

RESCUE MISSION OF SALT LAKE, INC.

Financial Statements

December 31, 2018 and 2017

(With independent auditor's report thereon)

JOSEPH B. GLASS CPA, PC
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Independent Auditor's Report

To the Board of Directors
Rescue Mission of Salt Lake, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Rescue Mission of Salt Lake, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, expenses by nature and function 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 position of the Rescue Mission of Salt Lake, Inc. as of December 31, 2018 and 2017, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America,

Joseph B. Glass CPA, PC

Blanding, Utah

October 25, 2019

RESCUE MISSION OF SALT LAKE INC.

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 2,708,381	2,546,348
Prepaid expenses	8,594	3,786
Property and equipment:		
Land, buildings and building improvements	1,247,415	1,247,415
Furniture, fixtures and equipment	97,280	94,663
Vehicles	36,713	36,713
	<u>1,381,408</u>	<u>1,378,791</u>
Less accumulated depreciation	167,881	138,886
Net property and equipment	<u>1,213,527</u>	<u>1,239,905</u>
Investments in mutual funds	1,511,278	1,364,432
Total Assets	<u>\$ 5,441,780</u>	<u>5,154,471</u>
Liabilities and net assets:		
Accounts payable	\$ 26,149	41,155
Accrued liabilities	16,113	24,807
Total liabilities	<u>42,262</u>	<u>65,962</u>
Net assets:		
Without donor restrictions	5,232,666	4,940,357
With donor restrictions	166,852	148,152
Total net assets	<u>5,399,518</u>	<u>5,088,509</u>
Total liabilities and net assets	<u>\$ 5,441,780</u>	<u>5,154,471</u>

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.

Statements of Activities and Changes in Net Assets
Years ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in unrestricted net assets:						
Revenues and gains:						
Contributions - cash	\$ 1,645,974	22,517	1,668,491	1,658,980	1,300	1,660,280
Contributions - noncash	1,042,338	-	1,042,338	1,150,191	-	1,150,191
Other income	32,840	-	32,840	26,986	-	26,986
Investment income (loss)	(37,398)	-	(37,398)	131,743	-	131,743
Satisfaction of program restrictions	3,817	(3,817)	-	-	-	-
Total revenues and gains	2,687,571	18,700	2,706,271	2,967,900	1,300	2,969,200
Expenses and losses:						
Direct program expenses	1,917,325	-	1,917,325	1,959,352	-	1,959,352
Management and general	117,875	-	117,875	117,561	-	117,561
Fundraising	360,062	-	360,062	344,064	-	344,064
Total expenses	2,395,262	-	2,395,262	2,420,977	-	2,420,977
Increase in net assets	292,309	18,700	311,009	546,923	1,300	548,223
Net assets at beginning of year	4,940,357	148,152	5,088,509	4,393,434	146,852	4,540,286
Net assets at end of year	\$ 5,232,666	166,852	5,399,518	4,940,357	148,152	5,088,509

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
 Statements of Expenses by Nature and Function
 December 31, 2018 and 2017

Description	Total	Program Expenses			Management and General	Fund Raising
		Emergency Services	Recovery Services	Transitional Services		
Year ended December 31, 2018:						
Salaries, wages and related expenses	\$ 707,088	139,972	360,459	42,669	94,954	69,034
General operations and services	1,091,266	608,907	323,190	151,429	4,074	3,666
Services and						
Professional fees	257,980	8,223	23,976	2,035	14,036	209,710
Office and occupancy	157,125	79,316	47,823	26,769	1,143	2,074
Postage and printing	73,903	30,150	15,661	7,458	2,804	17,830
Miscellaneous	107,900	27,897	14,491	6,900	864	57,748
Totals	\$ 2,395,262	894,465	785,600	237,260	117,875	360,062
Year ended December 31, 2017:						
Salaries, wages and related expenses	\$ 644,129	119,364	317,916	33,809	93,763	79,277
General operations and services	1,199,751	671,806	352,326	168,150	4,399	3,070
Services and						
Professional fees	246,955	8,059	25,990	1,993	13,396	197,517
Office and occupancy	144,306	72,039	43,358	25,392	1,440	2,077
Postage and printing	85,762	35,254	18,312	8,720	2,639	20,837
Miscellaneous	100,074	32,126	16,791	7,946	1,924	41,287
Totals	\$ 2,420,977	938,648	774,693	246,010	117,561	344,065

