MUST MINISTRIES, INC.

FINANCIAL REPORT

JUNE 30, 2020

MUST MINISTRIES, INC.
FINANCIAL REPORT
JUNE 30, 2020

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MUST Ministries, Inc.
Marietta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of **MUST Ministries, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
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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 MUST Ministries, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of MUST Ministries, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MUST Ministries, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 12, 2020

Mauldin & Jenkins

MUST MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS		2020		2019
CURRENT ASSETS				
Cash and cash equivalents	**$**	**4,265,565**	$	1,848,796
Restricted cash		**4,577,994**		3,311,748
Grants and contracts receivable		**745,944**		579,787
Promises to give		**440,574**		988,905
Inventories		**308,701**		385,803
Prepaid expenses		**119,105**		81,402
Total current assets		**10,457,883**		7,196,441
NONCURRENT ASSETS				
Promises to give, net		**245,075**		586,910
Investments held at the Community Foundation		**173,725**		168,784
Security deposits		**17,583**		17,583
Total noncurrent assets		**436,383**		773,277
PROPERTY AND EQUIPMENT, NET		**12,336,132**		12,231,180
Total assets	**$**	**23,230,398**	$	20,200,898

LIABILITIES AND NET ASSETS		2020		2019
CURRENT LIABILITIES				
Accounts payable	**$**	**267,371**	$	163,921
Accrued liabilities		**267,407**		264,078
Current portion of PPP note payable		**289,874**		-
Short-term debt		**297,598**		400,542
Total current liabilities		**1,122,250**		828,541
LONG-TERM LIABILITIES				
Deferred revenue		**112,118**		139,723
PPP note payable		**328,426**		-
Long-term debt, less current portion and unamortized debt issuance costs		**2,447,307**		3,688,001
Total long-term liabilities		**2,887,851**		3,827,724
Total liabilities		**4,010,101**		4,656,265
NET ASSETS				
Without donor restrictions		**13,969,254**		10,674,883
With donor restrictions		**5,251,043**		4,869,750
Total net assets		**19,220,297**		15,544,633
Total liabilities and net assets	**$**	**23,230,398**	$	20,200,898

See Notes to Financial Statements.

MUST MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 3,698,989	$ 1,763,597	$ 5,462,586
Capital campaign contributions	-	1,116,420	1,116,420
Grants	3,412,996	1,202,969	4,615,965
Program fees	117,938	-	117,938
In-kind contributions	3,791,347	-	3,791,347
Special events, net of direct costs	475,120	-	475,120
Realized and unrealized gain on investments	8,350	-	8,350
Other income	258,127	-	258,127
Net assets released from restrictions			
Satisfaction of program and time restrictions	3,701,693	(3,701,693)	-
Total revenues, gains, and other support	15,464,560	381,293	15,845,853
EXPENSES			
Program services	10,331,233	-	10,331,233
Supporting services			
Management and general	830,753	-	830,753
Fundraising	1,008,203	-	1,008,203
Total expenses	12,170,189	-	12,170,189
Change in net assets	3,294,371	381,293	3,675,664
Net assets, beginning of year	10,674,883	4,869,750	15,544,633
Net assets, end of year	$ 13,969,254	$ 5,251,043	$ 19,220,297

See Notes to Financial Statements.

MUST MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 1,743,283	$ 772,303	$ 2,515,586
Capital campaign contributions	-	4,188,624	4,188,624
Grants	2,707,787	467,538	3,175,325
Program fees	112,163	8,697	120,860
In-kind contributions	3,344,057	-	3,344,057
Special events, net of direct costs	534,205	-	534,205
Realized and unrealized gain on investments	15,509	-	15,509
Other income	274,546	-	274,546
Net assets released from restrictions			
Satisfaction of program and time restrictions	1,573,650	(1,573,650)	-
Total revenues, gains, and other support	10,305,200	3,863,512	14,168,712
EXPENSES			
Program services	8,095,729	-	8,095,729
Supporting services			
Management and general	796,931	-	796,931
Fundraising	1,215,188	-	1,215,188
Total expenses	10,107,848	-	10,107,848
Change in net assets	197,352	3,863,512	4,060,864
Net assets, beginning of year	10,477,531	1,006,238	11,483,769
Net assets, end of year	$ 10,674,883	$ 4,869,750	$ 15,544,633

See Notes to Financial Statements.

