

SALINA RESCUE MISSION, INC.
Salina, Kansas

AUDITED FINANCIAL STATEMENTS
June 30, 2020

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, 2020, 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, 2020, 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 24, 2020

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF FINANCIAL POSITION
June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 125,088	\$ 471,849	\$ 596,937
Short-term investments	864,638	-	864,638
Prepaid expenses	26,760	-	26,760
Beneficial interest in assets held by GSCF	822,686	76,940	899,626
Property and equipment	540,891	-	540,891
TOTAL ASSETS	\$ 2,380,063	\$ 548,789	\$ 2,928,852
LIABILITIES AND NET ASSETS			
<u>Liabilities</u>			
Accounts payable	\$ 23,476	\$ -	\$ 23,476
Accrued compensation expense	15,747	-	15,747
Other accrued expenses	5,310	-	5,310
Total Liabilities	44,533	-	44,533
<u>Net Assets</u>			
Without donor restrictions	2,335,530	-	2,335,530
With donor restrictions	-	548,789	548,789
Total Net Assets	2,335,530	548,789	2,884,319
TOTAL LIABILITIES AND NET ASSETS	\$ 2,380,063	\$ 548,789	\$ 2,928,852

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 1,154,970	\$ -	\$ 1,154,970
PPP grant revenue	140,900	-	140,900
Special event revenue	131,306	-	131,306
Other income	26,709	-	26,709
Investment return, net	48,451	-	48,451
Net assets released from restriction:			
Satisfaction of program restrictions	12,958	(12,958)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,515,294	(12,958)	1,502,336
EXPENSES			
Program	934,028	-	934,028
Costs of direct benefits to donors	4,787	-	4,787
Management and general	117,729	-	117,729
Fundraising	186,509	-	186,509
TOTAL EXPENSES	1,243,053	-	1,243,053
CHANGE IN NET ASSETS	272,241	(12,958)	259,283
NET ASSETS - Beginning of Year	2,063,289	561,747	2,625,036
NET ASSETS - End of Year	\$ 2,335,530	\$ 548,789	\$ 2,884,319

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, 2020

Cash Flows From Operating Activities

Increase in Net Assets	\$ 259,283
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	41,443
Unrealized (gain) loss on investments	(33,366)
(Increase) Decrease in Operating Assets	
Prepaid expenses	(10,369)
Unconditional promises to give	56,960
Increase (Decrease) in Operating Liabilities	
Accounts payable	7,742
Accrued compensation expense	(4,148)
Other accrued expenses	4,165
Net Cash Provided (Used) by Operating Activities	<u>321,710</u>

Cash Flows From Investing Activities

Purchased investments	(73,434)
Purchased fixed assets	(15,013)
Investment administrative fee	6,409
Net Cash Provided (Used) by Investing Activities	<u>(82,038)</u>

Net Increase (Decrease) in Cash and Cash Equivalents **239,672**

Cash and Cash Equivalents - Beginning **357,265**

Cash and Cash Equivalents - Ending **\$ 596,937**

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020

	Program	Supporting Services		Total
		Management	Fundraising	
Director salary	\$ 27,763	\$ 27,763	\$ 27,772	\$ 83,298
Staff salary and wages	461,122	51,514	11,766	524,402
Employee benefits	88,295	5,453	2,405	96,153
Payroll taxes	35,731	5,800	2,893	44,424
Professional fundraising fees	-	-	132,971	132,971
Accounting fees	-	12,078	-	12,078
Supplies	9,705	-	-	9,705
Office expenses	18,814	14,354	5,686	38,854
Information technology	-	767	-	767
Facility occupancy	81,392	-	-	81,392
Maintenance	25,096	-	-	25,096
Conferences	282	-	282	564
Food service	89,906	-	-	89,906
Travel	747	-	747	1,494
Other program/shelter	44,545	-	-	44,545
Depreciation	41,443	-	-	41,443
Other expenses	9,187	-	1,987	11,174
Total expenses	<u>\$ 934,028</u>	<u>\$ 117,729</u>	<u>\$ 186,509</u>	<u>\$ 1,238,266</u>

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: The Salina Rescue Mission, Inc. (the Organization) is a nonprofit organization located in Salina, Kansas. It 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. Under this method revenues are recognized when earned and expenses are recognized when incurred.

