Grace Centers of Hope and Subsidiaries

Consolidated Financial Report

October 31, 2020

Contents

Plante & Moran, PLLC
1098 Woodward Avenue
Detroit, MI 48226-1906
Tel: 313.496.7200
Fax: 313.496.7201
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Grace Centers of Hope and Subsidiaries

We have audited the accompanying consolidated financial statements of Grace Centers of Hope and Subsidiaries (the "Center"), which comprise the consolidated balance sheet as of October 31, 2020 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grace Centers of Hope and Subsidiaries as of October 31, 2020 and their changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Grace Centers of Hope and Subsidiaries

Emphasis of Matters

As described in Note 11 to the consolidated financial statements, a change in reporting entity occurred in 2020 and has been accounted for on a retrospective basis.

As described in Note 13 to the consolidated financial statements, the Center has been impacted by the COVID-19 pandemic.

Our opinion is not modified with respect to these matters.

Plante & Moran, PLLC

April 12, 2021

Consolidated Balance Sheet

October 31, 2020

Assets	
Current Assets	
Cash	$ 2,619,176
Investments (Note 3)	203,187
Contributions receivable (Note 5)	192,939
Inventory	284,758
Prepaid expenses and other current assets	62,540
Total current assets	3,362,600
Other Assets	293,607
Property and Equipment - Net (Note 6)	4,406,659
Total assets	**$ 8,062,866**
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 90,835
Accrued liabilities and other	401,648
Current portion of long-term debt (Note 8)	319,839
Total current liabilities	812,322
Long-term Debt - Net of current portion (Note 8)	280,161
Total liabilities	1,092,483
Net Assets	
Without donor restrictions:	
Undesignated	6,144,367
Board designated (Note 2)	630,190
Total without donor restrictions	6,774,557
With donor restrictions (Note 9)	195,826
Total net assets	6,970,383
Total liabilities and net assets	**$ 8,062,866**

Consolidated Statement of Activities and Changes in Net Assets

Year Ended October 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Donations and contributions	$ 4,839,602	$ 53,996	$ 4,893,598
Donations in kind	140,578	-	140,578
Thrift store and salvage sales	2,352,784	-	2,352,784
Special event revenue:			
Gross revenue	615,314	-	615,314
Direct benefit expenses	(170,963)	-	(170,963)
Interest	5,496	-	5,496
Net realized and unrealized gain on investments	9,433	-	9,433
Loss on disposal of fixed assets	(59,507)	-	(59,507)
Rental income	3,109	-	3,109
Other revenue	172,219	-	172,219
Total revenue and support	7,908,065	53,996	7,962,061
Net Assets Released from Restrictions	1,322,303	(1,322,303)	-
Total revenue, support, and net assets released from restrictions	9,230,368	(1,268,307)	7,962,061
Expenses			
Program services:			
Homeless shelter	2,874,566	-	2,874,566
Thrift stores	1,776,935	-	1,776,935
Day care facility	460,873	-	460,873
Total program services	5,112,374	-	5,112,374
Support services:			
Management and general	483,627	-	483,627
Fundraising	849,185	-	849,185
Total support services	1,332,812	-	1,332,812
Total expenses	6,445,186	-	6,445,186
Increase (Decrease) in Net Assets	2,785,182	(1,268,307)	1,516,875
Net Assets - Beginning of year - As restated (Note 11)	3,989,375	1,464,133	5,453,508
Net Assets - End of year	**$ 6,774,557**	**$ 195,826**	**$ 6,970,383**