MUST MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

		Supporting Services		
	Program Services	Management and General	Fund-Raising	Totals
Salaries and related expenses	$ 3,282,557	$ 566,933	$ 660,667	$ 4,510,157
Professional fees	320,975	87,248	31,025	439,248
Insurance	67,168	5,434	5,501	78,103
Memberships, subscriptions, and registrations	29,100	16,818	7,069	52,987
Advertising	10,395	22	-	10,417
Supplies	230,029	9,746	12,822	252,597
Food for direct services	328,007	-	-	328,007
Postage and shipping	14,377	1,938	19,300	35,615
Occupancy expenses	295,628	22,918	14,269	332,815
Supportive housing rent, utilities, and financial assistance	1,245,137	-	-	1,245,137
Repair and maintenance	151,083	8,319	4,573	163,975
Licenses and taxes	500	-	-	500
Venue and equipment rental	13,561	-	-	13,561
Non-capitalized furniture, fixtures, and equipment	53,344	13,461	39,914	106,719
Printing and copying	37,081	15,462	55,369	107,912
Travel and transportation	34,404	4,340	2,001	40,745
Meals and entertainment	21,325	5,587	6,148	33,060
Interest expense	32,437	7,601	15,785	55,823
Bank and credit card fees	21,542	11,249	50,018	82,809
Other expenses including bad debt expense	676	18,736	-	19,412
Donated materials and services	3,795,484	-	68,345	3,863,829
Total expenses before depreciation	9,984,810	795,812	992,806	11,773,428
Depreciation	346,423	34,941	15,397	396,761
Total expenses	$ 10,331,233	$ 830,753	$ 1,008,203	$ 12,170,189

See Notes to Financial Statements.

MUST MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fund-Raising	Totals
Salaries and related expenses	$ 2,438,750	$ 559,637	$ 621,405	$ 3,619,792
Professional fees	162,690	92,856	280,168	535,714
Insurance	66,842	5,434	5,500	77,776
Memberships, subscriptions, and registrations	16,704	15,084	5,132	36,920
Advertising	9,008	708	28,485	38,201
Supplies	173,612	5,668	9,479	188,759
Food for direct services	179,183	-	-	179,183
Postage and shipping	7,344	600	20,714	28,658
Occupancy expenses	302,346	23,423	15,666	341,435
Supportive housing rent, utilities, and financial assistance	933,076	-	-	933,076
Repair and maintenance	98,234	6,985	4,088	109,307
Licenses and taxes	25	-	-	25
Venue and equipment rental	1,044	-	-	1,044
Non-capitalized furniture, fixtures, and equipment	46,049	21,131	53,334	120,514
Printing and copying	38,427	2,529	92,688	133,644
Travel and transportation	37,462	7,305	3,385	48,152
Meals and entertainment	13,432	6,074	14,655	34,161
Interest expense	38,742	11,104	5,737	55,583
Bank and credit card fees	11,722	4,227	35,112	51,061
Other expenses including bad debt expense	3,057	-	-	3,057
Donated materials and services	3,174,142	-	134	3,174,276
Total expenses before depreciation	7,751,891	762,765	1,195,682	9,710,338
Depreciation	343,838	34,166	19,506	397,510
Total expenses	$ 8,095,729	$ 796,931	$ 1,215,188	$ 10,107,848

See Notes to Financial Statements.

