

DESTINY RESCUE USA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

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

Opinion

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, 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.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Destiny Rescue USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Destiny Rescue USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Destiny Rescue USA, Inc.
Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Destiny Rescue USA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Destiny Rescue USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Fort Wayne, Indiana
July 21, 2022

Destiny Rescue USA, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 1,583,344	\$ 1,373,477
Contribution receivable	64,000	-
Payroll tax refund receivable	326,009	130,530
Inventory	-	7,473
Prepaid expenses	56,229	31,157
Security deposit	<u>2,000</u>	<u>2,000</u>
Total current assets	2,031,582	1,544,637
Property and equipment, net	<u>127,928</u>	<u>125,151</u>
Total assets	<u>\$ 2,159,510</u>	<u>\$ 1,669,788</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 30,642	\$ 31,843
Accounts payable	28,748	29,814
Grants payable	209,171	270,222
Accrued payroll and withholdings	<u>103,559</u>	<u>82,013</u>
Total current liabilities	372,120	413,892
Long-term debt, net of current portion	<u>50,308</u>	<u>58,878</u>
Total liabilities	<u>422,428</u>	<u>472,770</u>
Net assets:		
Without donor restrictions	1,150,777	761,873
With donor restrictions	<u>586,305</u>	<u>435,145</u>
Total net assets	<u>1,737,082</u>	<u>1,197,018</u>
Total liabilities and net assets	<u>\$ 2,159,510</u>	<u>\$ 1,669,788</u>

See accompanying notes

Destiny Rescue USA, Inc.
Statement of Activities
For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grants	\$ 4,082,132	\$ 472,684	\$ 4,554,816
Jewelry sales	-	-	-
Interest income	223	-	223
Other income	2,625	-	2,625
Gain on sale of assets	5,845	-	5,845
Net assets released from restrictions	321,524	(321,524)	-
	<u>4,412,349</u>	<u>151,160</u>	<u>4,563,509</u>
Program expense:			
Grants to affiliates	2,198,394	-	2,198,394
Sponsorships	11,661	-	11,661
Jewelry and apparel	-	-	-
Public awareness	1,008,826	-	1,008,826
	<u>3,218,881</u>	<u>-</u>	<u>3,218,881</u>
Supporting services expense:			
Management and general	478,836	-	478,836
Fundraising	325,728	-	325,728
	<u>804,564</u>	<u>-</u>	<u>804,564</u>
Total supporting services expense	<u>804,564</u>	<u>-</u>	<u>804,564</u>
Total expenses	<u>4,023,445</u>	<u>-</u>	<u>4,023,445</u>
Change in net assets	388,904	151,160	540,064
Net assets, beginning of year	<u>761,873</u>	<u>435,145</u>	<u>1,197,018</u>
Net assets, end of year	<u>\$ 1,150,777</u>	<u>\$ 586,305</u>	<u>\$ 1,737,082</u>

See accompanying notes

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
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	<u>326,754</u>	<u>(326,754)</u>	<u>-</u>
 Total revenue and support	 <u>3,812,089</u>	 <u>31,383</u>	 <u>3,843,472</u>
Program expense:			
Grants to affiliates	1,641,546	-	1,641,546
Sponsorships	38,625	-	38,625
Jewelry and apparel	79,735	-	79,735
Public awareness	<u>908,925</u>	<u>-</u>	<u>908,925</u>
 Total program expense	 <u>2,668,831</u>	 <u>-</u>	 <u>2,668,831</u>
Supporting services expense:			
Management and general	385,459	-	385,459
Fundraising	<u>228,879</u>	<u>-</u>	<u>228,879</u>
 Total supporting services expense	 <u>614,338</u>	 <u>-</u>	 <u>614,338</u>
 Total expenses	 <u>3,283,169</u>	 <u>-</u>	 <u>3,283,169</u>
 Change in net assets	 528,920	 31,383	 560,303
 Net assets, beginning of year	 <u>232,953</u>	 <u>403,762</u>	 <u>636,715</u>
 Net assets, end of year	 <u>\$ 761,873</u>	 <u>\$ 435,145</u>	 <u>\$ 1,197,018</u>

See accompanying notes

Destiny Rescue USA, Inc.
Statement of Functional Expenses
For the year ended December 31, 2021

