

SALINA RESCUE MISSION, INC.
Salina, Kansas

AUDITED FINANCIAL STATEMENTS
June 30, 2018

WOODS & DURHAM, CHTD.
Certified Public Accountants
Salina, Kansas



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Salina Rescue Mission, Inc.
Salina, Kansas

We have audited the accompanying financial statements of Salina Rescue Mission, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 position of Salina Rescue Mission, Inc., as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Woods & Durham, Chtd.

WOODS & DURHAM, CHTD.
Certified Public Accountants
Salina, Kansas

November 30, 2018

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF FINANCIAL POSITION
June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Cash and cash equivalents	\$ (233,829)	\$ 466,459	\$ -	\$ 232,630
Investments	1,234,163	-	-	1,234,163
Accounts receivable	2,427	-	-	2,427
Prepaid expense	16,148	-	-	16,148
Unconditional promises to give - current	50,000	18,000	-	68,000
Beneficial interest in assets held by GSCF	553,725	-	76,940	630,665
Property and equipment	607,410	-	-	607,410
	\$ 2,230,044	\$ 484,459	\$ 76,940	\$ 2,791,443
 LIABILITIES AND NET ASSETS				
<u>Liabilities</u>				
Accounts payable	\$ 10,221	\$ -	\$ -	\$ 10,221
Accrued compensation expense	15,499	-	-	15,499
Other accrued expenses	503	-	-	503
	26,223	-	-	26,223
 <u>Net Assets</u>				
Unrestricted	2,203,821	-	-	2,203,821
Temporarily restricted	-	484,459	-	484,459
Permanently restricted	-	-	76,940	76,940
	2,203,821	484,459	76,940	2,765,220
	\$ 2,230,044	\$ 484,459	\$ 76,940	\$ 2,791,443

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	\$ 2,062,259	\$ 920	\$ -	\$ 2,063,179
Special events, net	71,240	-	-	71,240
Other income	16,616	-	-	16,616
Investment return	55,055	-	-	55,055
Net assets released from restriction	102,743	(102,743)	-	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>2,307,913</u>	<u>(101,823)</u>	<u>-</u>	<u>2,206,090</u>
EXPENSES				
Program	977,981	-	-	977,981
Management and general	135,451	-	-	135,451
Fundraising	110,804	-	-	110,804
TOTAL EXPENSES	<u>1,224,236</u>	<u>-</u>	<u>-</u>	<u>1,224,236</u>
CHANGE IN NET ASSETS	1,083,677	(101,823)	-	981,854
NET ASSETS - Beginning of Year	<u>1,120,144</u>	<u>586,282</u>	<u>76,940</u>	<u>1,783,366</u>
NET ASSETS - End of Year	<u>\$ 2,203,821</u>	<u>\$ 484,459</u>	<u>\$ 76,940</u>	<u>\$ 2,765,220</u>

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2018

Cash Flows From Operating Activities

Increase in Net Assets	\$ 981,854
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	41,519
Unrealized (gain) loss on investments	(40,133)
(Increase) Decrease in Operating Assets	
Prepaid expenses	(1,097)
Accounts receivable	(2,427)
Unconditional promises to give	(5,651)
Increase (Decrease) in Operating Liabilities	
Accounts payable	(5,448)
Accrued compensation expense	(6,699)
Other accrued expenses	503
Net Cash Provided (Used) by Operating Activities	<u>962,421</u>

Cash Flows From Investing Activities

Purchase of investments	(1,439,255)
Purchase fixed assets	(31,345)
Investment administrative fee	2,574
Net Cash Provided (Used) by Investing Activities	<u>(1,468,026)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (505,605)

Cash and Cash Equivalents - Beginning 738,235

Cash and Cash Equivalents - Ending \$ 232,630

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2018

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Director salary	\$ 24,162	\$ 24,162	\$ 24,169	\$ 72,493
Staff salary and wages	417,042	72,116	-	489,158
Employee benefits	83,895	6,323	767	90,985
Payroll taxes	32,081	7,001	1,757	40,839
Professional fundraising fees	-	-	58,210	58,210
Accounting fees	-	13,830	-	13,830
Supplies	8,842	-	-	8,842
Office expenses	27,596	10,794	22,465	60,855
Facility occupancy	109,391	-	-	109,391
Maintenance	51,159	-	-	51,159
Conference	1,435	-	1,434	2,869
Food service	102,060	-	-	102,060
Travel	622	-	623	1,245
Other program/shelter	62,212	-	-	62,212
Depreciation	41,519	-	-	41,519
Other expenses	15,965	1,225	1,379	18,569
Totals	<u>\$ 977,981</u>	<u>\$ 135,451</u>	<u>\$ 110,804</u>	<u>\$ 1,224,236</u>