MUST MINISTRIES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

		2020		2019
OPERATING ACTIVITIES				
Change in net assets	**$**	**3,675,664**	$	4,060,864
Adjustments to reconcile change in net assets to net cash				
provided by operating activities:				
Depreciation		**396,761**		397,510
Realized and unrealized gain on investments		**(8,350)**		(15,509)
Bad debt (recovery) expense		**(54,896)**		(1,529)
Amortization of issue costs		**4,001**		3,361
(Increase) decrease in:				
Grants and contracts receivable		**(166,157)**		(129,812)
Promises to give		**945,062**		(811,959)
Inventories		**77,102**		(21,511)
Prepaid expenses		**(37,703)**		(6,744)
Security deposits		**-**		3,363
Increase (decrease) in:				
Accounts payable		**103,450**		109,085
Accrued liabilities		**3,329**		26,532
Deferred revenue		**(27,605)**		(3,584)
Net cash provided by operating activities		**4,910,658**		3,610,067
INVESTING ACTIVITIES				
Purchase of property and equipment		**(501,713)**		(236,630)
Reinvested earnings		**3,409**		2,955
Net cash (used in) investing activities		**(498,304)**		(233,675)
FINANCING ACTIVITIES				
Proceeds from PPP note payable		**618,300**		-
Payment of debt issuance costs		**(6,400)**		-
Payments on line of credit		**-**		(150,000)
Payments on long-term debt		**(1,341,239)**		(381,519)
Net cash (used in) financing activities		**(729,339)**		(531,519)
Increase in cash and cash equivalents		**3,683,015**		2,844,873
Cash and cash equivalents, beginning of year		**5,160,544**		2,315,671
Cash and cash equivalents, end of year	**$**	**8,843,559**	$	5,160,544
Cash and cash equivalents, end of year				
Cash and cash equivalents	**$**	**4,265,565**	$	1,848,796
Restricted cash		**4,577,994**		3,311,748
	$	**8,843,559**	$	5,160,544
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	**$**	**51,822**	$	52,222

See Notes to Financial Statements.

NOTE 1. ORGANIZATION

Now over 48 years old, MUST Ministries, Inc. ("MUST" or "Organization") began operations in 1971 as part of Urban Action, Inc. of Atlanta, GA. MUST was incorporated as a separate entity on January 20, 1993, pursuant to the Georgia Nonprofit Corporation Code. The mission of MUST is Serving our Neighbors in Need . . . transforming lives and communities in response to Christ's call. The Organization provides comprehensive, yet tailored solutions for individuals and families in poverty, which help to remove barriers of housing, clothing, and food insecurities, as well as assist in finding employment. MUST assists clients by helping to restore and maintain dignity, with the intent of empowering those it serves with a return to living independently. MUST provides services in 8 counties and has offices or facilities located in Marietta, Smyrna, and Canton, Georgia.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by MUST are set forth below.

Basis of Accounting

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

MUST presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Financial Statements of Not-for-Profit Entities* presentation and disclosure guidance. Under this guidance, MUST is required to report information regarding its financial position and activities according to two categories of net assets, as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, MUST considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Grants and Contracts Receivable

Grants and contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. MUST provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of contractors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is MUST's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected and no allowance for doubtful accounts is determined to be needed. There were no grant or contract allowance for doubtful accounts at June 30, 2020 and 2019.

Promises to Give

Promises to give, less an allowance for uncollectible amounts, are discounted to reflect the time value of money. Contributions are considered available for general use unless specifically restricted by the donor.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

In accordance with FASB, investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value in the statement of financial position. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned. Gains and investment income that are limited to specific uses by donor-restrictions are reflected as increases in net assets without donor restrictions, if the restrictions are met in the same reporting period.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the fair market value on the date the asset is donated. Depreciation is computed over the estimated useful lives of these assets (5 to 40 years) using the straight-line method. Repairs and maintenance are charged to operations when incurred. Betterments and renewals in excess of $1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are removed, and any gain or loss is included in operations.

MUST reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Inventory

Donated food and clothing items are recorded in inventory and recognized as in-kind support at the time of donation and expense upon distribution to MUST's clients. Donated food and clothing inventory is recorded at the estimated fair market value using an industry standard valuation.

Revenue Recognition

In accordance with FASB, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for general use unless specifically restricted by the donor. Amounts received and investment income earned that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

MUST records the value of donated property, goods or services when there is an objective basis available to measure their value. Donated property, materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statement of activities and changes in net assets for volunteer services because the criteria for recognition of such volunteer effort under FASB guidance have not been satisfied. Nevertheless, volunteers have donated a substantial amount of their time to the program services of MUST.

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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 statement of activities and changes in net assets as net assets released from restrictions.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Support

MUST is funded, in part, by contracts with various federal, state, and local government agencies and other nonprofit agencies. These contracts are generally cost reimbursement contracts for specific expenses and require MUST to perform specific services to eligible populations. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by MUST with the terms of the contracts.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures 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.

