

**THE SUNDAY BREAKFAST ASSOCIATION
OF PHILADELPHIA**

d/b/a SUNDAY BREAKFAST RESCUE MISSION

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT)

YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

To the Board of Trustees of
The Sunday Breakfast Association of Philadelphia
d/b/a Sunday Breakfast Rescue Mission
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of The Sunday Breakfast Association of Philadelphia (a Pennsylvania nonprofit organization, d/b/a Sunday Breakfast Rescue Mission) (the "Mission"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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. 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 Mission'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 Mission'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 Sunday Breakfast Association of Philadelphia d/b/a Sunday Breakfast Rescue Mission as of June 30, 2021 and 2020, 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.

Isdaner + Company llc

October 20, 2021

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 1,259,043	\$ 886,117
Grants and pledges receivable	722,594	146,096
Prepaid expenses	23,115	25,978
Total current assets	2,004,752	1,058,191
Split and beneficial interest in trusts	567,302	514,124
Property and equipment - at cost	5,269,589	4,681,564
Less accumulated depreciation	(2,945,007)	(2,789,038)
	2,324,582	1,892,526
	\$ 4,896,636	\$ 3,464,841

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 230,469	\$ 102,580
Other deposits	995	394
Total current liabilities	231,464	102,974
Net assets:		
Without donor restrictions	4,002,870	2,650,021
With donor restriction	662,302	711,846
	4,665,172	3,361,867
	\$ 4,896,636	\$ 3,464,841

The accompanying notes are an integral part of these statements.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Contributions	\$ 3,439,336	\$ 95,000	\$ 3,534,336	\$ 2,659,114	\$ 160,000	\$ 2,819,114
Gifts in kind-donations	127,050	-	127,050	229,978	-	229,978
Change in value of trusts	-	53,178	53,178	-	(26,204)	(26,204)
Trust and interest income	29,105	-	29,105	2,124	-	2,124
Rental income	30,507	-	30,507	24,016	-	24,016
Net assets released from restrictions	197,722	(197,722)	-	-	-	-
	<u>3,823,720</u>	<u>(49,544)</u>	<u>3,774,176</u>	<u>2,915,232</u>	<u>133,796</u>	<u>3,049,028</u>
Expenses:						
Program	1,819,267	-	1,819,267	1,828,480	-	1,828,480
Management and general	168,514	-	168,514	212,554	-	212,554
Fundraising	483,090	-	483,090	391,840	-	391,840
	<u>2,470,871</u>	<u>-</u>	<u>2,470,871</u>	<u>2,432,874</u>	<u>-</u>	<u>2,432,874</u>
Change in net assets from operations	1,352,849	(49,544)	1,303,305	482,358	133,796	616,154
Gain on sale of property and equipment	-	-	-	7,759	-	7,759
Change in net assets	1,352,849	(49,544)	1,303,305	490,117	133,796	623,913
Net assets at beginning of year	<u>2,650,021</u>	<u>711,846</u>	<u>3,361,867</u>	<u>2,159,904</u>	<u>578,050</u>	<u>2,737,954</u>
Net assets at end of year	<u>\$ 4,002,870</u>	<u>\$ 662,302</u>	<u>\$ 4,665,172</u>	<u>\$ 2,650,021</u>	<u>\$ 711,846</u>	<u>\$ 3,361,867</u>