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
Statements of Cash Flows
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 311,009	548,223
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	28,995	27,986
Net (income) loss on investments in mutual funds	53,154	(112,471)
Increase in prepaid expenses	(4,808)	876
Increase (Decrease) in accounts payable	(15,006)	29,085
Increase (Decrease) in accrued liabilities	(8,694)	4,441
Net cash provided by operating activities	<u>364,650</u>	<u>498,140</u>
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(2,617)	(7,477)
Cash invested in mutual funds	(200,000)	-
Net cash used by investing activities	<u>(202,617)</u>	<u>(7,477)</u>
Cash flows from financing activities:	-	-
Net increase in cash and cash equivalents	<u>162,033</u>	<u>490,663</u>
Cash and cash equivalents beginning of year	2,546,348	2,055,685
Cash and cash equivalents end of year	<u>\$ 2,708,381</u>	<u>2,546,348</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ -	-
Income Taxes	-	-

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) Organization and Line of Business

The Rescue Mission of Salt Lake, Inc. (the Organization), a nonprofit Organization under section 501(c)(3) of the Internal Revenue Code, was incorporated in 1972 under the laws of the State of Utah for the purpose of providing food, clothing, lodging and other material support in addition to spiritual training and support to homeless and other qualifying individuals.

(b) Contributions

The Organization reports gifts of cash and noncash items as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. \$1,668,491 and \$1,660,280 of the contributions received during the years ended December 31, 2018 and 2017 respectively were cash and cash equivalents and \$1,042,338 and \$1,150,191 of the contributions received during the years ended December 31, 2018 and 2017 respectively were noncash.

(c) Income taxes

The Organization is exempt from Federal and State income taxes under section 501(c)(3) of the Internal Revenue Code as a nonprofit organization.

(d) Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Organization invests cash in excess of daily needs in short term investments and cash equivalents. Earnings received from these investments totaled \$39,788 and \$31,950 for the years ended December 31, 2018 and 2017 respectively.

(e) Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

(f) Land, Buildings, Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation on furniture and equipment is calculated on the straight-line basis over the estimated useful lives of the assets.

RESCUE MISSION OF SALT LAKE, INC.

Notes To Financial Statements

December 31, 2018 and 2017

(2) Concentrations of Credit

At December 31, 2018 and 2017 the Organization had deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation of \$2,117,740 and \$1,852,370 respectively.

(3) Investment in Mutual Funds

Investment in mutual funds at December 31, 2018 and 2017 is summarised as follows:

	<u>2018</u>	<u>2017</u>
Various bond funds	\$ 970,283	849,689
Various growth and value funds	<u>540,995</u>	<u>514,743</u>
	<u>\$ 1,511,278</u>	<u>1,364,432</u>

Included in the accompanying statement of activities and changes in net assets for the year ended December 31, 2018 and 2017 are the following amounts representing earnings, losses and expense for the above investments:

	<u>2018</u>	<u>2017</u>
Realized earnings		
(interest and dividends)	\$ 38,439	30,552
Unrealized earnings(loss)	(77,186)	99,792
Administrative fees	<u>(14,526)</u>	<u>(13,079)</u>
	<u>\$ (53,273)</u>	<u>57,265</u>

Five of the bond funds and two of the growth and value funds totaled \$1,099,952 at December 31, 2018 or approximately 73% of the total investments in mutual funds. No other mutual fund accounted for more than 5% of the total investments at that date.

Three of the bond funds and two of the growth and value funds totaled \$956,334 at December 31, 2017 or approximately 70% of the total investments in mutual funds. No other mutual fund accounted for more than 5% of the total investments at that date.

