

Mission Waco, Mission World, Inc.
Financial Statements
December 31, 2021 and 2020
(With Independent Auditor's Report Thereon)



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Mission Waco, Mission World, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Jaynes, Reitmeier, Boyd, and Thewell, P.C.

September 15, 2022

Mission Waco, Mission World, Inc.

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,547,604	1,093,735
Marketable securities	1,686,377	1,338,574
Accounts receivable	59,376	40,591
Contribution receivable	30,400	30,400
Inventory	70,651	108,079
Prepaid expenses and other assets	39,896	34,776
Total current assets	<u>3,434,304</u>	<u>2,646,155</u>
Property and equipment:		
Land	322,354	300,034
Buildings and improvements	4,466,408	4,366,091
Furniture, fixtures, and equipment	734,790	644,022
Vehicles	170,446	195,916
Construction in progress	-	21,871
	<u>5,693,998</u>	<u>5,527,934</u>
Less accumulated depreciation	1,739,108	1,577,146
Total property and equipment	<u>3,954,890</u>	<u>3,950,788</u>
Beneficial interest in assets held by the Waco Foundation	<u>6,889</u>	<u>6,046</u>
	<u>\$ 7,396,083</u>	<u>6,602,989</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 74,964	79,425
Accrued expenses	146,500	119,910
Refundable advance	327,684	327,684
Total current liabilities	<u>549,148</u>	<u>527,019</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,569,620	1,143,422
Designated for endowment	6,889	6,046
Invested in property and equipment	<u>3,954,890</u>	<u>3,950,788</u>
	5,531,399	5,100,256
With donor restrictions	<u>1,317,203</u>	<u>975,714</u>
Total net assets	<u>6,846,935</u>	<u>6,075,970</u>
Total liabilities and net assets	<u>\$ 7,396,083</u>	<u>6,602,989</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statements of Activities

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions:		
Revenues and other support:		
Contributions:		
Individuals and others	\$ 1,925,022	1,569,211
Federal and other grants	467,007	188,123
Program revenue	380,168	221,478
Special events	183,138	191,014
Retail sales	1,088,105	961,357
Donated services and materials	419,062	404,432
Net investment gain	162,439	143,358
Other income	17,202	39,609
Net assets released from restriction	618,724	623,514
Total revenues and other support	<u>5,260,867</u>	<u>4,342,096</u>
Expenses:		
Program expenses:		
Mobilizing programs	573,776	438,053
Empowering programs	1,897,889	1,834,250
Economic development and retail programs	1,900,656	1,558,227
Supporting expenses:		
Management and general	309,682	281,698
Fund-raising	149,388	173,077
Total expenses	<u>4,831,391</u>	<u>4,285,305</u>
Change in net assets without donor restrictions	<u>429,476</u>	<u>56,791</u>
Changes in net assets with donor restrictions:		
Revenues and other support:		
Contributions	938,697	480,505
Net investment gain	21,516	30,935
Net assets released from restriction	<u>(618,724)</u>	<u>(623,514)</u>
Change in net assets with donor restrictions	<u>341,489</u>	<u>(112,074)</u>
Increase (decrease) in net assets	770,965	(55,283)
Net assets at beginning of year	<u>6,075,970</u>	<u>6,131,253</u>
Net assets at end of year	<u>\$ 6,846,935</u>	<u>6,075,970</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statement of Functional Expenses

Year Ended December 31, 2021

	Program			Supporting		Total
	Mobilizing Programs	Empowering Programs	Economic Development and Retail Programs	Management and General	Fund-raising	
Salaries	\$ 155,020	725,670	578,642	204,194	66,458	1,729,984
Payroll taxes	12,856	59,309	49,064	16,190	5,300	142,719
Employee benefits	19,154	60,394	34,949	20,991	9,246	144,734
Cost of sales	-	-	783,697	-	-	783,697
Client expenses	220,359	211,641	36,675	19,798	35,729	524,202
Donated services and materials	-	361,131	53,606	-	-	414,737
Insurance	2,938	16,237	8,346	4,654	579	32,754
Travel	1,726	7,669	2,972	423	175	12,965
Depreciation	4,907	82,010	95,226	4,117	1,172	187,432
Vehicle expenses	4,690	15,169	15,191	2,477	1,194	38,721
Accounting and professional fees	629	2,089	7,698	26,529	167	37,112
Telephone	6,815	22,464	22,867	3,920	2,486	58,552
Postage and shipping	3,471	1,330	1,779	183	5,392	12,155
Occupancy	29,432	219,772	98,864	359	(226)	348,201
Equipment maintenance	4,884	27,099	25,988	1,694	421	60,086
Printing and publications	10,546	6,236	22,866	1,106	12,282	53,036
Staff development	254	838	840	137	66	2,135
Medical expenses	30	3,869	2,500	-	-	6,399
Supplies	7,867	29,685	31,521	2,988	9,049	81,110
Miscellaneous	88,198	45,277	27,365	(78)	(102)	160,660
	<u>\$ 573,776</u>	<u>1,897,889</u>	<u>1,900,656</u>	<u>309,682</u>	<u>149,388</u>	<u>4,831,391</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020

