

# **MISSION OF DEEDS, INC.**

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## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

# **MISSION OF DEEDS, INC.**

## **Financial Statements**

**December 31, 2020 and 2019**

### **C O N T E N T S**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mission of Deeds, Inc.  
Reading, Massachusetts

We have audited the accompanying financial statements of Mission of Deeds, Inc. (a not-for-profit organization) ("the Organization"), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities and change in net assets, 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 auditors consider 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 the Organization as of December 31, 2020, and 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 Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**Certified Public Accountants  
Braintree, Massachusetts**

July 8, 2021

# MISSION OF DEEDS, INC.

## Statements of Financial Position

December 31,

### Assets

	<u>2020</u>	<u>2019</u>
<b>Current Assets:</b>		
Cash and equivalents	\$ 932,395	\$ 249,102
Investments	865,710	875,151
Unconditional promises to give	<u>10,000</u>	<u>10,000</u>
<b>Total Current Assets</b>	<u>1,808,105</u>	<u>1,134,253</u>
<b>Property and Equipment, net</b>	<u>169,374</u>	<u>196,227</u>
<b>Other Asset:</b>		
Unconditional promises to give, net of current portion	<u>8,563</u>	<u>17,173</u>
<b>Total Assets</b>	<u>\$ 1,986,042</u>	<u>\$ 1,347,653</u>

### Liabilities and Net Assets

<b>Current Liabilities:</b>		
Accounts payable	\$ -	\$ 3,788
Accrued expenses	<u>2,306</u>	<u>6,128</u>
<b>Total Current Liabilities</b>	<u>2,306</u>	<u>9,916</u>
<b>Net Assets:</b>		
Without donor restrictions	1,683,382	1,128,544
With donor restrictions	<u>300,354</u>	<u>209,193</u>
<b>Total Net Assets</b>	<u>1,983,736</u>	<u>1,337,737</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,986,042</u>	<u>\$ 1,347,653</u>

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

# MISSION OF DEEDS, INC.

## Statement of Activities and Change in Net Assets

**For the Year Ended December 31, 2020**  
**(with comparative totals for 2019)**

	<u>2020</u>		<u>2019</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>Support and Revenues:</b>				
Contributions	\$ 825,992	\$ -	\$ 825,992	\$ 370,422
Grants	236,062	100,000	336,062	223,256
Fundraising events	81,271	-	81,271	185,869
Donated goods	211,934	-	211,934	456,879
Investment return	69,652	-	69,652	40,206
Net assets released from restriction	8,839	(8,839)	-	-
<b>Total Support and Revenues</b>	<b>1,433,750</b>	<b>91,161</b>	<b>1,524,911</b>	<b>1,276,632</b>
<b>Expenses:</b>				
Program services	769,718	-	769,718	1,032,751
Management services	102,790	-	102,790	95,579
Fundraising	65,782	-	65,782	104,071
<b>Total Expenses</b>	<b>938,289</b>	<b>-</b>	<b>938,289</b>	<b>1,232,401</b>
<b>Non-Operating Revenue:</b>				
Paycheck Protection Program (Note 7)	59,377	-	59,377	-
<b>Change in Net Assets</b>	<b>554,838</b>	<b>91,161</b>	<b>645,999</b>	<b>44,231</b>
Net Assets, Beginning of Year	1,128,544	209,193	1,337,737	1,293,506
<b>Net Assets, End of Year</b>	<b>\$ 1,683,382</b>	<b>\$ 300,354</b>	<b>\$ 1,983,736</b>	<b>\$ 1,337,737</b>

