net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Program revenues, consisting primarily of fees for participation in work groups, simulations, housing, and other programs are recorded as earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2019 consisted of \$75,206 in certificates of deposit and money market mutual funds and cash equivalents at December 31, 2018 consisted of \$30,559 in money market mutual funds.

(e) Marketable Securities

Marketable securities are measured at fair value in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for further discussion of fair value measurements. Net investment gain (loss) (including gains and losses on investments, and interest and dividends) is included in the statements of activities as a change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(f) Inventory

Inventory consists of food, supplies, and resale items for use in providing retail sales programs through the Jubilee Food Market, World Cup Café, and the World Craft Market. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first out method.

(g) Property and Equipment

Property and equipment are stated at cost. Donated assets are stated at estimated fair value in the year donated. The Organization capitalizes all acquisitions with a value greater than \$5,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the related assets.

(h) Income Taxes

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes.

The Organization recognizes the effect of income tax positions (including whether exempt income might be determined to be unrelated business income and whether it has properly maintained its exempt status) if such positions are probable of being sustained (i.e. probable that adjustments would not be detected and made by taxing authorities). Recognized income tax provisions are measured at the largest amount that is greater than 50% of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization records interest and penalties related to unrecognized tax benefits in management and general expenses.

(i) Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2019 and 2018, advertising costs were \$77,614 and \$65,038, respectively.

(j) Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future projects and to designate appropriate sums of net assets without donor restrictions by the set aside of certain of its cash, cash equivalent, and marketable securities balances to assure adequate financing of such projects.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(k) 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying value of marketable securities and the estimated useful lives of property and equipment. Actual results could differ from those estimates.

(2) Marketable Securities and Fair Value Measurements

At December 31, 2019 and 2018, the Organization's assets and liabilities measured at fair value have been classified, for disclosure purposes, based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value for the Organization's investment in mutual funds is determined by reference to quoted market prices. Fair value of the Organization's beneficial interest in the assets held by the Waco Foundation are estimated based on the underlying fair value of the net assets held.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2019 and 2018:

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(2) Marketable Securities and Fair Value Measurements (continued)

	Totals	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>At December 31, 2019:</u>				
Mutual funds	\$ 1,255,266	1,255,266	-	-
Beneficial interest in assets held by the Waco Foundation	5,454	-	5,454	-
	<u>\$ 1,260,720</u>	<u>1,255,266</u>	<u>5,454</u>	<u>-</u>
<u>At December 31, 2018:</u>				
Mutual funds	\$ 971,971	971,971	-	-
Beneficial interest in assets held by the Waco Foundation	4,640	-	4,640	-
	<u>\$ 976,611</u>	<u>971,971</u>	<u>4,640</u>	<u>-</u>

(3) Accounts Receivable and Conditional Promises to Give

Accounts receivable consist of amounts due to the Organization under reimbursement-type grants and other amounts due for services provided. Unconditional promises to give are expected to be collected within one year. An allowance for doubtful accounts is not considered necessary based upon management's review of the collectability of accounts receivable at year-end.

The Organization has received reimbursement-type grants for its programs that are considered to be contributions. However, the reimbursement grants are conditional based upon the Organization incurring qualifying costs. Additionally, at December 31, 2019, approximately \$26,938 of total grant awards of \$36,394, for the period from October 1, 2019 to September 30, 2020, for housing services have not been recognized as revenue because the qualifying conditions have not been met. At December 31, 2018, approximately \$94,867 of total grant awards of \$143,088, for the period from October 1, 2018 to September 30, 2019, for housing services and youth job training have not been recognized as revenue because the qualifying conditions have not been met.

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(4) Contribution Receivable

The Organization's contribution receivable at December 31, 2019 and 2018 consists of \$30,400 and \$427,468, respectively, of an unconditional promise to give from the estate of an individual. During 2019, the estate was settled with amounts due to the Organization being transferred primarily in the form of cash and marketable securities. The amount remaining at December 31, 2019 includes donor imposed restrictions on the use of assets in the amount of \$30,400.

(5) Beneficial Interest in Assets Held at Waco Foundation and the Board Designated Endowment

The Organization has transferred assets to the Waco Foundation, a community foundation, designating itself as the beneficiary. The income earned (including net realized and unrealized appreciation under Waco Foundation's current spending policy of distributable income) on the transferred assets will be paid at least annually to the Organization. The income may, if both the Organization and the Waco Foundation agree, remain and accumulate with the principal. Distributions of principal may be made at the sole discretion of the Waco Foundation. It is intended that assets be held for the benefit of the Organization as long as the need for the fund exists. However, the assets are subject to the governing documents of the Waco Foundation and the policies and procedures of its governing body. Consequently, the Waco Foundation has the right to substitute another beneficiary in the place of the Organization without the approval of the Organization.

