

DESTINY RESCUE USA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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
November 12, 2020

Destiny Rescue USA, Inc.
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash	\$ 712,977	\$ 1,300,602
Note receivable	-	15,478
Inventory	41,044	45,651
Prepaid expenses	101,753	27,847
Security deposit	<u>2,000</u>	<u>2,000</u>
Total current assets	857,774	1,391,578
Property and equipment, net	<u>154,988</u>	<u>199,373</u>
Total assets	<u>\$ 1,012,762</u>	<u>\$ 1,590,951</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 31,099	\$ 21,112
Accounts payable	38,019	48,861
Grants payable	145,739	225,608
Accrued payroll and withholdings	<u>69,712</u>	<u>79,348</u>
Total current liabilities	284,569	374,929
Long-term debt, net of current portion	<u>91,478</u>	<u>141,201</u>
Total liabilities	<u>376,047</u>	<u>516,130</u>
Net assets:		
Without donor restrictions	232,953	401,826
With donor restrictions	<u>403,762</u>	<u>672,995</u>
Total net assets	<u>636,715</u>	<u>1,074,821</u>
Total liabilities and net assets	<u>\$ 1,012,762</u>	<u>\$ 1,590,951</u>

See accompanying notes

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

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

See accompanying notes

Destiny Rescue USA, Inc.
Statement of Activities
For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 2,539,684	\$ 675,972	\$ 3,215,656
Special events	343,742	-	343,742
Jewelry sales	243,913	-	243,913
Interest income	1,462	-	1,462
Other income	1,290	-	1,290
Gain on sale of assets	227	-	227
Net assets released from restrictions	164,806	(164,806)	-
	<u>3,295,124</u>	<u>511,166</u>	<u>3,806,290</u>
Total revenue and support			
Program expense:			
Grants to affiliates	1,475,056	-	1,475,056
Sponsorships	40,380	-	40,380
Jewelry and apparel	216,688	-	216,688
Public awareness	806,909	-	806,909
	<u>2,539,033</u>	<u>-</u>	<u>2,539,033</u>
Total program expense			
Supporting services expense:			
Management and general	260,671	-	260,671
Fundraising	321,885	-	321,885
	<u>582,556</u>	<u>-</u>	<u>582,556</u>
Total supporting services expense			
Total expenses	<u>3,121,589</u>	<u>-</u>	<u>3,121,589</u>
Change in net assets	173,535	511,166	684,701
Net assets, beginning of year	<u>228,291</u>	<u>161,829</u>	<u>390,120</u>
Net assets, end of year	<u>\$ 401,826</u>	<u>\$ 672,995</u>	<u>\$ 1,074,821</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.
Statement of Functional Expenses
For the year ended December 31, 2018

	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	\$ 1,453,847	\$ -	\$ -	\$ -	\$ 1,453,847	\$ -	\$ -	\$ -	\$ 1,453,847
Personnel costs	9,066	33,185	80,923	439,369	562,543	189,289	114,188	303,477	866,020
Mission team trip costs	-	-	-	186,161	186,161	-	-	-	186,161
Direct fundraising costs	-	-	-	-	-	-	128,991	128,991	128,991
Office supplies and other	1,069	3,913	9,542	51,806	66,330	22,319	13,464	35,783	102,113
Meals and travel	-	-	23,488	46,975	70,463	-	23,488	23,488	93,951
Cost of goods sold	-	-	75,858	-	75,858	-	-	-	75,858
Processing and bank fees	10,185	-	10,185	10,185	30,555	-	10,185	10,185	40,740
Conferences and conventions	-	-	8,690	17,380	26,070	-	8,690	8,690	34,760
Depreciation	295	1,085	2,645	14,360	18,385	6,188	3,732	9,920	28,305
Professional fees	-	-	-	-	-	24,995	-	24,995	24,995
Advertising	-	-	-	11,590	11,590	-	11,590	11,590	23,180
Repairs and maintenance	182	668	1,628	8,841	11,319	3,809	2,298	6,107	17,426
Utilities	168	615	1,500	8,143	10,426	3,508	2,116	5,624	16,050
Technology	139	507	1,237	6,715	8,598	2,893	1,745	4,638	13,236
Interest	-	-	-	-	-	5,352	-	5,352	5,352
Amortization	54	194	474	2,575	3,297	1,109	669	1,778	5,075
Insurance	31	114	277	1,503	1,925	647	391	1,038	2,963
Miscellaneous	20	99	241	1,306	1,666	562	338	900	2,566
	<u>\$ 1,475,056</u>	<u>\$ 40,380</u>	<u>\$ 216,688</u>	<u>\$ 806,909</u>	<u>\$ 2,539,033</u>	<u>\$ 260,671</u>	<u>\$ 321,885</u>	<u>\$ 582,556</u>	<u>\$ 3,121,589</u>

See accompanying notes

Destiny Rescue USA, Inc.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (438,106)	\$ 684,701
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	31,852	33,380
(Gain) loss on sale of assets	9,884	(227)
Changes in assets and liabilities:		
Prepaid expenses	(73,906)	13,007
Inventory	4,607	10,222
Security deposit	-	(2,000)
Accounts payable	4,636	(93,071)
Grants payable	(79,869)	195,608
Accrued payroll and withholdings	(9,636)	6,859
	<u>(550,538)</u>	<u>848,479</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Issuance of note receivable	-	(15,478)
Purchase of property and equipment	(18,630)	-
Proceeds from sale of assets	11,955	1,500
	<u>(6,675)</u>	<u>(13,978)</u>
Net cash used in financing activities		
Cash flows from financing activities:		
Principal payments on long-term debt	(30,412)	(17,582)
	<u>(30,412)</u>	<u>(17,582)</u>
Net cash used in financing activities		
Net increase (decrease) in cash	(587,625)	816,919
Cash, beginning of year	<u>1,300,602</u>	<u>483,683</u>
Cash, end of year	<u>\$ 712,977</u>	<u>\$ 1,300,602</u>
Supplementary information:		
Interest paid	\$ 5,411	\$ 5,352
Financed vehicles	89,560	25,897
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, 2019 and 2018, the Organization’s account balances exceeded the federally insured limit by \$178,322 and \$472,763, 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 \$1,000 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:

Buildings and improvements	40 years
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, 2019 and 2018.