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

# MISSION OF DEEDS, INC.

## Statement of Functional Expenses

**For the Year Ended December 31, 2020**  
**(with comparative totals for 2019)**

	2020				2019
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
<b>Expenses:</b>					
Payroll salaries and wages	\$ 199,913	\$ 65,854	\$ 28,223	\$ 293,989	\$ 285,119
Furniture	220,898	-	-	220,898	463,209
Bedding costs	103,912	-	-	103,912	160,864
Rent	57,289	6,365	-	63,654	63,654
Office supplies	26,330	8,777	-	35,107	6,579
Fundraising costs	-	-	31,261	31,261	68,695
Depreciation	27,066	3,007	-	30,073	38,899
Telephone and information technology	22,889	2,543	-	25,432	15,211
Payroll taxes	16,251	2,462	5,909	24,622	31,577
Property taxes	15,412	1,712	-	17,124	10,427
Occupancy	13,980	1,553	-	15,533	21,751
Miscellaneous	14,138	-	-	14,138	6,437
Client assistance	11,843	-	-	11,843	-
Coats program	10,844	-	-	10,844	4,322
Utilities	7,214	802	-	8,016	13,323
Insurance	5,669	1,890	-	7,559	7,360
Volunteer expenses	6,900	-	-	6,900	12,155
Professional fees	-	6,800	-	6,800	7,416
Vehicle costs	3,805	-	-	3,805	4,407
Payroll service	2,974	177	389	3,541	3,890
Education programs	1,506	-	-	1,506	2,523
Snow removal	689	76	-	765	2,683
Dues and subscriptions	-	750	-	750	740
Advertising	195	22	-	217	1,160
	<b><u>\$ 769,718</u></b>	<b><u>\$ 102,790</u></b>	<b><u>\$ 65,782</u></b>	<b><u>\$ 938,289</u></b>	<b><u>\$ 1,232,401</u></b>

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

# MISSION OF DEEDS, INC.

## Statements of Cash Flows

For the Years Ended December 31,

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	<u>\$ 645,999</u>	<u>\$ 44,231</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Paycheck Protection Program funding that offsets qualified expenses	(59,377)	-
Depreciation	30,073	38,899
Discount on unconditional promises to give	(1,390)	(521)
Unrealized loss (gain) on investments	4,039	(15,723)
Changes in assets and liabilities:		
Proceeds received from Paycheck Protection Program	59,377	-
Unconditional promises to give	10,000	10,000
Accounts payable	(3,788)	1,734
Accrued expenses	<u>(3,822)</u>	<u>-</u>
Net Adjustments	<u>35,112</u>	<u>34,389</u>
Net Cash Provided by Operating Activities	<u>681,111</u>	<u>78,620</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(3,220)	-
Proceeds from sale of investments	222,257	-
Purchase of investments	<u>(216,855)</u>	<u>(123,225)</u>
Net Cash Provided by (Applied to) Investing Activities	<u>2,182</u>	<u>(123,225)</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>683,293</b>	<b>(44,605)</b>
Cash and Equivalents, Beginning of Year	<u>249,102</u>	<u>293,707</u>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 932,395</u></b>	<b><u>\$ 249,102</u></b>

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

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies**

*Nature of Operations*

Mission of Deeds, Inc.'s (the "Organization") purpose is to purchase and collect household goods and give them to individuals and families in need. The Organization is located in Reading, a suburb of Boston, and provides services in Middlesex, Essex and part of Suffolk Counties in Massachusetts.

In March 2020, the Governor of Massachusetts declared a state of emergency and ordered all non-essential business services to temporarily cease due to the COVID-19 outbreak. The Organization does not perform any essential services and closed its doors from March 21 through May 31, 2020. The Organization did fundraise after the start of the emergency, but held no in person events.

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

*Financial Statement Presentation*

Assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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 objectives of the Organization.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor or grantor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor or grantor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statements of activities. Restricted contributions in which the restrictions are met in the same year are reported as without donor restrictions revenue.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Comparative Information*

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

*Measure of Operations*

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing purpose and the return earned on investments. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

*Fair Value of Financial Instruments*

Promulgations of the Financial Accounting Standards Board ("FASB") have established a framework for measuring fair value, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 Quoted market prices in active markets for identical assets or liabilities;
- Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data;
- Level 3 Unobservable inputs that are not corroborated by market data.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies – Continued**

Investments

Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in value are reported as investment return in the statement of activities.