The accompanying notes are an integral part of these statements.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021						2020					
	Program Services			Support Services			Program Services			Support Services		
	Homeless Services	Wayne Hall	Program Total	Management and General	Fund Raising	Total	Homeless Services	Wayne Hall	Program Total	Management and General	Fund Raising	Total
Salaries	\$ 728,649	\$ -	\$ 728,649	\$ 64,074	\$ 145,029	\$ 937,752	\$ 622,203	\$ 62,644	\$ 684,847	\$ 56,531	\$ 114,107	\$ 855,485
Payroll taxes and benefits	187,353	652	188,005	11,620	24,244	223,869	154,195	32,935	187,130	39,600	24,668	251,398
	<u>916,002</u>	<u>652</u>	<u>916,654</u>	<u>75,694</u>	<u>169,273</u>	<u>1,161,621</u>	<u>776,398</u>	<u>95,579</u>	<u>871,977</u>	<u>96,131</u>	<u>138,775</u>	<u>1,106,883</u>
Advertising	-	-	-	-	48,027	48,027	4,308	-	4,308	-	32,020	36,328
Automobile and travel	5,120	-	5,120	3,512	212	8,844	7,423	400	7,823	470	756	9,049
Conferences and meetings	20,871	-	20,871	1,785	1,611	24,267	3,997	-	3,997	73	1,929	5,999
Depreciation	118,278	30,807	149,085	5,632	1,252	155,969	130,587	26,235	156,822	6,218	1,382	164,422
Food	223,738	-	223,738	-	-	223,738	317,116	358	317,474	-	-	317,474
House expense	42,007	136	42,143	170	165	42,478	36,243	136	36,379	132	175	36,686
Insurance	48,219	-	48,219	3,294	545	52,058	64,146	3,724	67,870	4,489	1,045	73,404
Interest	-	-	-	142	-	142	12,151	-	12,151	5,298	47	17,496
Marketing	40,602	-	40,602	1,609	150,938	193,149	9,780	-	9,780	4,217	151,624	165,621
Office expense	17,754	-	17,754	23,823	27,650	69,227	14,383	-	14,383	2,913	9,284	26,580
Postage	9,935	-	9,935	502	321	10,758	1,260	-	1,260	1,302	10,262	12,824
Professional fees	44,469	-	44,469	31,872	49,948	126,289	21,639	1,750	23,389	48,210	7,453	79,052
Program supplies	26,849	3,514	30,363	7,089	3,972	41,424	27,616	2,494	30,110	1,465	1,352	32,927
Real estate commission	-	-	-	-	-	-	-	-	-	21,005	-	21,005
Real estate taxes	3,532	981	4,513	168	37	4,718	11,429	1,942	13,371	186	373	13,930
Repairs and maintenance	108,115	6,587	114,702	2,627	1,029	118,358	68,315	3,835	72,150	495	682	73,327
Software and IT support	22,095	1,152	23,247	3,714	25,217	52,178	18,337	-	18,337	13,457	33,238	65,032
Utilities	101,956	25,896	127,852	6,881	2,893	137,626	136,359	30,540	166,899	6,493	1,443	174,835
	<u>\$ 1,749,542</u>	<u>\$ 69,725</u>	<u>\$ 1,819,267</u>	<u>\$ 168,514</u>	<u>\$ 483,090</u>	<u>\$ 2,470,871</u>	<u>\$ 1,661,487</u>	<u>\$ 166,993</u>	<u>\$ 1,828,480</u>	<u>\$ 212,554</u>	<u>\$ 391,840</u>	<u>\$ 2,432,874</u>

The accompanying notes are an integral part of these statements.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,303,305	\$ 623,913
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain on sale of property and equipment	-	(7,759)
Depreciation	155,969	164,422
(Increase) decrease in value of trusts	(53,178)	26,204
Changes in operating assets and liabilities:		
Grants and pledges receivable	(576,498)	(146,096)
Prepaid expenses	2,863	(12,970)
Other deposits	601	(12,691)
Accounts payable and accrued expenses	127,889	24,399
	<u>960,951</u>	<u>659,422</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(588,025)	(123,807)
Proceeds from sale of property and equipment	-	402,450
	<u>(588,025)</u>	<u>278,643</u>
Net cash (used in) provided by investing activities		
Cash flows from financing activities:		
Payments on notes payable	-	(283,159)
	<u>-</u>	<u>(283,159)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	<u>372,926</u>	<u>654,906</u>
Cash and cash equivalents, beginning of year	<u>886,117</u>	<u>231,211</u>
Cash and cash equivalents, end of year	<u>\$ 1,259,043</u>	<u>\$ 886,117</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 142</u>	<u>\$ 17,496</u>

