

SALINA RESCUE MISSION, INC.
Salina, Kansas

AUDITED FINANCIAL STATEMENTS
June 30, 2021

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

SALINA RESCUE MISSION, INC.
Salina, Kansas

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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, 2021, 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, 2021, 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 29, 2021

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF FINANCIAL POSITION
June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 266,519	\$ 212,870	\$ 479,389
Short-term investments	883,305	-	883,305
Prepaid expenses	2,506	-	2,506
Unconditional promises to give	50,000	-	50,000
Beneficial interest in assets held by GSCF	1,172,453	76,940	1,249,393
Property and equipment, net	848,859	-	848,859
TOTAL ASSETS	\$ 3,223,642	\$ 289,810	\$ 3,513,452
LIABILITIES AND NET ASSETS			
<u>Liabilities</u>			
Accounts payable	\$ 16,970	\$ -	\$ 16,970
Accrued compensation expense	22,182	-	22,182
Other accrued expenses	3,340	-	3,340
Total Liabilities	42,492	-	42,492
<u>Net Assets</u>			
Without donor restrictions	3,181,150	-	3,181,150
With donor restrictions	-	289,810	289,810
Total Net Assets	3,181,150	289,810	3,470,960
TOTAL LIABILITIES AND NET ASSETS	\$ 3,223,642	\$ 289,810	\$ 3,513,452

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 1,387,920	\$ 98,000	\$ 1,485,920
Special event revenue	106,577	-	106,577
Other income	25,823	-	25,823
Investment return, net	306,453	-	306,453
Net assets released from restriction:			
Satisfaction of program restrictions	356,979	(356,979)	-
	2,183,752	(258,979)	1,924,773
TOTAL REVENUE, GAINS AND OTHER SUPPORT			
	2,183,752	(258,979)	1,924,773
EXPENSES			
Program	977,842	-	977,842
Costs of direct benefits to donors	1,980	-	1,980
Management and general	144,115	-	144,115
Fundraising	214,195	-	214,195
TOTAL EXPENSES	1,338,132	-	1,338,132
CHANGE IN NET ASSETS	845,620	(258,979)	586,641
NET ASSETS - Beginning of Year	2,335,530	548,789	2,884,319
NET ASSETS - End of Year	\$ 3,181,150	\$ 289,810	\$ 3,470,960

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, 2021

Cash Flows From Operating Activities

Increase in Net Assets	\$ 586,641
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities	
Depreciation	43,246
Net (appreciation) depreciation on investments	(285,859)
(Increase) Decrease in Operating Assets	
Prepaid expenses	24,254
Unconditional promises to give	(50,000)
Increase (Decrease) in Operating Liabilities	
Accounts payable	(6,506)
Accrued compensation expense	6,435
Other accrued expenses	(1,971)
	<hr/>
Net Cash Provided (Used) by Operating Activities	316,240

Cash Flows From Investing Activities

Purchased investments	(82,574)
Purchased fixed assets	(351,214)
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Net Cash Provided (Used) by Investing Activities	(433,788)

Net Increase (Decrease) in Cash and Cash Equivalents **(117,548)**

Cash and Cash Equivalents - Beginning **596,937**

Cash and Cash Equivalents - Ending **\$ 479,389**

SALINA RESCUE MISSION, INC.
Salina, Kansas

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2021

	Program	Supporting Services		Total
		Management	Fundraising	
Director salary	\$ 34,528	\$ 34,528	\$ 34,538	\$ 103,594
Staff salary and wages	467,324	53,224	10,400	530,948
Employee benefits	100,297	6,958	1,734	108,989
Payroll taxes	33,041	5,777	2,959	41,777
Professional fundraising fees	-	-	145,752	145,752
Accounting fees	-	12,536	-	12,536
Supplies	9,948	-	-	9,948
Office expenses	19,157	29,647	5,548	54,352
Information technology	-	1,445	-	1,445
Facility occupancy	105,872	-	-	105,872
Maintenance	25,777	-	-	25,777
Conferences	1,336	-	1,336	2,672
Food service	70,945	-	-	70,945
Other program/shelter	38,326	-	-	38,326
Depreciation	43,246	-	-	43,246
Other expenses	28,045	-	11,928	39,973
Total expenses	<u>\$ 977,842</u>	<u>\$ 144,115</u>	<u>\$ 214,195</u>	<u>\$ 1,336,152</u>

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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 money market accounts in two banks 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, 2021, was \$133,644. Management does not consider this a significant risk to the Organization.

The Organization's investments are stated at fair value at June 30, 2021, and consist of the following:

	Cost Basis	Fair Market Value
Money Market	\$ 451,084	\$ 451,084
Certificate of Deposit	883,305	883,305
GSCF	784,070	1,249,393
Totals	<u>\$ 2,118,459</u>	<u>\$ 2,583,782</u>

SALINA RESCUE MISSION, INC.
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

Investment Return is summarized as follows:

Interest and Dividend Income	\$ 40,155
Net Appreciation (Depreciation)	266,298
Investment Return, Net	<u>\$ 306,453</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, 2021, 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	\$ 451,084	\$ -	\$ -
Certificates of Deposit	883,305	-	-
GSCF	-	1,249,393	-
Total Assets	<u>\$ 1,334,389</u>	<u>\$ 1,249,393</u>	<u>\$ -</u>

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give without donor restrictions was \$50,000 as of June 30, 2021. These amounts are due in less than one year. 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, 2021

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Subject to expenditure for specified purpose:

Capital Campaign - Building Renovations	\$ 212,870
Beneficial interest in assets held by GSCF	
- Any Specific Purpose	76,940
Total	<u>\$ 289,810</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Total
Land	\$ 10,000
Building and improvements	991,792
Construction in process	310,704
Vehicles	30,392
Equipment	115,802
Total	<u>1,458,690</u>
Accumulated Depreciation	(609,831)
Net Book Value	<u>\$ 848,859</u>

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	\$ 479,389
Short-term investments	883,305
Beneficial interest in assets held by GSCF	1,249,393
Total financial assets	<u>2,612,087</u>
Less: donor imposed restrictions	(289,810)
Financials assets available to meet cash needs for general expenditures within one year	<u>\$ 2,322,277</u>

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, 2021, 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, 2021

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, 2021, was \$18,118.

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 received forgiveness for the entire loan amount on November 20, 2020. Loan forgiveness was reflected in grant revenue in the June 30, 2020 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 29, 2021, which is the date the financial statements were available to be issued.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

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 is effective for nonpublic entities for fiscal years beginning after December 15, 2019. Accordingly, the Organization has adopted this guidance as of July 1, 2020. No material changes are necessary to conform with the new standard.

NOTE 13 - FUTURE CHANGES IN ACCOUNTING PRINCIPLE

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.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Organization received director and management contributions in the amount of \$76,034 for the year ended June 30, 2021.

NOTE 15 - COMMITMENTS

The Organization has entered into construction contracts with unrelated parties, in the amount of \$616,094, for the renovation of the second and third floors of the building. At June 30, 2021, \$280,952 of such contract commitments had not yet been incurred.