Purchases and sales of investments are recorded on the trade date. The gain or loss on the sale of investments is determined using average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Contributions

Contributions and grants are recognized as revenue when they are unconditional, usually when qualifying expenditures are incurred and other conditions under the agreement are met. Contributions and grants are conditional if there is a barrier that must be overcome before the recipient is entitled to the contribution and the donor has the right to request the funds back if they are not spent properly.

Unconditional contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions and grants with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Contributions Receivable - continued*

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. As of December 31, 2020 and 2019, management has concluded an allowance for doubtful accounts is not required.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period.

Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of unconditional promises to give, estimating depreciation, and the recoverability of long-lived assets.

*Cash and Equivalents*

For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and equivalents.

*Restricted Cash*

The Organization's restricted cash consists of funds set aside for donor restrictions. As of December 31, 2020 and 2019, there was no cash with restrictions.

*Financial Instruments*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and equivalents and investments.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Financial Instruments - continued*

The Organization maintains its cash and equivalents in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Investments are maintained at brokerage institutions. Exposure to credit risk is reduced by placing such deposits in high-quality financial institutions and insured brokerage houses. The carrying amounts of certain financial instruments, including cash and equivalents, approximate fair value as of December 31, 2020 because of the relatively short maturity of these instruments. The carrying amounts of investments are reported at market value. Unrealized gains and losses are included in the changes in net assets within the accompanying statement of activities.

*Functional Allocation of Expenses*

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with specific program and support services are allocated directly according to the natural expenditure classification. Expenses not directly identified are allocated based upon time and effort and square footage.

*Property and Equipment*

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from 5 to 15 years.

*Advertising*

The Organization charges the cost to advertising expense as incurred.

*Revenue with Customers*

The Organization has a golf tournament and other special events for the general public. The transaction price is the consideration that the Organization expects to receive for the entrance fee and sponsorships. The Organization collects payment at the time of registration, or shortly thereafter. The Organization considers the performance obligation to be the event and recognizes revenue at the time that the event occurs. The Organization's revenues and cash flows are correlated to the general conditions of the economy. Contract liabilities represent payments the Organization receives in advance of the event. Contract liabilities are presented in the Statements of Financial Position as unearned revenue, if applicable, and are recognized as income in the period in which the event takes place.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies – Continued**

*In-Kind Contributions*

The Organization receives in-kind contributions of new and used furniture, bedding, and household items from the general public. The Organization, in turn, gives these donated goods to underprivileged families through a network of social service agencies. The Organization recognizes in-kind contributions at their estimated fair market value.

The Organization maintains a warehouse of goods received but not yet distributed to individuals. In accordance with generally accepted accounting principles, these items have not been recognized as inventory in these financial statements as they are not held for resale.

In-kind contributions are included as revenue in the accompanying Statement of Activities and offset by similar amounts included as program expenditures.

In-kind revenues and expenses totaled \$211,934 and \$456,879 for the years ended December 31, 2020 and 2019, respectively.

*Income Tax Status*

Accounting principles generally accepted in the United States require an entity to assess the probability that a tax position has a more likely than not ("MLTN") sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely.

As a not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, the Organization may, however, be subject to tax on unrelated business income.

*Endowment Funds*

Massachusetts law requires not-for-profit organizations and other entities that receive donor contributions to operate in conformity with its enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In the absence of overriding explicit donor stipulations, UPMIFA prescribes guidelines for expenditures of donor-restricted funds and focuses on the prudent spending of the entire donor-restricted fund, including accumulated earnings, rather than the historical dollar concept. UPMIFA's requirement that amounts may be appropriated for expenditure only after careful consideration of the seven factors outlined in its spending guidelines is bolstered

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies – Continued**

*Endowment Funds – Continued*

by its intent to have the governing board of the organization make its decisions in light of the donor's intended purpose of the endowment fund, stipulated or otherwise.