Fair Value Presentation

As defined by FASB, 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. In determining fair value, MUST uses various methods including market, income, and cost approaches. Based on these approaches, MUST often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. MUST utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, MUST is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy expenses and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

MUST Ministries, Inc. qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is generally exempt from federal income taxes under Internal Revenue Code Section 501(a). It is however, required to file Federal Form 990 – Return of Organization Exempt from Income Tax. This is an informational return only. Accordingly, no provision for income taxes is made in the financial statements. Management evaluated MUST's tax positions and concluded that they have taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions on accounting for uncertainty in income taxes.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued two Accounting Standards Updates that affect MUST's revenue recognition. The first, Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. For the year ended June 30, 2020, MUST adopted ASU No. 2014-09 and ASU No. 2018-08. The adoption of these ASUs did not have an impact on the timing of revenue recognition for MUST.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash.* The Organization adopted the provisions of this new standard during the year ended June 30, 2020. The update requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and cash equivalents. Therefore, amounts generally described as restricted cash and cash equivalents have been included with cash and cash equivalents when reconciling the beginning of year and end of year cash total amounts shown on the accompanying statement of cash flows.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, June 30, 2020 and 2019, respectively, comprise the following:

	2020	2019
Cash and cash equivalents	**$ 4,265,565**	$ 1,848,796
Grants and contracts receivable	**745,944**	579,787
Promises to give	**12,600**	17,813
	$ 5,024,109	$ 2,446,396

MUST structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the year, MUST anticipates covering its general expenditures by collecting sufficient contributions and grants and by utilizing donor-restricted resources from current and prior years' gifts.

NOTE 4. INVESTMENTS HELD AT THE COMMUNITY FOUNDATION

The following tables set forth by level, within the fair value hierarchy, MUST's investments at fair value as of June 30, 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Investment at Community Foundation	**$ -**	**$ 173,725**	**$ -**	**$ 173,725**
Total	**$ -**	**$ 173,725**	**$ -**	**$ 173,725**

MUST's investments at fair value as of June 30, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
Pooled Investment at Community Foundation	$ -	$ 168,784	$ -	$ 168,784
Total	$ -	$ 168,784	$ -	$ 168,784

The Cobb Community Foundation ("Community Foundation") holds a donor-established advised fund ("Fund") for the benefit of MUST. Under the terms of the agreement establishing the Fund, the principal is intended to be an endowment held in perpetuity and the earnings from the Fund are to be made available to MUST to support its general operations. The agreement granted variance power to the Community Foundation. Thus, the Fund is owned by the Community Foundation, and the Community Foundation has final authority and control over the disposition of the assets and earnings of the Fund. The total amount of the funds held at the Community Foundation at June 30, 2020 and 2019 was $273,725 and $268,784, respectively. This amount includes earnings and contributions in the amount of $173,725 and $168,784 made by MUST which are reflected in the statement of financial position of MUST at June 30, 2020 and 2019, respectively.

It is the intention of the Board and management of MUST, to leave the contributions as part of the perpetual endowment, but MUST reserves the right to recover the funds in the future if MUST has the need for the funds. MUST has not recognized its potential for future distributions from the assets held in the Fund. Those distributions, if they occur, will be recognized as contributions when received or unconditionally promised.

NOTE 5. PROMISES TO GIVE

MUST receives capital contributions, both cash and promises to give, to allow for the acquisition and build-out of facilities to support the operations of MUST.

Promises to give consisted of the following at June 30, 2020:

	Operating	Capital	Total
Current	**$ 12,600**	**$ 427,974**	**$ 440,574**
Due in one to five years	**-**	**286,410**	**286,410**
	12,600	**714,384**	**726,984**
Less allowance for uncollectible promises to give	**-**	**(35,722)**	**(35,722)**
Less time value discount	**-**	**(5,613)**	**(5,613)**
Promises to give, net	**$ 12,600**	**$ 673,049**	**$ 685,649**

Promises to give consisted of the following at June 30, 2019:

	Operating	Capital	Total
Current	$ 17,813	$ 971,092	$ 988,905
Due in one to five years	-	683,141	683,141
	17,813	1,654,233	1,672,046
Less allowance for uncollectible promises to give	-	(82,837)	(82,837)
Less time value discount	-	(13,394)	(13,394)
Promises to give, net	$ 17,813	$ 1,558,002	$ 1,575,815