The accompanying notes are an integral part of these statements.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(1) NATURE OF ACTIVITIES

The Sunday Breakfast Association of Philadelphia, doing business as Sunday Breakfast Rescue Mission (the “Mission”), is a Pennsylvania nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Mission exists to minister in the name of Jesus Christ to the spiritual and practical needs of the disadvantaged in the Philadelphia area.

The Mission operates a homeless mission and shelter for men, women and children, where residents can receive shelter and three meals a day, every day of the year to anyone in need. The Mission also offers rehabilitation programs and job training programs. The Mission previously owned and operated a thrift store (the “Thrift Store”) located in Pennndel, Pennsylvania, which closed in January 2019 and was sold to a third party in May 2020. The Mission is primarily supported through donor contributions.

(2) CORONAVIRUS

In December 2019, an outbreak of a novel strain of coronavirus, COVID-19, emerged in China and is currently impacting countries, communities, supply chains, and markets around the world.

In March 2020, in response to the emerging COVID-19 pandemic, the Mission stopped serving meals to the public and transitioned to a “Grab-N-Go” bagged meal program served from their front window for non-registered sheltered guests. The Mission re-opened the dining room to the public in July 2021. To help reduce the rate of ‘community spread’ and the systemic impact on public health, the Mission closely follows the prescribed COVID-19 guidelines. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, and availability of resources. As of the date of this report, management cannot predict whether the COVID-19 outbreak will have a material impact on the Mission’s financial condition and results of operations in the foreseeable future. See Note 10 for the Mission’s liquidity and financial assets and resources available for general expenditure within the next year as of June 30, 2021.

In connection with the COVID-19 outbreak, and as described more in Note 3, the Mission obtained a forgivable loan and recognized revenue related to Employee Retention Credit (“ERC”) program, during the fiscal years ended June 30, 2020 and 2021.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Accordingly, the Mission distinguishes between net assets with donor restrictions and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Mission’s management and the board of trustees. Donor-restricted contributions whose restrictions are met in the same reporting period are classified as net assets without donor restrictions.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are met by actions of the Mission and/or the passage of time, at which point the net assets are reclassified to net assets without donor restrictions. Other donor-imposed restrictions are perpetual in nature and require the funds be maintained permanently by the Mission.

Contributions

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized as support until the conditions on which they depend on are substantially met. Promises to give are recorded at net realizable value. No allowance for uncollectible receivables was considered necessary at June 30, 2021 or 2020. Three donors accounted for 90% of the grants and pledges receivable balance at June 30, 2021, and one donor accounted for 100% of the grants and pledges receivable balance at June 30, 2020.

Paycheck Protection Program

In connection with the COVID-19 outbreak, the Mission obtained a \$196,200 forgivable loan on April 25, 2020 through the Paycheck Protection Program (“PPP”). During the fiscal year ended June 30, 2020, the Mission concluded that the PPP loan represented, in substance, a conditional grant that was expected to be forgiven based on qualifying expenditures incurred during fiscal year 2020. Accordingly, \$196,200 was recognized as contribution revenue during fiscal year 2020. The Mission applied for forgiveness and was notified on February 4, 2021 that full forgiveness of the PPP loan was granted by the Small Business Administration.

Employee Retention Credit

The ERC is a refundable payroll tax credit equal to a percentage of qualified wages paid to employees after March 12, 2020 and before June 30, 2021, as extended. The Taxpayer Certainty and Disaster Tax Relief Act (“TCDTR Act”) of 2020, as enacted on December 27, 2020, resulted in certain retroactive changes to the ERC program allowing employers to claim the ERC for qualified wages that were not treated as payroll costs in obtaining forgiveness of the PPP loan.