Consolidated Statement of Functional Expenses

Year Ended October 31, 2020

	Program Services				Support Services				
	Homeless Shelter	Thrift Stores	Day Care Facility	Total Program Services	Management and General	Fundraising	Special Events - Direct Benefit to Donors	Total Support Services	Total
Compensation, benefits, and related taxes	$ 1,839,573	$ 952,159	$ 289,987	$ 3,081,719	$ 331,321	$ 410,584	$ -	$ 741,905	$ 3,823,624
Occupancy and vehicle fleet	328,765	717,448	45,470	1,091,683	16,345	16,126	-	32,471	1,124,154
Advertising and contribution development	-	-	-	-	-	369,268	-	369,268	369,268
Office supplies and expenses	26,992	33,279	3,873	64,144	50,671	22,545	4,640	77,856	142,000
Kitchen supplies and food	161,449	-	12,435	173,884	-	-	-	-	173,884
Facility and production costs	-	-	-	-	-	-	147,703	147,703	147,703
Depreciation	389,783	18,766	97,674	506,223	19,380	19,119	-	38,499	544,722
Miscellaneous expenses	52,998	47,931	11,284	112,213	3,706	4,702	18,620	27,028	139,241
Interest	1,690	2,066	-	3,756	83	83	-	166	3,922
Other expenses	73,316	5,286	150	78,752	62,121	6,758	-	68,879	147,631
Total functional expenses	**$ 2,874,566**	**$ 1,776,935**	**$ 460,873**	**$ 5,112,374**	**$ 483,627**	**$ 849,185**	**$ 170,963**	**$ 1,503,775**	**$ 6,616,149**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Year Ended October 31, 2020
Cash Flows from Operating Activities	
Increase in net assets	$ 1,516,875
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	544,722
Loss on disposal of asset	59,507
Net realized and unrealized gain on investments	(9,433)
Changes in operating assets and liabilities that (used) provided cash:	
Contributions receivable	(176,587)
Inventory	(53,822)
Prepaid expenses and other	72,909
Accounts payable	(231,183)
Accrued liabilities and other	68,830
Net cash provided by operating activities	1,791,818
Cash Flows from Investing Activities	
Purchase of property and equipment	(248,188)
Purchases of investments	(1,606)
Payments from annuity contract	20,253
Net cash used in investing activities	(229,541)
Cash Flows from Financing Activities	
Proceeds from debt	600,000
Repayment of debt	(101,268)
Net cash provided by financing activities	498,732
Net Increase in Cash	2,061,009
Cash - Beginning of year	558,167
Cash - End of year	**$ 2,619,176**
Supplemental Cash Flow Information - Cash paid for interest	$ 3,922

Note 1 - Nature of Business

Grace Centers of Hope and Subsidiaries (GCH or the "Center") is a not-for-profit organization that receives its revenue principally from contributions, grants, and thrift store sales. The Center has been in operation since 1942 and is Oakland County, Michigan's oldest and largest homeless shelter.

The Center's ultimate goal is total rehabilitation by meeting all of the needs of the homeless, including food, clothing, shelter, educational courses, day care, job training and assistance in preparing resumes, substance abuse programs, medical care, and housing placement.

The Center is a subsidiary of a related entity, Grace Gospel Fellowship Church (the "Church") (see Note 11).

The Center includes the following single-member LLCs:

- **Rescued Treasures of Sterling Heights, LLC (Rescued Treasures - Sterling Heights)** - This entity operates a thrift store that sells donated clothing and other items both to subsidize center operations and provide employment to center residents.
- **Rescued Treasures of Waterford, LLC (Rescued Treasures - Waterford)** - This entity operates a thrift store that sells donated clothing and other items both to subsidize center operations and provide employment to center residents.
- **Rescued Treasures Warren - Dequindre, LLC (Rescued Treasures - Dequindre)** - This entity operates a thrift store that sells donated clothing and other items both to subsidize center operations and provide employment to center residents.
- **Rescued Treasures of Oak Park, LLC (Rescued Treasures - Oak Park)** - This entity operates a thrift store that sells donated clothing and other items both to subsidize center operations and provide employment to center residents.
- **Hands of Hope Childcare Center, LLC (Hands of Hope)** - This entity operates a childcare center for residents of the Center.

Note 2 - Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of Grace Centers of Hope and its wholly owned subsidiaries: Rescued Treasures - Sterling Heights, Rescued Treasures - Waterford, Rescued Treasures - Dequindre, Rescued Treasures - Oak Park, and Hands of Hope. All significant intercompany transactions have been eliminated in consolidation.

Concentration of Credit Risk Arising from Deposit Accounts

The Center maintains cash balances at a few banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Center evaluates financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments

Investment securities are carried at fair value, as described in Note 3.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

The Center reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment 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 property and equipment are reported as restricted support. Absent explicit donor stipulations about how long the property and equipment must be maintained, the Center reports such gifts as unrestricted support.

Donated Food and Services

The value of donated food and services has been estimated by the Center and recorded as in-kind revenue and expenses. Donated professional services offered at the Center's sites that are coordinated with the activities of other third-party health and welfare organizations are not reflected in the consolidated financial statements.

Other Assets

Other long-term assets on the consolidated balance sheet consist of a rare coin valued at $13,860 at October 31, 2020 and an annuity contract for $279,747 at October 31, 2020.

The rare coin was donated to the Center and is recorded at fair value at the date of donation.

The annuity contract relates to a contract for which the Center is the sole beneficiary. The contract is carried at cost. The Center began receiving annuity payments in June 2020 and will receive annuity payments over the life of its current CEO.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as support without donor restrictions. Other restricted gifts are reported as support with donor restrictions.

Inventory

Inventory, which consists of contributed clothing and other items, is stated at the lower of cost or net realizable value by use of the first-in, first-out (FIFO) method of valuation. There is a significant amount of work involved in bringing contributed goods to salable value; therefore, the Center records inventory only for contributed goods brought to the point of sale. Contributed goods that have not reached their point of sale have not been included in inventory.