	Program			Supporting		Total
	Mobilizing Programs	Empowering Programs	Economic Development and Retail Programs	Management and General	Fund-raising	
Salaries	\$ 125,004	707,826	438,126	175,853	71,913	1,518,722
Payroll taxes	9,719	55,740	35,608	12,818	5,816	119,701
Employee benefits	18,513	54,181	25,194	21,419	9,553	128,860
Cost of sales	-	8,117	681,690	-	-	689,807
Client expenses	172,738	184,869	24,561	18,559	49,512	450,239
Donated services and materials	-	346,283	50,445	-	-	396,728
Insurance	1,866	12,436	4,424	3,367	384	22,477
Travel	574	1,758	-	147	-	2,479
Depreciation	6,060	98,594	57,319	5,285	2,185	169,443
Vehicle expenses	4,172	14,104	14,473	2,867	1,608	37,224
Accounting and professional fees	1,214	4,207	7,198	23,943	480	37,042
Telephone	5,221	18,054	17,821	3,191	2,573	46,860
Postage and shipping	1,855	1,253	1,072	176	7,633	11,989
Occupancy	24,079	217,069	93,802	2,222	140	337,312
Equipment maintenance	10,486	21,789	22,522	3,935	889	59,621
Printing and publications	10,508	4,721	50,816	2,368	13,395	81,808
Staff development	110	382	393	2,695	44	3,624
Medical expenses	-	3,554	-	-	-	3,554
Supplies	3,993	35,454	19,018	2,789	2,924	64,178
Miscellaneous	41,941	43,859	13,745	64	4,028	103,637
	<u>\$ 438,053</u>	<u>1,834,250</u>	<u>1,558,227</u>	<u>281,698</u>	<u>173,077</u>	<u>4,285,305</u>

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 770,965	(55,283)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	187,432	169,443
Gain on sale of fixed assets	(2,850)	-
Net unrealized gains	(38,828)	(84,079)
Net realized gains	(132,070)	(52,947)
Gain on beneficial interest in assets held by the Waco Foundation	(843)	(592)
Forgiveness of of loan under Paycheck Protection Program	(327,684)	-
Contribution of non-cash gifts	(75,177)	-
Decrease (increase) in operating assets:		
Accounts and contribution receivables	(18,785)	(29,239)
Inventory	37,428	(9,518)
Prepaid expenses and other assets	(5,120)	(3,465)
Increase (decrease) in operating liabilities:		
Accounts payable	(4,461)	(152,644)
Accrued expenses	26,590	23,028
Net cash provided by (used in) operating activities	416,597	(195,296)
Cash flows from investing activities:		
Proceeds from sale of marketable securities	300,106	300,106
Purchase of marketable securities	(401,834)	(246,388)
Purchases of property and equipment	(191,534)	(270,017)
Proceeds from sale of property and equipment	2,850	-
Net cash used in investing activities	(290,412)	(216,299)
Cash flows from financing activities:		
Proceeds from refundable advance	327,684	327,684
Net cash provided by financing activities	327,684	327,684
Net increase (decrease) in cash and cash equivalents	453,869	(83,911)
Cash and cash equivalents at beginning of year	1,093,735	1,177,646
Cash and cash equivalents at end of year	\$ 1,547,604	1,093,735

See accompanying notes to financial statements.

Mission Waco, Mission World, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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

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

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 at the time of sale or service rendered.

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, 2021 and 2020 consisted of \$85,901 and \$151,244 in certificates of deposit and money market mutual funds, respectively.

(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 (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.

(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.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies (continued)(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, 2021 and 2020, advertising costs were \$53,036 and \$81,807, 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 equivalents, and marketable securities balances to assure adequate financing of such projects.

(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

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

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.

(l) Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the current year.

(2) Marketable Securities and Fair Value Measurements

At December 31, 2021 and 2020, 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.

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

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

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

	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, 2021:</u>				
Mutual funds	\$ 1,686,377	1,686,377	-	-
Beneficial interest in assets held by the Waco Foundation	6,889	-	6,889	-
	<u>\$ 1,693,266</u>	<u>1,686,377</u>	<u>6,889</u>	<u>-</u>
<u>At December 31, 2020:</u>				
Mutual funds	\$ 1,338,574	1,338,574	-	-
Beneficial interest in assets held by the Waco Foundation	6,046	-	6,046	-
	<u>\$ 1,344,620</u>	<u>1,338,574</u>	<u>6,046</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, 2021, approximately \$86,091 of total grant awards of \$152,219, for the period from October 1, 2021 to September 30, 2022, for housing services have not been recognized as revenue because the qualifying conditions have not been met. At December 31, 2020, approximately \$26,311 of total grant awards of \$36,394, for the period from October 1, 2020 to September 30, 2021, for housing services 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 both December 31, 2021 and 2020 consists of \$30,400 of an unconditional promise to give from the estate of an individual. The amount remaining at December 31, 2021 and 2020 includes donor imposed restrictions on the use of assets in the amount of \$30,400 for both years.