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.

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, 2019 and 2018, the Organization recognized jewelry sales of \$109,332 and \$243,913, 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, 2019 and 2018.

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, 2019 and 2018.

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 payroll and related taxes, office supplies and other, depreciation and amortization, 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 \$39,136 and \$23,180 for the years ended December 31, 2019 and 2018, respectively.

Reclassifications

Certain reclassifications have been made for the year ended December 31, 2018 to conform to the classifications used for the year ended December 31, 2019. 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>2019</u>		<u>2018</u>
Cash	\$ 309,215	\$	627,607
Notes receivable	<u>-</u>		<u>15,478</u>
	<u>\$ 309,215</u>	\$	<u>643,085</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, 2019 and 2018, 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 year ended December 31, 2019.

4. Inventory

Inventory consisted of jewelry items and was \$41,044 and \$45,651 as of December 31, 2019 and 2018, respectively.

5. Property and Equipment

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

	<u>2019</u>	<u>2018</u>
Land	\$ -	\$ 35,965
Buildings and improvements	-	95,675
Furniture and equipment	27,433	22,968
Vehicles	199,841	111,467
Software	<u>28,850</u>	<u>26,065</u>
	256,124	292,140
Accumulated depreciation	<u>(101,136)</u>	<u>(92,767)</u>
	<u>\$ 154,988</u>	<u>\$ 199,373</u>

Depreciation expense was \$31,852 and \$28,305 for the years ended December 31, 2019 and 2018, 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>2019</u>	<u>2018</u>
Note payable to Mutual Bank in monthly installments of \$950 including interest at 4.29%. The note matures in April 2030 and is secured by real estate.	\$ -	\$ 101,490
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.	21,231	25,003
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.	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.	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.	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.	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.	10,565	14,046
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.	7,927	10,887
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>7,927</u>	<u>10,887</u>
	122,577	162,313
Less: Current maturities	<u>31,099</u>	<u>21,112</u>
	<u>\$ 91,478</u>	<u>\$ 141,201</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, 2019:

2020	\$	31,099
2021		31,843
2022		28,448
2023		23,853
2024		7,334
Thereafter		<u>-</u>
	\$	<u><u>122,577</u></u>

7. Net Assets with Donor Restrictions

Net assets were released from restrictions by incurring expenses satisfying the donor-imposed restriction. The amount released was \$578,198 and \$164,806 for the years ended December 31, 2019 and 2018, respectively.

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specific purpose:		
Rescue efforts in Cambodia	\$ 13,103	\$ 2,268
Rescue efforts in Dominican Republic	2,470	5,572
Rescue efforts in India	125,209	94,455
Rescue efforts in Laos	320	-
Rescue efforts in Thailand	4,527	8,242
Rescue efforts in Philippines	-	4,200
Rescue efforts unspecified	152,099	355,585
Restore efforts	35,104	156,010
Mission teams and support	34,498	22,346
USA offices	12,792	8,437
Food	<u>23,640</u>	<u>15,880</u>
	<u>\$ 403,762</u>	<u>\$ 672,995</u>

8. 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 year ended December 31, 2019. There was no lease expense for the year ended December 31, 2018.

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

8. Operating Lease, continued

Minimum future rental payments under noncancelable operating leases having initial or remaining lease terms exceeding one year as of December 31, 2019 for each of the next five years and in the aggregate are as follows:

2020	\$	24,008
2021		25,993
2022		4,332
2023		-
2024		-
Thereafter		-
		<hr/>
	\$	<u>54,333</u>

9. 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 year ended December 31, 2019, the Organization matched 50% of employee contributions up to 6% of the employee's regular wages. Contribution expense related to the plan was \$11,684 for the year ended December 31, 2019. There was no match for the year ended December 31, 2018.

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 \$29,939 and \$4,625 for the years ended December 31, 2019 and 2018, respectively.

10. 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 paid to the other Destiny Rescue organizations totaled \$1,605,109 and \$1,228,239 for the years ended December 31, 2019 and 2018. Grants payable to the other Destiny Rescue organizations was \$145,739 and \$225,608 as of December 31, 2019 and 2018, 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.

11. New Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Organization adopted the standard on January 1, 2018 and concluded its current revenue recognition policies (Note 1) are consistent with the standard. As a result, there was no cumulative-effect adjustment on prior years of having adopted this new standard.

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Notes to Financial Statements, continued

11. New Accounting Pronouncement, continued

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional or unconditional. As a result, there was no cumulative-effect adjustment on prior years of having adopted this new standard.

12. 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.

Subsequent to year end, 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. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Company 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.

13. Subsequent Event

Subsequent events for possible adjustment to the financial statements or disclosures have been evaluated through November 12, 2020, which is the date the financial statements were available to be issued.