Contributions Receivable

Contributions receivable on the consolidated balance sheet consist of contributions designated by donors for center programs, undesignated contributions, and a bequest receivable. A provision for uncollectible accounts has been made for specific amounts deemed uncollectible by management. The allowance for uncollectible contributions receivable at October 31, 2020 was $15,000. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Classification of Net Assets

Net assets of the Center are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Center.

Note 2 - Significant Accounting Policies (Continued)

Board-designated net assets are net assets without donor restrictions designated by the board for reserves. This designation is based on board actions, which can be altered or revoked at a future time by the board. At October 31, 2020, the board-designated net assets include a $100,000 emergency fund and an endowment fund of $530,190 (see Note 10).

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 Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Thrift Store and Salvage Sales

Revenue recorded for thrift store and salvage sales is recorded based on the sale price of goods and services sold.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Costs have been allocated between the various program and support services on a direct basis, except for building-related expenses, which have been allocated by square footage, and compensation-related expenses, which have been allocated based on time and effort spent by the staff within the department. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

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. Actual results could differ from those estimates.

Income Taxes

The Center is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Adoption of New Accounting Pronouncement

As of October 1, 2019, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The adoption of the ASU did not result in a change to the recognition of contributions made for the year ended October 31, 2020 and did not require a restatement of prior year amounts.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Center's year ending October 31, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Center has reviewed its various revenue streams and does not feel this standard will have a significant impact on the timing of revenue recognition. However, the Center does expect to have expanded disclosures as a result of the new standard.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Center's year ending October 31, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Center's consolidated financial statements, as a result of the leases for the buildings related to the thrift stores.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including April 12, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following table presents information about the Center's assets measured at fair value on a recurring basis at October 31, 2020 and the valuation techniques used by the Center to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Center has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 3 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Center's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at October 31, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at October 31, 2020
Investments - Mutual fund - Moderate allocation	$ 203,187	$ -	$ -	$ 203,187

Note 4 - Liquidity and Availability of Resources

The following reflects the Center's financial assets as of October 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated balance sheet date:

Cash	$ 2,619,176
Investments	203,187
Contributions receivable	192,939
Other asset - Annuity contract	279,747
Financial assets - At year end	3,295,049
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Resident funds	303,465
Investments held in annuity contract	279,747
Board-designated endowment	530,190
Financial assets available to meet cash needs for general expenditures within one year	$ 2,181,647

The Center has a goal to maintain financials assets, which consist of cash, short-term investments, and receivables, on hand to meet normal operating expenses. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center has a line of credit established with Bank of America it can draw on in the event of unanticipated liquidity needs (see Note 8). If unanticipated liquidity needs arise, the board is able to undesignate additional funds.

Note 5 - Contributions Receivable

Included in contributions receivable is one fundraising pledge and one bequest made during 2020. They are included as follows:

Gross promises to give before unamortized discount	$ 207,939
Less allowance for uncollectible contributions	(15,000)
Net contributions receivable	$ 192,939
Amounts due in - Less than one year	$ 207,939

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

		Amount	Depreciable Life - Years
Land	$	324,909	-
Buildings		1,550,891	10-15
Leasehold improvements		4,923,283	10-15
Machinery and equipment		334,213	3
Transportation equipment		272,310	3-5
Furniture and fixtures		397,988	3
		7,803,594	
Accumulated depreciation		3,396,935	
Net property and equipment	$	4,406,659	

Depreciation expense for the year ended October 31, 2020 was $544,722.

Note 7 - Operating Leases

The Center has noncancelable operating lease agreements for the thrift store facilities.

The Waterford thrift store agreement requires monthly rent of $10,750 to $11,500 through July 31, 2025. Rental expense has been recognized on a straight-line basis over the term of the lease. As a result, $11,113 is included in accrued liabilities as of October 31, 2020, which will be amortized over the remaining term of the lease.

The Sterling Heights thrift store requires monthly rent of $6,544 to $8,376 and common area maintenance and taxes of $3,775 to $3,889 through December 31, 2028. Rental expense has been recognized on a straight-line basis over the term of the lease. As a result, $3,310 is included in accrued liabilities as of October 31, 2020, which will be amortized over the remaining term of the lease.

The Dequindre thrift store lease was extended in July 2020 and requires monthly rent payments of $8,030 through July 31, 2025. Rental expense has been recognized on a straight-line basis over the term of the lease.

The Oak Park thrift store lease was extended in June 2019 and requires monthly rent payments of $9,697 through July 31, 2025. Rental expense has been recognized on a straight-line basis over the term of the lease.

Future minimum annual commitments under these operating leases are as follows:

Years Ending October 31		Amount
2021	$	475,101
2022		481,971
2023		481,058
2024		492,566
2025		405,835
Thereafter		460,952
Total	$	2,797,483

Total rent expense on these leases for 2020 was $435,686.