	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	\$ 2,159,702	\$ -	\$ -	\$ -	\$ 2,159,702	\$ -	\$ -	\$ -	\$ 2,159,702
Personnel costs	21,099	10,007	-	634,407	665,513	360,727	179,399	540,126	1,205,639
Advertising	-	-	-	31,694	31,694	-	31,694	31,694	63,388
Artist speakers	-	-	-	123,698	123,698	-	41,233	41,233	164,931
Conferences and conventions	-	-	-	12,909	12,909	-	1,434	1,434	14,343
Depreciation	499	236	-	14,992	15,727	8,525	4,239	12,764	28,491
Direct fundraising costs	-	-	-	-	-	-	4,286	4,286	4,286
Insurance	49	23	-	1,482	1,554	843	419	1,262	2,816
Interest	-	-	-	-	-	2,139	-	2,139	2,139
Meals and travel	-	-	-	71,776	71,776	-	23,926	23,926	95,702
Miscellaneous	77	36	-	2,314	2,427	1,316	654	1,970	4,397
Mission team trip costs	-	-	-	1,276	1,276	-	-	-	1,276
Office supplies and other	1,726	819	-	51,892	54,437	29,506	14,674	44,180	98,617
Processing and bank fees	14,104	-	-	28,207	42,311	-	14,104	14,104	56,415
Professional fees	-	-	-	-	-	56,344	-	56,344	56,344
Rent	455	216	-	13,677	14,348	7,777	3,868	11,645	25,993
Repairs and maintenance	55	26	-	1,641	1,722	934	464	1,398	3,120
Technology	278	132	-	8,350	8,760	4,748	2,361	7,109	15,869
Utilities	350	166	-	10,511	11,027	5,977	2,973	8,950	19,977
	<u>\$ 2,198,394</u>	<u>\$ 11,661</u>	<u>\$ -</u>	<u>\$ 1,008,826</u>	<u>\$ 3,218,881</u>	<u>\$ 478,836</u>	<u>\$ 325,728</u>	<u>\$ 804,564</u>	<u>\$ 4,023,445</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
Advertising	-	-	-	11,049	11,049	-	11,049	11,049	22,098
Conferences and conventions	-	-	1,978	127,956	129,934	-	1,978	1,978	131,912
Cost of goods sold	-	-	33,354	-	33,354	-	-	-	33,354
Depreciation	317	910	190	16,519	17,936	8,202	3,493	11,695	29,631
Direct fundraising costs	-	-	-	-	-	-	31,174	31,174	31,174
Insurance	29	84	17	1,523	1,653	756	322	1,078	2,731
Interest	-	-	-	-	-	2,735	-	2,735	2,735
Meals and travel	-	-	26,241	52,481	78,722	-	26,241	26,241	104,963
Miscellaneous	23	66	14	1,191	1,294	587	252	839	2,133
Mission team trip costs	-	-	-	5,949	5,949	-	-	-	5,949
Office supplies and other	707	2,029	423	36,845	40,004	18,293	7,792	26,085	66,089
Processing and bank fees	10,110	-	10,110	10,110	30,330	-	10,110	10,110	40,440
Professional fees	-	-	-	-	-	34,492	-	34,492	34,492
Rent	257	737	154	13,384	14,532	6,645	2,831	9,476	24,008
Repairs and maintenance	34	97	20	1,756	1,907	872	371	1,243	3,150
Technology	140	402	84	7,297	7,923	3,623	1,543	5,166	13,089
Utilities	210	602	125	10,924	11,861	5,424	2,310	7,734	19,595
	<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.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 540,064	\$ 560,303
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,491	29,631
(Gain) Loss on sale of assets	(5,845)	177
Changes in assets and liabilities:		
Payroll tax refund receivable	(195,479)	(130,530)
Contributions receivable	(64,000)	-
Prepaid expenses	(25,072)	70,596
Inventory	7,473	33,571
Accounts payable	(1,066)	(8,205)
Grants payable	(61,051)	124,483
Accrued payroll and withholdings	21,546	12,301
	<u>245,061</u>	<u>692,327</u>
Cash flows from investing activities:		
Purchase of property and equipment	(10,445)	(1,771)
Proceeds from sale of assets	<u>10,022</u>	<u>1,800</u>
	<u>(423)</u>	<u>29</u>
Cash flows from financing activities:		
Principal payments on long-term debt	<u>(34,771)</u>	<u>(31,856)</u>
	<u>(34,771)</u>	<u>(31,856)</u>
Net increase in cash	209,867	660,500
Cash, beginning of year	<u>1,373,477</u>	<u>712,977</u>
Cash, end of year	<u>\$ 1,583,344</u>	<u>\$ 1,373,477</u>
Supplementary information:		
Interest paid	\$ 2,139	\$ 5,411
Vehicles purchased with long-term debt	25,000	-

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, 2021 and 2020, the Organization’s account balances exceeded the federally insured limit by \$927,768 and \$704,241, 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

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. The receivables are expected to be collected in less than one year and are reported at net realizable value. The Organization provides allowances for uncollectible receivables equal to the estimated collection losses that may be incurred in the collection of pledges. The estimated losses are based on historical collection experience and review of the current state of existing receivables. Management believes that all outstanding receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

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 net realizable value under the first-in, first-out method. There was no inventory held as of December 31, 2021, as the Organization suspended the jewelry and apparel program. There was \$7,473 of inventory as of December 31, 2020.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 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, 2021 and 2020.

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.

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

1. Summary of Significant Accounting Policies, continued

Support and Revenue, continued

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 year ended December 31, 2020, before suspending jewelry sales, the Organization recognized jewelry sales of \$8,018.

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, 2021 and 2020.

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, 2021 and 2020.

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 \$63,388 and \$22,098, for the years ended December 31, 2021 and 2020, respectively.

