

**DESTINY RESCUE USA, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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## **Independent Auditor's Report**

To the Board of Directors of  
Destiny Rescue USA, Inc.

We have audited the accompanying financial statements of Destiny Rescue USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Destiny Rescue USA, Inc. as of December 31, 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.

Fort Wayne, Indiana  
September 9, 2021

**Destiny Rescue USA, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 1,373,477	\$ 712,977
Payroll tax refund receivable	130,530	-
Inventory	7,473	41,044
Prepaid expenses	31,157	101,753
Security deposit	<u>2,000</u>	<u>2,000</u>
<b>Total current assets</b>	<b>1,544,637</b>	<b>857,774</b>
<b>Property and equipment, net</b>	<u>125,151</u>	<u>154,988</u>
<b>Total assets</b>	<b>\$ <u>1,669,788</u></b>	<b>\$ <u>1,012,762</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 31,843	\$ 31,099
Accounts payable	29,814	38,019
Grants payable	270,222	145,739
Accrued payroll and withholdings	<u>82,013</u>	<u>69,712</u>
<b>Total current liabilities</b>	<b>413,892</b>	<b>284,569</b>
<b>Long-term debt, net of current portion</b>	<u>58,878</u>	<u>91,478</u>
<b>Total liabilities</b>	<u>472,770</u>	<u>376,047</u>
<b>Net assets:</b>		
Without donor restrictions	761,873	232,953
With donor restrictions	<u>435,145</u>	<u>403,762</u>
<b>Total net assets</b>	<u>1,197,018</u>	<u>636,715</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>1,669,788</u></b>	<b>\$ <u>1,012,762</u></b>

*See accompanying notes*

**Destiny Rescue USA, Inc.**  
**Statement of Activities**  
**For the year ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions and grants	\$ 3,390,014	\$ 358,137	\$ 3,748,151
Special events	85,180	-	85,180
Jewelry sales	8,018	-	8,018
Interest income	2,200	-	2,200
Other income	100	-	100
Loss on sale of assets	(177)	-	(177)
Net assets released from restrictions	326,754	(326,754)	-
	<u>3,812,089</u>	<u>31,383</u>	<u>3,843,472</u>
Total revenue and support			
<b>Program expense:</b>			
Grants to affiliates	1,641,546	-	1,641,546
Sponsorships	38,625	-	38,625
Jewelry and apparel	79,735	-	79,735
Public awareness	908,925	-	908,925
	<u>2,668,831</u>	<u>-</u>	<u>2,668,831</u>
Total program expense			
<b>Supporting services expense:</b>			
Management and general	385,459	-	385,459
Fundraising	228,879	-	228,879
	<u>614,338</u>	<u>-</u>	<u>614,338</u>
Total supporting services expense			
Total expenses			
	<u>3,283,169</u>	<u>-</u>	<u>3,283,169</u>
<b>Change in net assets</b>	528,920	31,383	560,303
<b>Net assets, beginning of year</b>	<u>232,953</u>	<u>403,762</u>	<u>636,715</u>
<b>Net assets, end of year</b>	<u>\$ 761,873</u>	<u>\$ 435,145</u>	<u>\$ 1,197,018</u>