The above amounts were recorded at fair market value based on quoted market price.

For fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,
- Level 2 inputs consist of observable inputs other than quoted prices in active markets (level 1).
- Level 3 inputs consists all investments not included in the level 1 and 2 categories.

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2018 and 2017

(3) Investment in Mutual Funds (continued)
The investments in Mutual Funds are all valued based on Level 1 inputs at December 31, 2018 and 2017.

(4) Donor Restricted Funds
Net assets with donor restrictions are for the following purposes:

Acquisition of new facility	\$ 149,352
Repairs at the womens facility	<u>17,500</u>
Total	<u>\$ 166,852</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time or other events specified by donors. During the year ended December 31, 2018 a total of \$3,817, representing kitchen repairs made in 2018, was released from donor restricted funds.

(5) Company Designated Restrictions
The Organization governing board has designated, from net assets without donor restrictions of \$5,232,666, net assets for the following purposes as of December 31, 2018:

Acquisition of new facility	\$ 2,132,062
Endowment reserve fund	<u>303,972</u>
	<u>\$ 2,436,034</u>

The following reflects the Organizations financial assets as of the December 31, 2018, reduced by amounts not available for general use because of contractual or donor restrictions. Amounts not available also include amounts set aside for acquisition of a new facility and endowment reserve funds:

Financial assets at December 31, 2018	\$ 4,219,659
Less donor restricted:	
Repairs at womens facility	(17,500)
Acquisition of future facilities	(149,352)
Less restrictions imposed by the Board of Directors:	
Acquisition of future facilities	(2,132,062)
Endowment reserve fund	(303,972)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,616,773</u>

The Organization considers the financial assets projected to be available to meet cash needs within one year to be adequate.

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2018 and 2017

(6) Allocation of Expenses by Nature and Function

The accompanying statements of expenses by nature and function for the years ended December 31, 2018 and 2017 report certain categories of expenses that are attributable to more than one program or supporting function. Therefore these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office and occupancy costs which are allocated based on square footage, and salaries and benefits on the basis of time and effort.

Management and fundraising expenditures were allocated to service funds for the years ending December 31, 2018 and 2017:

Year ended December 31, 2018:

		Emergency Services	Recovery Services	Transitional Services	Total
Program	\$	894,465	785,600	237,260	1,917,325
Management		54,991	48,298	14,586	117,875
Fundraising		167,975	147,531	44,556	360,062
	\$	<u>1,117,431</u>	<u>981,429</u>	<u>296,402</u>	<u>2,395,262</u>

Year ended December 31, 2017:

		Emergency Services	Recovery Services	Transitional Services	Total
Program	\$	938,649	774,693	246,010	1,959,352
Management		56,318	46,482	14,761	117,561
Fundraising		164,827	136,037	43,200	344,064
	\$	<u>1,159,794</u>	<u>957,212</u>	<u>303,971</u>	<u>2,420,977</u>

(7) Advertising and Promotion

During the years ended December 31, 2018 and 2017, the Organization incurred a total of \$57,919 and \$27,389 as advertising and promotion expense, respectively. Advertising costs are expensed as incurred.

RESCUE MISSION OF SALT LAKE, INC.
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(8) Fundraising Expenditures

Fundraising expenditures during 2018 and 2017 were increased in anticipation of acquisition of the Ogden Rescue Mission, Inc., a future facility and increased operational expenses associated with their expansion.

(9) Subsequent events

Management of the Organization has evaluated any subsequent events that may require disclosure in these financial statement through October 25, 2019, the date that the financial statements were issued.

During 2019 the Organization acquired certain assets of the Ogden Rescue Mission, Inc. (Ogden Rescue Mission), a Utah non-profit corporation, for total cash consideration of \$747,568. Assets acquired included real estate, certain receivables, inventory, equipment and vehicles, etc. The value of the net assets acquired exceeded the consideration given by \$1,070,729. This amount has been recorded by the Organization as a Gift-in-Kind pursuant to the Ogden Rescue Mission dissolution.