UPMIFA requires donor-restricted funds to be classified in accordance with their restrictions. Gains on endowment funds and other amounts permitted to be disbursed in accordance with the donor's stipulations must be classified as net assets with donor restrictions until approved for expenditure by the Organization. Earnings on endowment funds that have not yet been specifically approved for expenditure, but will be, must be classified as net assets with donor restrictions until approved for expenditure by the Organization.

The Organization's Board of Directors classifies donor-restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor. The Organization's investment policy for endowment funds is intended to preserve capital to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds.

From time to time, the fair values of endowment fund assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained for a perpetual duration. The decline below the required perpetual duration, commonly referred to as "underwater", is reported as losses within net assets with donor restrictions. The Board of Directors have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2020 and 2019, the Organization did not have endowment funds below the amount of donor required levels.

*Adoption of New Accounting Pronouncements*

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers (Topic 606)* and additional ASUs containing modifications to ASU 2014-09 (collectively referred to as Accounting Standards Codification 606, *Revenue from Contracts with Customers* or the "new revenue recognition standard"). Under the new revenue recognition standard, revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Adoption of New Accounting Pronouncements – Continued*

The principles in the standard should be applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

On December 1, 2020, the Organization adopted the new revenue recognition standard using the modified retrospective approach applied to contracts not completed as of the date of adoption. The adoption of this pronouncement did not have a material effect on these financial statements. The comparative financial statements have not been restated. The prior year is under the former revenue recognition standard, which is similar to the new revenue recognition policy.

*New Accounting Pronouncements*

*Leases* - FASB issued ASU 2016-02 and additional ASUs containing modification to ASU 2016-02. It is effective for periods beginning after December 15, 2021 for non-public companies. Implementation of this standard will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded from this standard. Management does not believe that the implementation of this standard will have a material effect on the financial statements.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

### Note 2 - Unconditional Promises to Give

Unconditional promises to give are discounted at 5% and consist of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Due in 1 year	\$ <b>10,000</b>	\$ 10,000
Due in 2-5 years	<u>10,000</u>	<u>20,000</u>
Total	<b>20,000</b>	30,000
Less: discount to net present value	<b>1,437</b>	2,827
Present value of unconditional promises to give	<b>18,563</b>	27,173
Less: current unconditional promises to give	<u>10,000</u>	<u>10,000</u>
Unconditional Promises to Give, Net of Current Portion	\$ <u><b>8,563</b></u>	\$ <u>17,173</u>

### Note 3 - Investments

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Mutual funds are carried at fair value based on quoted prices in active markets (Level 1 measurements) and certificates of deposit are carried at initial investment plus accrued interest based on observable market-based inputs or unobservable inputs that are corroborated by market data (Level 2 measurements).

Investments consist of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ <b>240,632</b>	\$ 236,178
Certificates of deposit	<u>625,078</u>	<u>638,973</u>
	<b>\$ 865,710</b>	<b>\$ 875,151</b>

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

**December 31, 2020 and 2019**

Note 4 - **Property and Equipment**

A summary of property and equipment at December 31, is as follows:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 56,934	\$ 56,934
Office furniture and equipment	35,674	32,454
Leasehold improvements	<u>398,927</u>	<u>398,927</u>
	491,535	488,315
Less: accumulated depreciation	<u>322,161</u>	<u>292,088</u>
	<u>\$ 169,374</u>	<u>\$ 196,227</u>

Note 5 - **Endowment**

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Investment net assets, beginning of year	\$ 49,438	\$ 180,000	\$ 229,438
Investment return	3,675	-	3,675
Contributions	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Investment net assets, end of year	<u>\$ 53,113</u>	<u>\$ 280,000</u>	<u>\$ 333,113</u>
	<u>2019</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Investment net assets, beginning of year	\$ 29,566	\$ 155,000	\$ 184,566
Investment return	19,872	-	19,872
Contributions	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Investment net assets, end of year	<u>\$ 49,438</u>	<u>\$ 180,000</u>	<u>\$ 229,438</u>

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 6 - **Net Assets**

*Net Assets Without Restrictions*

Net assets without donor restrictions comprise the receipt of funds relating to activities the Organization engages in that are not restricted in nature, and gains on endowed net assets.