See accompanying notes

**Destiny Rescue USA, Inc.**  
**Statement of Activities**  
**For the year ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and support:</b>			
Contributions and grants	\$ 2,819,356	\$ 308,965	\$ 3,128,321
Special events	309,618	-	309,618
Jewelry sales	109,332	-	109,332
Interest income	10,103	-	10,103
Other income	2,005	-	2,005
Gain on sale of assets	(9,884)	-	(9,884)
Net assets released from restrictions	<u>578,198</u>	<u>(578,198)</u>	<u>-</u>
 Total revenue and support	 <u>3,818,728</u>	 <u>(269,233)</u>	 <u>3,549,495</u>
<b>Program expense:</b>			
Grants to affiliates	1,876,112	-	1,876,112
Sponsorships	32,994	-	32,994
Jewelry and apparel	182,633	-	182,633
Public awareness	<u>1,103,596</u>	<u>-</u>	<u>1,103,596</u>
 Total program expense	 <u>3,195,335</u>	 <u>-</u>	 <u>3,195,335</u>
<b>Supporting services expense:</b>			
Management and general	396,929	-	396,929
Fundraising	<u>395,337</u>	<u>-</u>	<u>395,337</u>
 Total supporting services expense	 <u>792,266</u>	 <u>-</u>	 <u>792,266</u>
 Total expenses	 <u>3,987,601</u>	 <u>-</u>	 <u>3,987,601</u>
 <b>Change in net assets</b>	 <u>(168,873)</u>	 <u>(269,233)</u>	 <u>(438,106)</u>
 <b>Net assets, beginning of year</b>	 <u>401,826</u>	 <u>672,995</u>	 <u>1,074,821</u>
 <b>Net assets, end of year</b>	 <u>\$ 232,953</u>	 <u>\$ 403,762</u>	 <u>\$ 636,715</u>

*See accompanying notes*

**Destiny Rescue USA, Inc.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2020**

	Program Expenses					Supporting Services			Total Expenses
	Grants to Affiliates	Sponsorships	Jewelry & Apparel	Public Awareness	Total Program	Management & General	Fund-raising	Total Supporting Services	
Grants to affiliates	\$ 1,617,974	\$ -	\$ -	\$ -	\$ 1,617,974	\$ -	\$ -	\$ -	\$ 1,617,974
Personnel costs	11,745	33,698	7,025	611,941	664,409	303,830	129,413	433,243	1,097,652
Mission team trip costs	-	-	-	5,949	5,949	-	-	-	5,949
Direct fundraising costs	-	-	-	-	-	-	31,174	31,174	31,174
Meals and travel	-	-	26,241	52,481	78,722	-	26,241	26,241	104,963
Office supplies and other	707	2,029	423	36,845	40,004	18,293	7,792	26,085	66,089
Conferences and conventions	-	-	1,978	127,956	129,934	-	1,978	1,978	131,912
Processing and bank fees	10,110	-	10,110	10,110	30,330	-	10,110	10,110	40,440
Advertising	-	-	-	11,049	11,049	-	11,049	11,049	22,098
Technology	140	402	84	7,297	7,923	3,623	1,543	5,166	13,089
Depreciation	317	910	190	16,519	17,936	8,202	3,493	11,695	29,631
Cost of goods sold	-	-	33,354	-	33,354	-	-	-	33,354
Rent	257	737	154	13,384	14,532	6,645	2,831	9,476	24,008
Utilities	210	602	125	10,924	11,861	5,424	2,310	7,734	19,595
Professional fees	-	-	-	-	-	34,492	-	34,492	34,492
Repairs and maintenance	34	97	20	1,756	1,907	872	371	1,243	3,150
Interest	-	-	-	-	-	2,735	-	2,735	2,735
Miscellaneous	23	66	14	1,191	1,294	587	252	839	2,133
Insurance	29	84	17	1,523	1,653	756	322	1,078	2,731
	<u>\$ 1,641,546</u>	<u>\$ 38,625</u>	<u>\$ 79,735</u>	<u>\$ 908,925</u>	<u>\$ 2,668,831</u>	<u>\$ 385,459</u>	<u>\$ 228,879</u>	<u>\$ 614,338</u>	<u>\$ 3,283,169</u>