Note 8 - Long-term Debt

Long-term debt at October 31 is as follows:

Paycheck Protection Program (PPP) loan bearing interest at 1 percent and maturing on April 20, 2022. Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses, staffing level and salary maintenance requirements are met, and the Center is deemed by the Small Business Administration (SBA) to have been eligible for the loan in the first place. The loan proceeds were spent during the year ended October 31, 2020 on qualifying costs, and, subsequent to year end, the Center was granted full forgiveness by the SBA	$ 600,000
Total	600,000
Less current portion	319,839
Long-term portion	$ 280,161

The balance of the above debt matures as follows:

Years Ending	Amount
2021	$ 319,839
2022	280,161
Total	$ 600,000

Interest expense for the year ended October 31, 2020 was $3,922.

The Center has an available line of credit of up to $300,000 guaranteed by Rescued Treasures - Sterling Heights and Rescued Treasures - Waterford. The line of credit bears interest equal to prime plus 0.75 percent and is collateralized by the assets of the Center. Interest payments are due monthly. The line of credit expires on May 31, 2021. No amounts were drawn during 2020.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of October 31, 2020 are available for the following purposes:

Contributions restricted for specific program use:	
Men's dorm renovations	$ 47,234
Day care renovations	94,146
Day care operations	43,000
Other	3,581
Total contributions restricted for specific program use	187,961
Time restrictions - Pledges and grants receivable	7,865
Total	$ 195,826

Note 10 - Board-designated Endowment

During 2013, the board of directors adopted a policy to designate all bequests received by the Center as board-designated endowment funds. The endowment fund assets are invested in money market funds and equity investments and maintained in cash accounts. The expenditures of the funds are at the board of directors' discretion. Net assets associated with these endowment funds, including funds designated by the board of directors to function as endowments, are reported as net assets without donor restrictions, and the designation may be removed at the board's discretion.

Note 10 - Board-designated Endowment (Continued)

The board-designated endowment activity for the year ended October 31, 2020 is as follows:

Endowment - Beginning of year	$ 333,968
Bequests	185,074
Investment income	2,592
Net appreciation (depreciation)	9,433
Expenses	(877)
Endowment - End of year	$ 530,190

The investment income includes interest income earned on investments and interest income earned on cash accounts.

Note 11 - Related Party Transactions and Change in Reporting Entity

The chief executive officer (CEO) of the Center is the pastor and CEO of Grace Gospel Fellowship Church in Pontiac, Michigan. The Center reimburses the Church for expenses paid by the Church on behalf of the Center. The Center reimbursed the Church $631 during 2020. The Center did not have any outstanding liabilities with the Church for reimbursement for services at October 31, 2020.

The Center received donations of $55,550 for the Church for the year ended October 31, 2020. These funds were remitted to the Church.

In previous years, the Center was the sole member of Rescued Homes, LLC (Rescued Homes), an entity that provides short-term rental housing to graduates of center programs. As such, Rescued Homes was previously consolidated in the Center's financial statements. Effective May 11, 2020, the Center transferred its membership interest in Rescued Homes to the Church. Rescued Homes will continue its operations with the Church as its sole member. Since both the Center and Rescued Homes are both subsidiaries of the Church, this transaction is considered a change in reporting entity, and the change has been applied to the Center's financial statements on a retrospective basis. The impact of the change was a reduction in net assets of $468,104 as of November 1, 2019. The Center has not included the balances or activity of Rescued Homes in its financial statements for the year ended October 31, 2020. During the year ended October 31, 2019, the Center's previously issued consolidated statement of activities and changes in net assets included the revenue and expenses of Rescued Homes, which totaled $280,743 and $193,046, respectively.

Note 12 - Retirement Plans

As of January 2018, the Center sponsors a 401(k) plan, and the employer match is 3 percent. For the year ended October 31, 2020, the Center made retirement contributions of $38,354.

Note 13 - COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. Thrift store and salvage sales revenue initially decreased as a result of government-ordered shutdowns forcing the closure of the thrift stores from March 23, 2020 - May 31, 2020; however, the thrift stores have since reopened and are exceeding budgetary goals. The Center has had increased donations during the pandemic and continues to hold special events for fundraising purposes. Several of the events were able to transition to a virtual format. The Center has responded to the outbreak by reducing certain 2020 and 2021 budgeted expenses and obtaining a Paycheck Protection Program loan to help cover salary and wage expenses, preventing any lay offs from occurring. The loan was forgiven by the SBA subsequent to year end. No impairments were recorded as of the consolidated balance sheet date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Center's results of operations, cash flows, and financial condition could be negatively impacted, the additional extent of the impact beyond the date of this report cannot be reasonably estimated at this time.