Changes in the board designated endowment net assets, all of which are without donor restrictions, for the years ended December 31, 2019 and 2018 consisted of:

	<u>2019</u>	<u>2018</u>
Endowment net assets,		
beginning of year	\$ 4,640	4,967
Net investment gain (loss)	<u>814</u>	<u>(327)</u>
Endowment net assets,		
end of year	<u><u>\$ 5,454</u></u>	<u><u>4,640</u></u>

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018, are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Purpose restrictions, available for:		
Haiti projects	\$ 80,380	182,382
Other projects	127,540	77,702
Capacity campaign	517,890	325,236
Scholarships	229,578	215,674
Time restrictions, available for:		
2020 programs	102,000	-
2019 programs	-	48,150
Time restrictions, not allowed to be sold until 2037	<u>30,400</u>	<u>30,400</u>
	<u>\$ 1,087,788</u>	<u>879,544</u>

(7) Net Investment Gain (Loss)

Net investment gain (loss) is comprised of the following for 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 60,709	46,361
Net unrealized gains (losses)	159,266	(136,646)
Net realized gains	<u>29,384</u>	<u>9,356</u>
	<u>\$ 249,359</u>	<u>(80,929)</u>

(8) Donated Services and Materials

The Organization recognizes contribution revenue for specialized and professional services, and materials received in the accompanying statements of activities at estimated fair value. Those services and materials for the years ended December 31, 2019 and 2018 include the following items:

	<u>2019</u>	<u>2018</u>
Empowering programs:		
Professional services	\$ 36,089	37,773
Retail sales programs:		
Materials	<u>59,269</u>	<u>44,075</u>
	<u>\$ 95,358</u>	<u>81,848</u>

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(8) Donated Services and Materials (continued)

Additionally, a number of volunteers have donated significant amounts of their time in the Organization's program services and fund-raising events, which do not qualify for recognition as contributions under generally accepted accounting principles since the services do not require specialized skills and have not been recorded in the accompanying financial statements.

(9) Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited. Salaries and salary related expenses have been allocated based on estimates of time and effort. Cost of sales, client expenses, donated services and materials, travel, medical expenses, and supplies are charged directly to the functional areas. All other expenses are allocated based upon estimates of time and effort.

(10) Contingencies

Amounts received or receivable under grant awards are subject to adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability to the Organization. The amount, if any, of expenses which may be disallowed by grantors cannot be determined at this time although the Organization expects such amounts, if any to be immaterial.

(11) Significant Risks, Including Business and Credit Concentrations

At December 31, 2019 and 2018, the Organization maintained deposits in various accounts at financial institutions in excess of federally insured limits.

Five donors accounted for approximately 22% and 23% of contributions with and without donor restrictions during the years ended December 31, 2019 and 2018, respectively.

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Further, because of the significance of investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(12) Availability and Liquidity

The following reflects the Organization's financial assets as of December 31, 2019 and 2018 reduced by amounts not available within one year of the statement of financial position date.

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 1,177,646	969,939
Marketable securities	1,255,266	971,971
Accounts receivable	11,352	16,027
Contribution receivable	30,400	427,468
	2,474,664	2,385,405
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,087,788)	(879,544)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,386,876	1,505,861

Although management does not intend to spend from board designated funds, these amounts could be made available if necessary. The Organization's goal is to generally maintain financial assets to meet 120 days of operating expense (approximately \$1.3 million). As part of its liquidity plan, excess cash is invested in money market accounts or certificates of deposit at local financial institutions.

(13) Authoritative Pronouncement Not Yet Effective

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The objective of this update is to provide a new framework for recognizing revenue. The effects of the implementation have not yet been determined. The new standard was effective on a retroactive basis for annual financial statements issued for fiscal years beginning after December 15, 2018. Due to COVID-19, the FASB approved a delay in the implementation of this standard for non-profit organizations who had not yet issued financial statements (or made such financial statements available for issuance) as of June 30, 2020. The revised effective date is for fiscal years beginning after December 15, 2019.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of this update is to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The effects of the implementation have not yet been determined.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(13) Authoritative Pronouncement Not Yet Effective (continued)

The new standard is effective on a retrospective basis for fiscal years beginning after June 15, 2021.

(14) Subsequent Events

The extent of the impact of COVID-19 on the Organization's financial condition and results of operations is uncertain and cannot be predicted at this time.

In March 2020, the Organization received approximately \$327,000 in funding from the Paycheck Protection Program through the U.S. Small Business Administration to assist with certain enumerated expenses incurred during the twenty-four week period after receiving the funds as part of relief efforts related to COVID-19. In accordance with federal regulations, the Organization will apply for loan forgiveness after expending the funds.

The Organization has evaluated subsequent events from the date of the statements of financial position through October 7, 2020, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.