See accompanying notes

**Destiny Rescue USA, Inc.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2019**

	Program Expenses					Supporting Services			Total Expenses
	Grants to Affiliates	Sponsorships	Jewelry & Apparel	Public Awareness	Total Program	Management & General	Fund-raising	Total Supporting Services	
Grants to affiliates	\$ 1,853,621	\$ -	\$ -	\$ -	\$ 1,853,621	\$ -	\$ -	\$ -	\$ 1,853,621
Personnel costs	9,314	27,666	79,416	632,788	749,184	316,175	164,273	480,448	1,229,632
Mission team trip costs	-	-	-	225,909	225,909	-	-	-	225,909
Direct fundraising costs	-	-	-	-	-	-	122,439	122,439	122,439
Meals and travel	-	-	30,489	60,977	91,466	-	30,489	30,489	121,955
Office supplies and other	815	2,421	6,951	55,383	65,570	27,673	14,378	42,051	107,621
Conferences and conventions	-	-	15,544	31,088	46,632	-	15,544	15,544	62,176
Processing and bank fees	11,383	-	11,383	11,383	34,149	-	11,383	11,383	45,532
Advertising	-	-	-	19,568	19,568	-	19,568	19,568	39,136
Technology	276	819	2,352	18,743	22,190	9,365	4,866	14,231	36,421
Depreciation	241	717	2,057	16,392	19,407	8,190	4,255	12,445	31,852
Cost of goods sold	-	-	30,504	-	30,504	-	-	-	30,504
Rent	182	540	1,551	12,355	14,628	6,173	3,207	9,380	24,008
Utilities	166	493	1,414	11,264	13,337	5,629	2,924	8,553	21,890
Professional fees	-	-	-	-	-	14,443	-	14,443	14,443
Repairs and maintenance	64	189	543	4,328	5,124	2,162	1,124	3,286	8,410
Interest	-	-	-	-	-	5,411	-	5,411	5,411
Miscellaneous	26	78	224	1,787	2,115	893	464	1,357	3,472
Insurance	24	71	205	1,631	1,931	815	423	1,238	3,169
	<u>\$ 1,876,112</u>	<u>\$ 32,994</u>	<u>\$ 182,633</u>	<u>\$ 1,103,596</u>	<u>\$ 3,195,335</u>	<u>\$ 396,929</u>	<u>\$ 395,337</u>	<u>\$ 792,266</u>	<u>\$ 3,987,601</u>

See accompanying notes



**Destiny Rescue USA, Inc.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 560,303	\$ (438,106)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	29,631	31,852
Loss on sale of assets	177	9,884
Changes in assets and liabilities:		
Payroll tax refund receivable	(130,530)	-
Prepaid expenses	70,596	(73,906)
Inventory	33,571	4,607
Accounts payable	(8,205)	4,636
Grants payable	124,483	(79,869)
Accrued payroll and withholdings	12,301	(9,636)
	<u>692,327</u>	<u>(550,538)</u>
Net cash provided by (used in) operating activities		
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,771)	(18,630)
Proceeds from sale of assets	1,800	11,955
	<u>29</u>	<u>(6,675)</u>
Net cash provided by (used in) financing activities		
<b>Cash flows from financing activities:</b>		
Principal payments on long-term debt	(31,856)	(30,412)
	<u>(31,856)</u>	<u>(30,412)</u>
Net cash used in financing activities		
<b>Net increase (decrease) in cash</b>	660,500	(587,625)
<b>Cash, beginning of year</b>	<u>712,977</u>	<u>1,300,602</u>
<b>Cash, end of year</b>	<u>\$ 1,373,477</u>	<u>\$ 712,977</u>
<b>Supplementary information:</b>		
Interest paid	\$ 2,735	\$ 5,411
Vehicles purchased with long-term debt	-	89,560
Settlement of note receivable in exchange for vocational training services	-	15,478
Settlement of long-term debt in sale of buildings and improvements	-	98,884

*See accompanying notes*

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

**Nature of Organization**

Destiny Rescue USA, Inc. (the “Organization”), is an Indiana not-for-profit corporation organized for the purpose of raising awareness regarding human trafficking and child sex slavery, and for the purpose of raising financial assistance to support organizations involved in the rescue efforts of those children, their rehabilitation after rescue and activities to prevent future trafficking of children overseas.

**Basis of Accounting**

The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. On an ongoing basis, management evaluates the estimates and assumptions based upon historical experience and various other facts and circumstances. Management believes these estimates and assumptions are reasonable; however, actual results could differ from those estimates.