The Mission has applied for employee retention credits in the amount of \$353,034 and expects to be refunded based on qualifying expenditures incurred during the period March 13, 2020 through June 30, 2021. The Mission concluded that the ERC represented, in substance, a conditional government grant. Accordingly, the credits are included in the statements of financial position as of June 30, 2021 and as contribution revenue in the statements of activities for the year ended June 30, 2021.

Donated Services and Materials

A significant number of volunteers have donated a substantial amount of time to the Mission’s program services, management and fundraising campaigns. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. The Mission receives a significant amount of food donations from food banks, organizations and individuals. The Mission recognizes the estimated fair value of the food donations in their financial statements by using a value per meal served and subtracting out the costs of food purchases.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services and Materials - Continued

For the years ended June 30, 2021 and 2020, amounts recorded for donated food totaled \$116,300 and \$229,978, respectively.

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 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 revenues and expenses, including functional allocations, during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Mission considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in operating accounts at major financial institutions and also in money market mutual funds, in which the Mission is exposed to market and credit risk. The Mission's uninsured cash balances total \$968,509 and \$628,744 at June 30, 2021 and 2020, respectively. No losses have been incurred to date.

Property and Equipment

Property and equipment are stated at cost or if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets by the straight-line method. Estimated useful lives of three to forty years are used for building and building improvements, five years for vehicles, and three to ten years for furniture, fixtures and equipment. It is the Mission's policy to capitalize expenditures in excess of \$5,000. Maintenance, repairs and minor renewals are charged to operations as incurred.

Contributions received with donor restrictions related to capital improvements are not released until the related assets are placed in service.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Fair Value of Financial Instruments

The Mission applies the authoritative guidance of the Financial Accounting Standards Board ("FASB") ASC Topic 820, *Fair Value Measurement*, which defines fair value and establishes a framework for measuring fair value. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal market or, in the absence of a principal market, the most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

**THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, credit risks, and default rates) or other inputs that are principally derived from or corroborated by observable market data by correlation or by other means.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Split Interest Agreements and Beneficial Interest in Perpetual Trusts

The Mission has accepted a gift subject to a split interest agreement. Under this trust agreement the Mission receives semi-annual trust income distributions. Upon the death of the last individual beneficiary, the Mission will receive a proportionate share of the remaining principal. The estimated value of the Mission's share has been subjected to a discount rate in order to record the asset at its present value. The net asset has been recorded as with donor restriction due to time restrictions.

The Mission also received three gifts of beneficial interests in trusts that are held by others. Under the terms of these trusts, the Mission has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. At the time of the receipt, a gift is recorded based on the fair value of the assets contributed to the trust (or the portion thereof that benefits the Mission). Annual distributions from the trust are reported as investment income and classified as with or without donor restrictions based upon donor designations. The beneficial interests in perpetual trusts are reported at fair value, with the change in fair value reported as an increase or decrease in net assets with donor restrictions that are perpetual in nature. Given the nature of the promises, as well as the inability to compute the present value of the perpetual income stream of the trusts, the Mission has recorded its proportionate share of the total fair market value of the principal trust assets upon which its income distributions are based as net assets with donor restrictions that are perpetual in nature.

The change in value of split interest agreements and perpetual trusts for the years ended June 30, 2021 and 2020 were an increase of \$53,178 and a decrease of \$26,204 respectively. Income from distributions from the trusts amounted to \$28,070 and \$1,513, for the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Expenses are directly charged to the program activities other than those that benefit multiple functions. Certain expenses applicable to more than one program or activity have been allocated among the programs and supporting services based on activities of personnel, the usage of space, and the type of services received. Salaries, payroll taxes and benefits are allocated based on time and effort. Depreciation, utilities and insurance are allocated based on square footage. Office expense and software and IT support are allocated based upon direct usage of materials.

**THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Mission is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes. Pursuant to FASB ASC Topic 740, *Income Taxes*, the Mission recognizes tax benefits only if it is more likely than not that a tax position will be sustained upon examination. No liability for uncertain tax positions was recorded as of June 30, 2021 or 2020. In addition, the Mission qualifies for charitable contribution deductions and has not been classified as a private foundation.

New Accounting Pronouncement

In February 2016, the FASB issued Accounting Standard Update 2016-02, *Leases*, which once implemented will result in lessees recognizing most leased assets and corresponding lease liabilities on the balance sheet. The standard is effective for years beginning after December 15, 2021 and early adoption is permitted. Management is currently evaluating the impact of this standard on the financial statements.

Subsequent Events

Management has evaluated subsequent events through October 20, 2021, which is the date the financial statements were available to be issued. See Note 12.

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 430,050	\$ 430,050
Buildings and improvements	4,404,728	3,903,192
Vehicles	102,633	93,903
Furniture, fixtures and equipment	327,453	254,419
Construction in progress	4,725	-
	<u>5,269,589</u>	<u>4,681,564</u>
Less accumulated depreciation	<u>(2,945,007)</u>	<u>(2,789,038)</u>
	<u>\$2,324,582</u>	<u>\$1,892,526</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$155,969 and \$164,422, respectively.

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(5) FAIR VALUE MEASUREMENTS

The Mission uses fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. For additional information on how the Mission measures fair value refer to Note 3.

The following table presents the Mission's fair value hierarchy for those investments measured at fair value on a recurring basis for the years ended June 30, 2021 and 2020.

June 30, 2021	Quotes Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Split interest and beneficial interest in trusts	\$296,628	\$ -	\$270,674	\$567,302
June 30, 2020				
Split interest and beneficial interest in trusts	\$244,745	\$ -	\$269,379	\$514,124

The Mission is beneficiary to an irrevocable residual trust (split interest agreement) and certain perpetual trusts. The Mission's beneficial interest in these trusts range from 8.33 percent to 50 percent and includes annual distributions. The split interest agreement trust funds and one of the perpetual trusts are held in pooled funds invested with Wells Fargo and consist of fixed income and equity mutual funds. The remaining two perpetual trust funds are held at PNC and consist of fixed income and equity mutual funds. The irrevocable trust is further valued by discounting the net present value of the balance of the funds based upon the life expectancy of the donor. Net present value was discounted at 1.45% at June 30, 2021. All trust funds are measured at fair value in the statements of financial position.

The change in investment assets for the years ended June 30, 2021 and 2020 are as follows:

	Split Interest	Beneficial Interest in Perpetual Trusts	Total
Beginning balance, July 1, 2020	\$269,379	\$244,745	\$514,124
Increase in value of split and beneficial interest in trusts	1,295	51,883	53,178
Ending balance, June 30, 2021	\$270,674	\$296,628	\$567,302
	Split Interest	Beneficial Interest in Perpetual Trusts	Total
Beginning balance, July 1, 2019	\$278,742	261,586	\$540,328
Decrease in value of split and beneficial interest in trusts	(9,363)	(16,841)	(26,204)
Ending balance, June 30, 2020	\$269,379	\$244,745	\$514,124

THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(6) RENTAL INCOME

The Mission leases space on their roof for a cellular tower to AT&T under a lease that was amended in March 2018 to extend through 2023 with automatic renewal for up to 4 additional 5 year terms. Rental income is recognized on a straight-line basis and totaled \$21,414 and \$23,006 for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, future minimum rent payments under the lease agreement are as follows:

2022	\$23,857
2023	<u>16,115</u>
	<u>\$39,972</u>

(7) LINES OF CREDIT

The Mission had available a \$250,000 revolving commercial line of credit from Citizen Bank that renewed on an annual basis and was secured by certain real estate. The interest rate was the prime rate as published by the Wall Street Journal on the applicable date plus 1 percent. The interest rate was 4.25% at June 2021 and 2020, respectively. There was no outstanding balance on the line of credit as of June 30, 2021 or 2020. On June 29, 2021, the line of credit was closed down.