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

1. Summary of Significant Accounting Policies, continued

Reclassifications

Certain reclassifications have been made for the year ended December 31, 2020 to conform to the classifications used for the year ended December 31, 2021. 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>2021</u>	<u>2020</u>
Cash	\$ 1,061,039	\$ 938,332
Payroll tax refund receivable	<u>326,009</u>	<u>130,530</u>
	<u>\$ 1,387,048</u>	<u>\$ 1,068,862</u>

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, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

3. Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 22,804	\$ 25,039
Vehicles	196,533	182,110
Software	<u>30,111</u>	<u>28,850</u>
	249,448	235,999
Accumulated depreciation	<u>(121,520)</u>	<u>(110,848)</u>
	<u>\$ 127,928</u>	<u>\$ 125,151</u>

Depreciation expense was \$28,491 and \$29,631 for the years ended December 31, 2021 and 2020, respectively.

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

4. Long-term Debt

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

	<u>2021</u>	<u>2020</u>
Note payable to KeyBank National Association in monthly installments of \$383 including interest at 3.270%. The note matures in July 2027 and is secured by a vehicle.	\$ 23,424	\$ -
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.	12,453	16,728
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.	10,826	15,239
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.	10,906	15,358
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.	10,537	15,344
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.	8,335	11,703
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.	3,087	7,013
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.	1,382	4,668
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>-</u>	<u>4,668</u>
	80,950	90,721
Less: Current maturities	<u>30,642</u>	<u>31,843</u>
	<u>\$ 50,308</u>	<u>\$ 58,878</u>

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

4. Long-term Debt, continued

Maturities on long-term debt are as follows as of December 31, 2021:

2022	\$	30,642
2023		27,869
2024		11,065
2025		4,287
2026		4,430
Thereafter		<u>2,657</u>
	\$	<u><u>80,950</u></u>

5. Grants Payable

Grants authorized but unpaid were \$209,171 and \$270,222 as of December 31, 2021 and 2020, respectively, and are payable within one year. The Organization has not issued any conditional grants for the years ended December 31, 2021 and 2020.

6. Net Assets with Donor Restrictions

Net assets were released from restrictions by incurring expenses satisfying the donor-imposed restriction. The amount released was \$321,524 and \$326,754 for the years ended December 31, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Rescue efforts in Cambodia	\$ 7,564	\$ 4,564
Rescue efforts in India	118,743	84,622
Rescue efforts in Laos	-	320
Rescue efforts in Nepal	108,551	6,400
Rescue efforts in Thailand	782	8,349
Rescue efforts unspecified	251,454	152,207
Mission teams and support	-	106,813
USA offices	5,057	6,380
Food	<u>94,154</u>	<u>65,490</u>
	<u><u>\$ 586,305</u></u>	<u><u>\$ 435,145</u></u>

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

7. Operating Lease

The Organization leases office space under a noncancelable operating lease agreement. The lease requires monthly payments ranging from \$2,215 and \$2,314 and expires in February 2025 with a three year renewal option. Rental expense related to this lease was \$25,993 and \$24,008 for the years ended December 31, 2021 and 2020, respectively.

Minimum future rental payments under noncancelable operating leases having initial or remaining lease terms exceeding one year as of December 31, 2021 for each of the next five years and in the aggregate are as follows:

2022	\$	26,485
2023		27,076
2024		27,667
2025		4,628
2026		-
Thereafter		-
		<hr/>
	\$	<u>85,856</u>

8. 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, 2021 and 2020, the Organization matched 50% of employee contributions up to 6% of the employee's regular wages. Contribution expense related to the plan was \$22,301 and \$13,375 for the years ended December 31, 2021 and 2020, 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 \$56,560 and \$44,682 for the years ended December 31, 2021 and 2020, respectively.

9. 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 \$1,549,782 and \$1,345,156 for the years ended December 31, 2021 and 2020, respectively. Grants payable to the other Destiny Rescue organizations was \$120,171 and \$270,222 as of December 31, 2021 and 2020, respectively.

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

10. 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 had 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 accounted for this forgivable loan as a conditional government grant and 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.

In March 2021, the Organization applied for and was approved a second loan under the Paycheck Protection Program for \$243,225. Similar to the first loan, the Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. As of December 31, 2021, 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 accounted for this forgivable loan as a conditional government grant and recognized loan forgiveness of \$243,225 as grant revenue for the year ended December 31, 2021. In January 2022, the Organization was approved for 100% loan forgiveness by the Small Business Administration.

Additionally, the Organization determined it was eligible for Employee Retention Credits (ERC) established as further relief efforts related to COVID-19 due to full and/or partial disruption of operations throughout 2021 and 2020 caused by government orders. ERC allows businesses to receive a credit on qualifying employee wages up to certain limits per quarter or year. The amended quarterly payroll tax returns were filed and the Organization accounted for these credits as a conditional government grant recognizing \$195,478 and \$130,530 as grant revenue for the years ended December 31, 2021 and 2020, respectively. All refundable credits were paid in February 2022.

11. 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.

12. Subsequent Event

Subsequent events for possible adjustment to the financial statements or disclosures have been evaluated through July 21, 2022, which is the date the financial statements were available to be issued.