**Net Assets**

The financial statements report net assets and changes in net assets based on the existence or absence of donor or grantor imposed restrictions. A description of the net asset classes are as follows:

Net Assets Without Donor Restrictions – Resources that are without donor-imposed restrictions and available to support operations subject to the nature of the Organization, the environment in which it operates, and the specified purpose in its application for tax-exempt status. The Organization may designate, from net assets without donor restrictions, net assets for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Resources whose use by the Organization is restricted by the donor for a particular purpose or particular future period. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the release of restriction is reported in the financial statements by reclassifying the net assets.

**Cash**

Cash includes deposit and interest-bearing accounts. The Organization places its cash with high credit quality institutions. At times such balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. As of December 31, 2020 and 2019, the Organization’s account balances exceeded the federally insured limit by \$704,241 and \$178,322, respectively. The Organization has not experienced any losses on these accounts and management believes the Organization is not exposed to any significant risk on cash accounts.

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**1. Summary of Significant Accounting Policies, continued**

**Inventory**

Inventory consists primarily of jewelry items created by girls who have been rescued from sex slavery. These items are for resale, the proceeds from which support the ongoing care, counseling, and nurturing of these children. The inventory is valued at the lower of cost or market under the first-in, first-out method.

**Property and Equipment**

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is stated at cost for purchased assets. Contributed property and equipment is recorded at fair market value at the date of the donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 – 10 years
Vehicles	5 – 10 years
Software	3 years

Repairs and maintenance are expensed when incurred. Betterments and renewals are capitalized. The cost of assets sold or retired, and the amounts of accumulated depreciation, are eliminated in the year of disposal and the resulting gains or losses are included in the change in net assets.

Property and equipment is reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized during the years ended December 31, 2020 and 2019.

**Support and Revenue**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. The Organization classifies donor-restricted contributions as net assets without restrictions if the restrictions are met in the same reporting period in which the contributions are received.

The Organization reports gifts of property and equipment as net assets without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional grants and promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which it depends have been substantially met.

The Organization recognizes jewelry sales upon point of sale which is when ownership, risks and rewards transfers to the customer and the customer takes control of the merchandise. Sales are paid at point of sale with cash or credit card. The Organization does not extend credit to customers for jewelry sales. For the years ended December 31, 2020 and 2019, the Organization recognized jewelry sales of \$8,018 and \$109,332, respectively.

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**1. Summary of Significant Accounting Policies, continued**

**Income Tax**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. No provision for federal income taxes has been made in the accompanying financial statements. There was no unrelated business income for the years ended December 31, 2020 and 2019.

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the positions related to the potential sources of income subject to unrelated business income tax (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2020 and 2019.

**Functional Allocation of Expenses**

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, office supplies and other, depreciation, utilities, rent, technology, insurance, miscellaneous and repairs and maintenance, which are allocated on the basis of percent of labor. Advertising, conferences and conventions, meals and travel, processing and bank fees are allocated based on estimated usage.

**Advertising Costs**

Advertising costs (non-direct response and direct response) are expensed as incurred. Total advertising cost expense was \$22,098 and \$39,136, for the years ended December 31, 2020 and 2019, respectively.

**Reclassifications**

Certain reclassifications have been made for the year ended December 31, 2019 to conform to the classifications used for the year ended December 31, 2020. These reclassifications did not affect results of operations as previously reported.

**2. Liquidity and Availability**

Financial assets without donor-imposed restriction and available for general expenditures, within one year of the balance sheet date, comprised of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 938,332	\$ 309,215
Payroll tax refund receivable	130,530	-
	<u>\$ 1,068,862</u>	<u>\$ 309,215</u>

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**2. Liquidity and Availability, continued**

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization manages its liquidity and reserves following three guiding principles: operating within budgetary compliance in a prudent range of financial stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

**3. Note Receivable**

The Organization issued a \$15,478 note receivable to a related party in September 2018. The note was receivable in monthly installments of \$1,304 including interest at 3.00% and matured in August 2019. For the year ended December 31, 2019, the note was converted into a grant and the note was released. No payments or additional issuances were made for the years ended December 31, 2020 and 2019.

**4. Inventory**

Inventory consisted of jewelry items and was \$7,473 and \$41,044 as of December 31, 2020 and 2019, respectively.