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. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

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 \$2,500. 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.

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

Contributed Services: No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, however, these services do not meet the criteria for recognition.

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 nonprofit 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. The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Functional Allocation of Expenses: The basis for allocation of expenses to specific programs is determined by management. Expenses that can be directly identified with specific programs are charged to that program. Other expenses are allocated using percentages or amounts determined by management based on estimated time or resources used. Compensation, benefits and payroll taxes are allocated based on estimated time and effort. Telephone costs, office expenses, conferences, travel and miscellaneous expenses are allocated based on estimated usage.

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, 2020, was \$480,903. Management does not consider this a significant risk to the Organization.

The Organization's investments are stated at fair value at June 30, 2020, and consist of the following:

	Cost Basis	Fair Market Value
Money Market	\$ 421,411	\$ 421,411
Certificate of Deposit	864,638	864,638
GSCF	645,608	899,626
Totals	<u>\$ 1,931,657</u>	<u>\$ 2,185,675</u>

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Cont'd.)

Investment Return is summarized as follows:

Interest Income	\$ 21,494
Unrealized Gain on Investments	33,366
Investment administrative fee	(6,409)
Net Investment Return	<u>\$ 48,451</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.

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, 2020, 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	\$ 421,411	\$ -	\$ -
Certificates of Deposit	864,638	-	-
GSCF	-	899,626	-
Total Assets	<u>\$ 1,286,049</u>	<u>\$ 899,626</u>	<u>\$ -</u>

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give was \$0 as of June 30, 2020.

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Subject to expenditure for specified purpose:

Capital Campaign	\$ 471,849
Beneficial interest in assets held by GSCF	76,940
Total Dedicated Funds	\$ 548,789

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Total
Land	\$ 10,000
Building and improvements	946,557
Construction in process	12,351
Vehicles	30,392
Equipment	108,176
Total	1,107,476
Accumulated Depreciation	(566,585)
Net Book Value	\$ 540,891

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	
Cash and cash equivalents	\$ 596,937
Short-term investments	864,638
Beneficial interest in assets held by GSCF	899,626
Total financial assets	\$ 2,361,201
Less: donor imposed restrictions	(548,789)
Financials assets available to meet cash needs for general expenditures within one year	\$ 1,812,412

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, 2020, 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.

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020, was \$15,274.

NOTE 10 - GRANT REVENUE

The Organization received a loan from Bennington State Bank in the Amount of \$140,900 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 30, 2020. The Organization applied for and has been notified that \$140,900 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in grant revenue in the accompanying Statement of Activities pursuant to ASC 958-605, Not-for-Profit Entities: Revenue Recognition.

NOTE 11 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 24, 2020, which is the date the financial statements were available to be issued.

As a result of significant disruption in the U.S. economy due to the outbreak of COVID-19 coronavirus in 2020, uncertainties have arisen which are likely to negatively impact future operating results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made (Topic 958). 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 and unconditional. This standard is effective for fiscal years beginning after December 15, 2018. Accordingly, the Organization has adopted this guidance as of July 1, 2019. No material changes are necessary to conform with the new standard.

NOTE 13 - FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In May 2014, FASB issued ASB No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance including industry-specific guidance, in current U.S. GAAP. The standard has been delayed and is effective for nonpublic entities for fiscal years beginning after December 15, 2019. 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.

In February 2016, the FASB issued ASU No. 2016-02, 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 standard has been delayed and is effective for fiscal years beginning after December 15, 2021. 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.