

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**AUDITED FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF FINANCIAL POSITION .....	2
STATEMENT OF ACTIVITIES .....	3
STATEMENT OF CASH FLOWS .....	4
STATEMENT OF FUNCTIONAL EXPENSES .....	5
NOTES TO FINANCIAL STATEMENTS .....	6-10



## 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, 2019, 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, 2019, 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

December 4, 2019

**SALINA RESCUE MISSION, INC.**  
Salina, Kansas

**STATEMENT OF FINANCIAL POSITION**  
June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ (121,542)	\$ 478,807	\$ 357,265
Short-term investments	979,515	-	979,515
Prepaid expenses	16,391	-	16,391
Unconditional promises to give	50,960	6,000	56,960
Beneficial interest in assets held by GSCF	607,418	76,940	684,358
Property and equipment	567,322	-	567,322
<b>TOTAL ASSETS</b>	<b>\$ 2,100,064</b>	<b>\$ 561,747</b>	<b>\$ 2,661,811</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b><u>Liabilities</u></b>			
Accounts payable	\$ 15,734	\$ -	\$ 15,734
Accrued compensation expense	19,895	-	19,895
Other accrued expenses	1,146	-	1,146
<b>Total Liabilities</b>	<b>36,775</b>	<b>-</b>	<b>36,775</b>
<b><u>Net Assets</u></b>			
Without donor restrictions	2,063,289	-	2,063,289
With donor restrictions	-	561,747	561,747
<b>Total Net Assets</b>	<b>2,063,289</b>	<b>561,747</b>	<b>2,625,036</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,100,064</b>	<b>\$ 561,747</b>	<b>\$ 2,661,811</b>

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 917,083	\$ 6,000	\$ 923,083
Special event revenue, net	68,148	-	68,148
Other income	14,411	-	14,411
Investment return, net	65,330	-	65,330
Net assets released from restriction:			
Satisfaction of program restrictions	5,652	(5,652)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>1,070,624</b>	<b>348</b>	<b>1,070,972</b>
<b>EXPENSES</b>			
Program	905,259	-	905,259
Management and general	129,736	-	129,736
Fundraising	176,161	-	176,161
<b>TOTAL EXPENSES</b>	<b>1,211,156</b>	<b>-</b>	<b>1,211,156</b>
<b>CHANGE IN NET ASSETS</b>	<b>(140,532)</b>	<b>348</b>	<b>(140,184)</b>
<b>NET ASSETS - Beginning of Year</b>	<b>2,203,821</b>	<b>561,399</b>	<b>2,765,220</b>
<b>NET ASSETS - End of Year</b>	<b>\$ 2,063,289</b>	<b>\$ 561,747</b>	<b>\$ 2,625,036</b>

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

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**STATEMENT OF CASH FLOWS**  
**For The Year Ended June 30, 2019**

**Cash Flows From Operating Activities**

Decrease in Net Assets	\$ (140,184)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Depreciation	44,076
Unrealized (gain) loss on investments	(46,216)
(Increase) Decrease in Operating Assets	
Prepaid expenses	(243)
Accounts receivable	2,427
Unconditional promises to give	11,040
Increase (Decrease) in Operating Liabilities	
Accounts payable	5,512
Accrued compensation expense	4,396
Other accrued expenses	643
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>(118,549)</u></b>

**Cash Flows From Investing Activities**

Proceeds from investments	241,678
Purchase fixed assets	(3,988)
Investment administrative fee	5,494
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>243,184</u></b>

**Net Increase (Decrease) in Cash and Cash Equivalents** **124,635**

**Cash and Cash Equivalents - Beginning** **232,630**

**Cash and Cash Equivalents - Ending** **\$ 357,265**

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2019**

	Program	Supporting Services		Total
		Management	Fundraising	
Director salary	\$ 25,231	\$ 25,231	\$ 25,238	\$ 75,700
Staff salary and wages	423,425	59,528	12,028	494,981
Employee benefits	80,820	10,706	1,957	93,483
Payroll taxes	32,154	6,074	2,671	40,899
Professional fundraising fees	-	-	102,731	102,731
Accounting fees	-	12,080	-	12,080
Supplies	10,888	-	-	10,888
Office expenses	19,857	13,507	28,374	61,738
Facility occupancy	75,056	-	-	75,056
Maintenance	30,554	-	-	30,554
Conferences	666	-	666	1,332
Food service	91,715	-	-	91,715
Travel	926	-	926	1,852
Other program/shelter	57,089	-	-	57,089
Depreciation	44,076	-	-	44,076
Other expenses	12,802	2,610	1,570	16,982
Totals	<u>\$ 905,259</u>	<u>\$ 129,736</u>	<u>\$ 176,161</u>	<u>\$ 1,211,156</u>

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

*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.