**5. Property and Equipment**

Property and equipment, summarized by major classification, consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 25,039	\$ 27,433
Vehicles	182,110	199,841
Software	<u>28,850</u>	<u>28,850</u>
	235,999	256,124
Accumulated depreciation	<u>(110,848)</u>	<u>(101,136)</u>
	<u>\$ 125,151</u>	<u>\$ 154,988</u>

Depreciation expense was \$26,631 and \$31,852 for the years ended December 31, 2020 and 2019, respectively.

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**6. Long-term Debt**

Long-term debt consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Note payable to Mazda Capital Services in monthly installments of \$393 including interest at 2.90%. The note matures in September 2024 and is secured by a vehicle.	16,727	21,231
Note payable to Mazda Capital Services in monthly installments of \$400 including interest at 2.90%. The note matures in May 2024 and is secured by a vehicle.	15,239	19,869
Note payable to Mazda Capital Services in monthly installments of \$404 including interest at 2.90%. The note matures in April 2024 and is secured by a vehicle.	15,358	19,739
Note payable to Mazda Capital Services in monthly installments of \$434 including interest at 2.90%. The note matures in February 2024 and is secured by a vehicle.	15,344	20,041
Note payable to Honda Financial Services in monthly installments of \$331 including interest at 2.90%. The note matures in January 2024 and is secured by a vehicle.	11,704	15,278
Note payable to Honda Financial Services in monthly installments of \$310 including interest at 1.90%. The note matures in November 2022 and is secured by a vehicle.	7,013	10,565
Note payable to Honda Financial Services in monthly installments of \$276 including interest at 0.90%. The note matures in May 2022 and is secured by a vehicle.	4,668	7,927
Note payable to Honda Financial Services in monthly installments of \$276 including interest at 0.90%. The note matures in May 2022 and is secured by a vehicle.	<u>4,668</u>	<u>7,927</u>
	90,721	122,577
Less: Current maturities	<u>31,843</u>	<u>31,099</u>
	<u>\$ 58,878</u>	<u>\$ 91,478</u>

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**6. Long-term Debt, continued**

Maturities on long-term debt are as follows as of December 31, 2020:

2021	\$	31,843
2022		28,445
2023		23,853
2024		6,580
2025		-
Thereafter		-
		<hr/>
	\$	<u>90,721</u>

**7. Grants Payable**

Grants authorized but unpaid were \$270,222 and \$145,739 as of December 31, 2020 and 2019, respectively, and are payable within one year. The Organization has not issued any conditional grants for the years ended December 31, 2020 and 2019.

**8. Net Assets with Donor Restrictions**

Net assets were released from restrictions by incurring expenses satisfying the donor-imposed restriction. The amount released was \$326,754 and \$578,198 for the years ended December 31, 2020 and 2019, respectively.

Net assets with donor restrictions are available for the following purposes or periods as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
Rescue efforts in Cambodia	\$ 4,564	\$ 13,103
Rescue efforts in Dominican Republic	-	2,470
Rescue efforts in India	84,622	125,209
Rescue efforts in Laos	320	320
Rescue efforts in Nepal	6,400	-
Rescue efforts in Thailand	8,349	4,527
Rescue efforts unspecified	152,207	152,099
Restore efforts	-	35,104
Mission teams and support	106,813	34,498
USA offices	6,380	12,792
Food	65,490	23,640
	<hr/>	<hr/>
	\$ <u>435,145</u>	\$ <u>403,762</u>

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**9. Operating Lease**

The Organization leases office space under a noncancelable operating lease agreement. The lease requires monthly payments ranging from \$2,001 and \$2,166 and expires in February 2022. Rental expense related to this lease was \$24,008 for the years ended December 31, 2020 and 2019.