Promises to give are discounted using a discount rate of 2% for both the years ended June 30, 2020 and 2019.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following as of June 30:

	2020	2019
Vehicles	**$ 328,079**	$ 215,826
Equipment	**791,298**	727,901
Land	**3,353,393**	3,341,367
Buildings and improvements	**10,661,660**	10,644,573
Construction in progress	**749,229**	452,279
	15,883,659	15,381,946
Less accumulated depreciation	**(3,547,527)**	(3,150,766)
Property and equipment, net	**$ 12,336,132**	$ 12,231,180

Depreciation expense for the years ended June 30, 2020 and 2019 was $396,761 and $397,510, respectively.

NOTE 7. VACATION AND SICK LEAVE PAYABLE

Employees earn vacation and sick leave depending on years of service. Accrued vacation is paid upon an employee's termination. Accrued sick leave is not paid upon employee termination and therefore has not been accrued at year-end. Liabilities for accumulated leave of $198,235 and $178,757 are included in the statement of financial position with accrued liabilities at June 30, 2020 and 2019, respectively.

NOTE 8. 403(b) THRIFT PLAN

MUST provides a 403(b) thrift plan which covers all eligible employees. Employees can make salary reduction contributions, and MUST may make matching contributions. Employees are eligible to participate in the salary reduction contributions after 30 days of employment and are eligible for an employer match after one year of employment. MUST matches 100% of the first 4% of salary reduction. MUST’s contributions totaled $49,988 and $45,690 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9. CONCENTRATIONS

MUST maintains deposit accounts at various banks which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. MUST has substantially all cash deposited in one financial institution, a concentration that comprised approximately 31% and 90% of the cash balance at June 30, 2020 and 2019, respectively. Cash balances were in excess of the FDIC insured level by $2,717,189 and $4,651,427 as of June 30, 2020 and 2019, respectively. Management does not believe it is exposed to significant credit risk on cash and cash equivalents.

NOTE 10. COMMITMENTS

MUST had various operating leases in effect during the years ended June 30, 2020 and 2019. Rent expense for the years ended June 30, 2020 and 2019 was $448,898 and $428,097, respectively. The leases include rental of office space, warehouse space, and residential apartments. Future minimum lease payments over the remaining lease terms total $333,596 for the year ending June 30, 2021.

NOTE 11. LONG-TERM DEBT

In 2008 MUST purchased a building located at 1407 Cobb Parkway to provide space for day services and administrative offices to increase service delivery to clients. MUST obtained a loan agreement for a maximum principal amount of $6,800,000 for construction financing. The funds could be drawn down as necessary to purchase and build out the interior of the building. MUST solicited funding from donors through a capital fund-raising campaign to support the project.

In fiscal year 2017 MUST refinanced the loan. The refinanced loan agreement provided a maximum principal amount of $1,292,238. The loan carried an interest rate of 4.313% at June 30, 2019. Principal and interest of $12,648 was paid monthly starting May 2017. The loan agreement was set to expire on April 5, 2027. The loan was collateralized by the facility at 1407 Cobb Parkway. The loan was paid off in October 2019. The principal balance outstanding on the loan was $1,067,743 at June 30, 2019.

In fiscal year 2018 MUST entered into a loan agreement to purchase a building located at 1280 Field Parkway to serve as a centralized donation center. The loan agreement provides a maximum principal amount of $1,394,000. The loan carried an interest rate of 2.07% at June 30, 2020 and 2019. Principal and interest of $5,201 is paid monthly starting November 2017. The loan agreement is set to expire on October 1, 2047. The loan is collateralized by the facility at 1280 Field Parkway. The principal balance outstanding on the loan was $1,308,854 and $1,334,243 at June 30, 2020 and 2019, respectively. MUST solicited funding from donors through a capital fund-raising campaign to support the project.