Net assets without restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Building Fund (Board Designated)	\$ 90,826	\$ 89,956
Undesignated	<u>1,592,556</u>	<u>1,038,588</u>
	<u>\$ 1,683,382</u>	<u>\$ 1,128,544</u>

*Net Assets With Restrictions*

Net assets with restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Coats Program (for Purpose)	\$ 1,791	\$ 12,020
Promises to Give (for Passage of Time)	18,563	17,173
Endowment (for Perpetuity)	<u>280,000</u>	<u>180,000</u>
	<u>\$ 300,354</u>	<u>\$ 209,193</u>

Note 7 - **Paycheck Protection Program**

In April 2020, the Organization received a Payroll Protection Program (“PPP”) loan under the Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act) in the amount of \$59,377. The loan is structured to be forgiven based upon the Organization using the proceeds on eligible expenses over a twenty-four-week period from the time that the loan is obtained. Eligible expenses include payroll and related benefits, utilities, and rent/mortgage interest. Management believes that the entire balance of the PPP loan proceeds was used for qualified expenses eligible for forgiveness under the CARES Act.

In November 2020, the Organization submitted the PPP loan forgiveness application to the lender. In November 2020, the Organization had the entire PPP loan forgiven, and is recorded as non-operating revenue on the statement of activities and change in net assets.

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 8 - **Related Party Transaction**

During 2009, the Organization signed a three-year operating lease for its facilities with a related party requiring monthly payments of \$5,000 plus a pro-rata share of operating costs. The lease contains three five-year extensions through June 30, 2027. During 2017, the Organization exercised its second option to extend the lease. Under this option, monthly payments of \$5,305 plus a pro-rata share of operating costs are required, which are included in occupancy on the statement of activities.

Rent expense for the years ended December 31, 2020 and 2019 was \$63,654.

Future minimum lease payments subsequent to December 31, 2020, are as follows:

Years Ending <u>December 31,</u>	
2021	\$ 63,654
2022	<u>31,827</u>
	\$ <u>95,481</u>

Note 9 - **Availability and Liquidity**

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and equivalents	\$ 932,395	\$ 249,102
Investments	865,710	875,151
Unconditional promises to give	<u>10,000</u>	<u>10,000</u>
	<b>1,808,105</b>	1,134,253
Less: amounts not available to be used within one year:		
Board designated net assets	90,826	89,956
Net assets with donor restrictions	<u>300,354</u>	<u>209,193</u>
	<u>391,180</u>	<u>299,149</u>
Financial assets available to meet general expenditures within one year:	<u><b>\$1,416,925</b></u>	<u>\$ 835,104</u>

# MISSION OF DEEDS, INC.

## Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 9 - **Availability and Liquidity – Continued**

The Organization reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate its investments or request that the Board undesignate previously designated assets. For the years ended December 31, 2020 and 2019, management believes that the Organization has no liquidity issues.

Note 10 - **Concentrations, Risks and Uncertainties**

*Cash*

From time to time, the Organization's cash balances at financial banking institutions exceed the federally insured limit. Management monitors the financial condition of these banking institutions to keep this potential risk to a minimum. All deposits exceeding the federally insured limits were insured by the Share Insurance Fund.

*Uncertainties*

The Organization is highly dependent on donor contributions and fundraising efforts. Although management believes that it will have sufficient funds to meet its operating expenses for the remainder of the fiscal year between funds already available and promised grants, there is no guarantee that their grants and fundraising activities will continue into future years.

Note 11 - **Management's Acceptance of the Financial Statements**

*Subsequent Events*

Management has evaluated subsequent events through July 8, 2021 the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to December 31, 2020, requiring disclosure in these financial statements.