(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, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 6,046	5,454
Net investment gain	<u>843</u>	<u>592</u>
Endowment net assets, end of year	<u>\$ 6,889</u>	<u>6,046</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, 2021 and 2020, are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Purpose restrictions, available for:		
Haiti projects	\$ 194,720	71,169
Other projects	390,547	124,127
Capacity campaign	478,454	526,015
Scholarships	167,282	194,303
Time restrictions, available for:		
2022 programs	55,800	-
2021 programs	-	29,700
Time restrictions, not allowed to be sold until 2037	<u>30,400</u>	<u>30,400</u>
	<u>\$ 1,317,203</u>	<u>975,714</u>

(7) Refundable Advance

In April 2020 and March 2021, the Organization received loans in the amounts of \$327,684 and \$327,684, respectively, pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The loans, which were in the form of unsecured notes, mature in April 2022 and March 2023, respectively, and bear interest at a rate of 1.0% per annum. Under the terms of the PPP, certain amounts of the loans may be forgiven if they are used for qualifying expenses as described in the CARES Act. Qualifying expenses include payroll costs and related benefits, rent and utilities up to the 24-week period following the loan funding. The loan is considered to be a conditional contribution as the forgiveness is conditional upon forgiveness by the Small Business Administration (“SBA”).

The April 2020 loan was forgiven in July 2021 and the \$327,684 of funding was recorded as a contribution in the statement of activities for the year ended December 31, 2021.

At December 31, 2021, the loan approved in March 2021 for \$327,684 had not been forgiven; however, the SBA approved the Organization’s forgiveness application subsequent to year end in February 2022.

Mission Waco, Mission World, Inc.

Notes to Financial Statements
(Continued)

(8) Lease Income from Retail Space

The Organization receives lease income for three units of retail space within its building on Colcord Avenue. The units are leased to a single tenant with terms beginning October 2020 and continuing through September 2025. The building is recorded at a cost of \$729,544 and accumulated depreciation totaling \$41,738 as of December 31, 2021. Future minimum lease income under noncancelable operating leases for each of the four years subsequent to December 31, 2021 are as follows: 2022, \$37,200; 2023, \$38,130; 2024, \$40,920; and 2025, \$30,690.

(9) Net Investment Gain

Net investment gain is comprised of the following for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 14,293	37,267
Net unrealized gains	38,828	84,079
Net realized gains	132,070	52,947
Investment expenses	<u>(1,236)</u>	<u>-</u>
	<u>\$ 183,955</u>	<u>174,293</u>

(10) 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, 2021 and 2020 include the following items:

	<u>2021</u>	<u>2020</u>
Empowering programs:		
Professional services	\$ 35,346	30,134
Medical supplies	326,009	316,149
Retail sales programs:		
Materials	<u>57,707</u>	<u>58,149</u>
	<u>\$ 419,062</u>	<u>404,432</u>

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(10) 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.

(11) 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.

(12) 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.

(13) Significant Risks, Including Business and Credit Concentrations

At December 31, 2021 and 2020, the Organization maintained deposits in various accounts at financial institutions in excess of federally insured limits.

Five donors accounted for approximately 21% and 16% of contributions with and without donor restrictions during the years ended December 31, 2021 and 2020, 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)

(14) Availability and Liquidity

The following reflects the Organization's financial assets as of December 31, 2021 and 2020 reduced by amounts not available within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,547,604	1,093,735
Marketable securities	1,686,377	1,338,574
Accounts receivable	59,376	40,591
Contribution receivable	30,400	30,400
	<u>3,323,757</u>	<u>2,503,300</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(1,317,203)</u>	<u>(975,714)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,006,554</u>	<u>1,527,586</u>

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. As part of its liquidity plan, excess cash is invested in money market accounts or certificates of deposit at local financial institutions.

(15) Non-Cash Operating Activities

The Organization received non-cash operating gifts during the year ended December 31, 2021 of \$75,177 in the form of investments. There were no non-cash gifts for the year ended December 31, 2020.

(16) Authoritative Pronouncement Not Yet Effective

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. The new standard is effective on a retrospective basis for the Organization's fiscal year beginning January 1, 2022.

Mission Waco, Mission World, Inc.Notes to Financial Statements
(Continued)(16) Authoritative Pronouncement Not Yet Effective (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principles of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively.

A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for the Organization's fiscal year beginning January 1, 2022. The effects of the implementation have not yet been determined.

(17) Subsequent Events

The Organization has evaluated subsequent events from the date of the statements of financial position through September 15, 2022, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.