The Mission had a \$200,000 revolving commercial line of credit from TD Bank that was renewed on an annual basis and secured by certain real estate. The interest rate was the prime rate as published by the Wall Street Journal on the applicable date plus 2.5%, with a minimum rate of 4%. The interest rate was 5.75% at June 2020. There was no outstanding balance on the line of credit as of June 30, 2020. On July 2, 2020, the line of credit was closed down.

On July 28, 2020, the Mission obtained a new revolving line of credit up to \$500,000 from Truist Bank that matures on July 28, 2022 and bears interest at the prime rate as published by the Wall Street Journal plus .25%, with a minimum rate of 3.25%. At June 30, 2021, the interest rate was 3.5% and there was no outstanding balance.

(8) CONTINGENCIES

On June 26, 2007, the Mission received a forgivable direct subsidy loan from the Federal Home Loan Bank of Pittsburgh through the Affordable Housing Program in the amount of \$500,000, funded by Firsttrust Bank. On August 22, 2008, the Mission received a forgivable direct subsidy loan from the Federal Home Loan Bank of New York through the Affordable Housing Program in the amount of \$1,119,906, funded by Commerce Bank.

As stipulated in the loan agreements, the total loan proceeds were used for capital improvement projects in a prior year. The loans require no interest or principal payments, and stipulates that the Mission must remain in business and continue operating under its mission for a 15-year period (“retention period”), at which point the loans will be fully released.

**THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(8) CONTINGENCIES - Continued

The Mission intends to follow all provisions of both forgivable loans, and concluded that the likelihood of noncompliance with the loan terms was remote at the time of receipt. As such, the total loan proceeds were recognized as contributed revenue in the period it was received. As of June 30, 2021, there were twelve months of the retention period remaining on the loan received in June 2007, and twenty-six months of the retention period remaining on the loan received in August 2008.

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Time and program restrictions:		
Wayne Hall renovations	\$ -	\$ 47,722
Renovation of shower rooms	-	150,000
Pearl street public space engagement	70,000	-
Subsequent year operations	25,000	-
Split interest agreement	270,674	269,379
	365,674	467,101
Beneficial interest in perpetual trusts	296,628	244,745
Total net assets	\$662,302	\$711,846

(10) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Mission's financial assets and liquidity resources as of June 30, 2021, reduced by the amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or donor restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions, detailed in Note 9. In addition to financial assets available to meet general expenditures over the next 12 months, the Mission has one revolving commercial line of credit, detailed in Note 7.

Current Financial Assets:	
Cash and cash equivalents	\$ 1,259,043
Grants and pledges receivable	722,594
	1,981,637
Less amounts not available to be used within one year	
Net assets with donor restrictions	(95,000)
Financial assets available to meet general expenditure	
Over the next 12 months	\$ 1,886,637

**THE SUNDAY BREAKFAST ASSOCIATION OF PHILADELPHIA
d/b/a SUNDAY BREAKFAST RESCUE MISSION**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(11) RETIREMENT PLAN

The Mission has a SIMPLE IRA plan whereby employee salary deferrals into the plan are tax deferred. All employees are eligible to join after one year of service and receiving an annual gross wage greater than \$5,000. The Mission makes a contribution to the plan in an amount determined by the board of trustees, which totaled \$9,375 and \$5,112 during the years ended June 30, 2021 and 2020, respectively.

(12) SUBSEQUENT EVENT

On August 5, 2021, the Mission sold its Wayne Hall building located at 5200-5208 Wayne Avenue, Philadelphia, Pennsylvania for \$650,000. The sale of the property resulted in a gain of approximately \$277,000.