*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.

*Basis of Presentation:* The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

*Net Assets:* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-or-grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

*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.

*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.

*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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*Inventory:* An inventory of supplies and materials is not maintained. Purchases of such items are expensed as purchased.

*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 contributions without donor restrictions 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 contributions with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to forty years.

*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.



**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

*Compensated Absences:* Employees are not permitted to accumulate unused vacation pay. Accordingly, no accrual for such has been reflected in these financial statements. Employees are allowed to accumulate Earned Time Off (ETO), which is separate from vacation pay. It is the practice of the Organization to pay ETO when employment is terminated. A maximum of one month's salary (according to each hourly employee's schedule or 20 work days for salary employee) are allowed to be carried over at the end of the calendar year. An accrual adjustment for ETO is reflected in these financial statements.

*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.

*Contributions:* Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase to net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

*Income Tax Status:* The Organization is a non-for-profit organization that is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

*Functional Allocation of Expenses:* The financial statements report certain categories of expenses that are attributable to more than one supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, benefits and payroll taxes, which are allocated on the basis of estimates of time and effort. Telephone costs, office expenses, conferences, travel and miscellaneous expenses are allocated based on an estimate of time by category.

**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, 2019, was \$201,160. Management does not consider this a significant risk to the Organization.

The Organization's investments are stated at fair value at June 30, 2019, and consist of the following:

	Cost Basis	Fair Market Value
Money Market	\$ 339,004	\$ 339,004
Certificate of Deposit	979,515	979,515
GSCF	463,288	684,358
Totals	<u>\$ 1,781,807</u>	<u>\$ 2,002,877</u>

Investment Return is summarized as follows:

Interest Income	\$ 24,608
Unrealized Gain on Investments	46,216
Investment administrative fee	(5,494)
Net Investment Return	<u>\$ 65,330</u>

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**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.

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, 2019, using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets			
Money Market Funds	\$ 339,004	\$ -	\$ -
Certificates of Deposit	979,515	-	-
GSCF	-	684,358	-
Total Assets	<b>\$ 1,318,519</b>	<b>\$ 684,358</b>	<b>\$ -</b>

**NOTE 4 - PROMISES TO GIVE**

Unconditional promises to give consists of the following as of June 30, 2019:

Promises without donor restrictions	\$ 50,960
Capital campaign	6,000
Gross unconditional promises to give	<b>\$ 56,960</b>

Amounts due in:

Less than one year	\$ 56,960
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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.**  
**Salina, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

Subject to expenditure for specified purpose:

Capital Campaign	\$ 484,807
Beneficial interest in assets held by GSCF	76,940
Total Dedicated Funds	\$ 561,747

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	Total
Land	\$ 10,000
Building and Improvements	946,557
Vehicles	33,892
Equipment	105,515
Total	1,095,964
Accumulated Depreciation	(528,642)
Net Book Value	\$ 567,322

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, is comprised of the following:

Financial assets at year end	\$ 2,078,098
Donor-imposed restrictions	(561,747)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,516,351

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments or readily assessable funds. The Board forecasts its future cash flows and monitors its liquidity and reserves monthly.

**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, 2019, 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 - 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, 2019, was \$14,654.

**SALINA RESCUE MISSION, INC.**  
**Salina, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 10 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through December 4, 2019, which is the date the financial statements were available to be issued.

**NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE**

In 2018, the Organization adopted The Financial Accounting Standards Board ASU No. 2016-14, Not-For-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-For-Profit Entities. This new standard changed the reporting of net assets from three to two classes. Unrestricted net assets, including board-designated assets are now named: Net Assets without donor restrictions, and temporary and permanently restricted net assets are now named: Net Assets with donor restrictions. The financial statements also include a new disclosure on liquidity and availability of resources.

**NOTE 12 - FUTURE CHANGES IN ACCOUNTING PRINCIPLES**

The Financial Accounting Standards Board amended its standard related to the accounting for leases (ASU No. 2017-02, Leases (Topic 842). Under the new standard, lessees will now be required to recognize substantially all leases on the statement of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statement of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard is effective for fiscal years beginning after December 15, 2020. The Organization is evaluating the impact the standard will have on the financial statements; however, the standard is not expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

The Financial Accounting Standards Board issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The two key areas of this ASU are related to 1) evaluating whether transactions should be accounted for as contributions or as exchange transactions, and 2) determining whether a contribution is conditional or unconditional. This standard is effective for fiscal years beginning after December 15, 2019.