Minimum future rental payments under noncancelable operating leases having initial or remaining lease terms exceeding one year as of December 31, 2020 for each of the next five years and in the aggregate are as follows:

2021	\$	25,993
2022		4,332
2023		-
2024		-
2025		-
Thereafter		-
		<hr/>
	\$	<u>30,325</u>

**10. Employee Benefits**

The Organization sponsors a defined contribution plan under Section 403(b) of the Internal Revenue Code covering substantially all employees. Participating employees may contribute a portion of their annual compensation to the plan, not to exceed Internal Revenue Service limits. For the years ended December 31, 2020 and 2019, the Organization matched 50% of employee contributions up to 6% of the employee's regular wages. Contribution expense related to the plan was \$13,375 and \$11,684 for the years ended December 31, 2020 and 2019, respectively.

The Organization sponsors a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) plan covering substantially all employees. Participating employees can submit qualifying healthcare expenses to the Organization for reimbursement. Expense related to the plan was \$44,682 and \$29,939 for the years ended December 31, 2020 and 2019, respectively.

**11. Related Party Transactions**

The Organization provides grants to other Destiny Rescue organizations around the world that are directly involved in the rescue efforts within the countries which they are located. There is no ownership interest in existence between the Organization and other Destiny Rescue organizations that would require the consolidation of financial statements or financially related interests. However, the Organization's board president is also a member of the board of directors of the other Destiny Rescue organizations that receive grants from the Organization. Grants incurred to other Destiny Rescue organizations totaled \$1,345,156 and \$1,605,109 for the years ended December 31, 2020 and 2019, respectively. Grants payable to the other Destiny Rescue organizations was \$270,222 and \$145,739 as of December 31, 2020 and 2019, respectively.

The Organization had a note receivable from another Destiny Rescue organization (Note 3). For the year ended December 31, 2018, \$15,478 was issued on this note and no payments were received. During the year ended December 31, 2019, the note was converted into a grant and the note was released.



**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**12. Government Grants**

In April 2020, the Organization applied for and was approved a \$243,224 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. Under the terms of the program, all or a portion of the loan may be forgiven upon incurring qualifying payroll, rent, and other costs within 24 weeks of the receiving the loan proceeds. As of December 31, 2020, the management has a reasonable expectation all of the loan will be forgiven based upon qualifying expenses incurred and the forgiveness criteria was substantially met. As such, the Organization has accounted for this forgivable loan as a conditional government grant and has recognized loan forgiveness of \$243,224 as grant revenue for the year ended December 31, 2020. In July 2021, the Organization was approved for 100% loan forgiveness by the Small Business Administration.

Subsequent to year end, the Organization applied for and was approved a second loan under the Paycheck Protection Program for \$243,225. The loan accrues interest at 1.00%, and payments begin in March 2022 payable over five years. Similar to the first loan, the Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Additionally, the Organization determined it was eligible for Employee Retention Credit (ERC) established as further relief efforts related to COVID-19 due to full and/or partial disruption of operations throughout 2020 caused by government orders. ERC allows businesses to receive a credit of 50% of qualifying employee wages up to \$5,000 per employee per year. The amended 2020 quarterly payroll tax returns were filed in July 2021 and the refundable credits totaled \$130,530. As such, the Organization has accounted for these credits as a conditional government grant and has recognized \$130,530 as grant revenue for the year ended December 31, 2020.

**13. Risks and Uncertainties**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization. There have been numerous mandated and voluntary closures of businesses and organizations. The extent of the impact on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions, all of which are highly uncertain and cannot be predicted.

**14. Subsequent Event**

In July 2021, the Organization purchased a vehicle with a \$25,000 note payable to KeyBank N.A. The note is payable in monthly installments of \$383 included interest at 3.27%. The note matures in July 2027 and is secured by a vehicle. Maturities of this long-term debt are as follows:

2021	\$	1,580
2022		3,887
2023		4,016
2024		4,148
2025		4,287
Thereafter		<u>7,082</u>
	\$	<u><u>25,000</u></u>

**Destiny Rescue USA, Inc.**  
**Notes to Financial Statements, continued**

**14. Subsequent Event, continued**

In September 2021, the Organization entered into a noncancelable agreement for the use of fundraising software. The agreement requires annual payments of \$6,600 over a three year period.

Subsequent events for possible adjustment to the financial statements or disclosures have been evaluated through September 9, 2021, which is the date the financial statements were available to be issued.