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

- A. *Nature of Activities:* The Salina Rescue Mission, Inc. (The Organization) was formed in 1981 to provide Christian Ministry to persons in need of food, shelter, clothing, or other basic needs, and to rehabilitate through Christian teachings.
- B. *Basis of Accounting:* The accompanying financial statements are prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.
- C. *Cash and Cash Equivalents:* Cash and cash equivalents include all monies in banks and highly liquid investments available for current use with an initial maturity of three months or less. Fair market value equals carrying amounts due to the short maturities of these financial instruments.
- D. *Investments:* Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets.
- E. *Promises to Give:* Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- F. *Inventory:* An inventory of supplies and materials is not maintained. Purchases of such items are expensed as purchased.
- G. *Property and Equipment:* The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to forty years. Depreciation expense for the year ended June 30, 2018, was \$41,519.
- H. *Contributed Services:* No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.
- I. *Compensated Absences:* Employees are not permitted to accumulate unused vacation pay. Accordingly, no accrual for such has been reflected in these financial statements.
- J. *Basis of Presentation:* The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

- K. *Contributions:* Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- L. *Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- M. *Income Tax Status:* The Organization was determined to be a nonprofit, tax-exempt organization under Code Section 501(c)(3) by the Internal Revenue Service, and is not classified as a private foundation. The Organization is exempt from tax and, therefore, has no provision for federal income taxes. The Organization files an annual report, Form 990, with the Internal Revenue Service, which may be reviewed upon request.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Organization maintains its operating cash account and a money market account in one bank located in Kansas. In addition, the Organization has multiple certificates of deposit at various local banks. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The total uninsured cash balance at June 30, 2018, was \$102,227. Management does not consider this a significant risk to the Organization.

The Organization's investments are stated at fair value at June 30, 2018, and consist of the following:

	<u>Cost Basis</u>	<u>Fair Market Value</u>
Money Market	\$ 225,111	\$ 225,111
Certificate of Deposit	1,234,163	1,234,163
GSCF	450,317	630,665
Totals	<u>\$ 1,909,591</u>	<u>\$ 2,089,939</u>

Investment Return is summarized as follows:

Interest Income	\$ 17,496
Unrealized Gain on Investments	40,133
Investment administrative fee	(2,574)
Net Investment Return	<u>\$ 55,055</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

SALINA RESCUE MISSION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (Cont'd.)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

	Fair Value Measurements as of June 30, 2018, using:		
	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Money Market Funds	\$ 225,111	\$ -	\$ -
Certificates of Deposit	1,234,163	-	-
GSCF	-	630,665	-
Total Assets	\$ 1,459,274	\$ 630,665	\$ -

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give consists of the following as of June 30, 2018:

Unrestricted promises	\$ 50,000
Capital campaign	18,000
Gross unconditional promises to give	\$ 68,000

Amounts due in:

Less than one year	\$ 62,000
One to two years	\$ 6,000

According to management, uncollectable amounts for the unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectable amounts in these financial statements.

SALINA RESCUE MISSION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Total</u>
Land	\$ 10,000
Building and Improvements	946,557
Vehicles	33,892
Equipment	<u>101,526</u>
Total	<u>1,091,975</u>
Accumulated Depreciation	<u>(484,565)</u>
Net Book Value	<u><u>\$ 607,410</u></u>

NOTE 6 - TEMPORARILY RESTRICTED ASSETS

These funds are comprised of insurance proceeds or contributions made for a specific purpose, which have not yet met the criteria for release:

Capital Campaign	<u>\$ 484,459</u>
Total	<u><u>\$ 484,459</u></u>

NOTE 7 - PERMANENTLY RESTRICTED FUNDS

Permanently restricted funds consist of funds contributed by a donor, which are held by the Greater Salina Community Foundation. These funds serve as an endowment type fund, which may not be used for daily operations. Only the income may be utilized by the Mission, if requested.

NOTE 8 - ASSETS IN COMMUNITY FOUNDATION

The Organization transferred assets to the Greater Salina Community Foundation in order to fund an endowment for its benefit. Distributions from the Foundation to the Mission will be made in a manner consistent with the Foundation's policies and procedures. The Mission gave variance power over the transferred assets to the Foundation, which allows the Foundation to exercise ultimate authority and control over the assets. The assets are reported at fair market value at June 30, 2018, as determined by the Greater Salina Community Foundation. Transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others are recorded on the Statements of Financial Position as a beneficial interest in assets held by the Greater Salina Community Foundation.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and on the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 10 - RETIREMENT BENEFITS

The Organization maintains a plan where it funds a retirement benefit for eligible employees who have been employed over five years. It is essentially an IRA contribution made on the behalf of the employee, and is recorded as additional compensation to the employee. The amount funded for the year ended June 30, 2018, was \$13,709.

SALINA RESCUE MISSION, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2018, which is the date the financial statements were available to be issued.