NOTE 11. LONG-TERM DEBT (Continued)

In fiscal year 2018 MUST entered into a loan agreement to purchase land located at 1260 Cobb Parkway for a future programmatic facility. The loan agreement provides a maximum principal amount of $2,214,000. The loan carried an interest rate of 1.33% at June 30, 2020 and 2019. Principal of $250,000 is to be paid annually starting in December 2017. A balloon payment will be made on the remaining outstanding balance on December 31, 2021 when the agreement is set to expire. The loan is collateralized by the land at 1260 Cobb Parkway. The principal balance outstanding on the loan was $1,464,000 and $1,714,000 at June 30, 2020 and 2019. MUST solicited $1,000,000 of conditional funding from a local government agency to support the project.

Scheduled maturities on long-term debt are as follows:

For the year ending June 30,

2021	$	297,598
2022		1,250,714
2023		37,475
2024		38,252
2025		39,044
Thereafter		1,111,664
		2,774,747
Less unamortized debt issuance costs		(29,842)
Total	$	2,744,905

NOTE 12. LINES OF CREDIT

On January 3, 2020, MUST entered into a revolving line of credit of $1,100,000 with a financial institution to provide financing to maintain day-to-day operating activity. The line of credit bears interest at the U.S. prime rate as published in The Wall Street Journal and matures in January 2023. MUST had no outstanding borrowings on the line of credit as of June 30, 2020. The line is collateralized by the facility at 111 Brown Industrial Parkway, Canton, GA.

On January 3, 2020, MUST also entered into a revolving line of credit of $1,000,000 with a financial institution to provide financing to maintain day-to-day operating activity. The line of credit bears interest at the U.S. prime rate as published in The Wall Street Journal and matures in January 2023. MUST had no outstanding borrowings on the line of credit as of June 30, 2020. The line is collateralized by the facility at 1407 Cobb Parkway, Marietta, GA.

In March 2020, MUST renewed a line of credit of $220,000 with a financial institution to provide financing to maintain day-to-day operating activity. The line of credit bears interest at the financial institution’s prime rate and matures in March 2023. MUST had no outstanding borrowings on the line of credit as of June 30, 2020 or 2019. The line is collateralized by the facility at 460 Pat Mell Road and the Organization's receivables.

NOTE 13. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended June 30:

	2020	2019
Food and meals	**$ 2,916,775**	$ 2,069,761
Clothing	**228,890**	408,855
Program supplies and services	**577,336**	733,377
Special events supplies and services	**68,346**	132,064
	$ 3,791,347	$ 3,344,057

NOTE 14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30:

	2020	2019
Subject to expenditure for specified purpose:		
Capital	**$ 3,381,877**	$ 2,963,930
Promises to give, restricted for capital	**673,049**	1,558,002
Summer lunch program	**89,487**	187,472
Rapid response food program	**495,981**	-
Food and Neighborhood Pantry	**248,266**	-
Clinic	**116,879**	-
Other programs	**245,504**	160,346
	$ 5,251,043	$ 4,869,750

Net assets with donor restrictions consist of the following at June 30:

	2020	2019
Cash	**$ 4,577,994**	$ 3,311,748
Promises to give	**673,049**	1,558,002
	$ 5,251,043	$ 4,869,750

NOTE 15. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2020 and 2019 by incurring expenditures satisfying the restricted purposes specified by donors as follows:

	2020	2019
Satisfaction of purpose restrictions:		
Capital	**$ 1,583,426**	$ 497,422
Summer lunch program	**365,925**	329,958
Rapid response food program	**471,711**	-
Food and Neighborhood Pantry	**288,796**	-
Clinic	**10,671**	-
Other programs	**981,164**	746,270
	$ 3,701,693	$ 1,573,650

NOTE 16. PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

MUST applied for and received $618,300 from the Paycheck Protection Program on May 22, 2020. The monies were received via a Paycheck Protection Program Promissory Note to be paid via a fixed payment schedule commencing seven months from the date the loan is funded, consisting of 17 monthly payments of principal and interest with a rate of 1.00% per annum. MUST plans to request and expects to be granted full forgiveness for the note during the fiscal year ended June 30, 2021. MUST had an outstanding note payable balance of $618,300 as of June 30, 2020.

The remaining total principal payments due as of June 30, 2020 are as follows:

2021	$	289,874
2022		328,426
	$	618,300

NOTE 17. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are worldwide. The related financial impacts and duration cannot be reasonably estimated.

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2020, the date the financial statements were available to be issued.