

RESCUE MISSION OF SALT LAKE, INC.

Financial Statements

December 31, 2019 and 2018

(With independent auditor's report thereon)

JOSEPH B GLASS & ASSOCIATES
Certified Public Accountant



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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, 2019 and 2018, 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, 2019 and 2018, 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 & Associates

Joseph B Glass & Associates

Blanding, Utah

October 20, 2020

RESCUE MISSION OF SALT LAKE INC.
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets:		
Cash and cash equivalents	\$ 2,308,376	2,708,381
Prepaid expenses	11,133	8,594
Property and equipment:		
Land, buildings and building improvements	3,045,712	1,247,415
Furniture, fixtures and equipment	108,068	97,280
Vehicles	46,905	36,713
	3,200,685	1,381,408
Less accumulated depreciation	215,762	167,881
Net property and equipment	2,984,923	1,213,527
Investments in mutual funds	1,796,477	1,511,278
Other assets	6,000	-
Total Assets	\$ 7,106,909	5,441,780
Liabilities and net assets:		
Accounts payable	\$ 29,340	26,149
Accrued liabilities	32,303	16,113
Total liabilities	61,643	42,262
Net assets:		
Without donor restrictions	6,859,714	5,232,666
With donor restrictions	185,552	166,852
Total net assets	7,045,266	5,399,518
Total liabilities and net assets	\$ 7,106,909	5,441,780

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.

Statements of Activities and Changes in Net Assets
Years ended December 31, 2019 and 2018

	2019		2018		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Changes in unrestricted net assets:					
Revenues and gains:					
Contributions - cash	\$ 1,936,785	36,200	1,645,974	22,517	1,668,491
Contributions - noncash	2,206,292	-	1,042,338	-	1,042,338
Other income	68,283	-	32,840	-	32,840
Investment income (loss)	239,959	-	(37,398)	-	(37,398)
Satisfaction of program restrictions	17,500	(17,500)	3,817	(3,817)	-
Total revenues and gains	4,468,819	18,700	2,687,571	18,700	2,706,271
Expenses and losses:					
Direct program expenses	2,329,818	-	1,917,325	-	1,917,325
Management and general	146,114	-	117,875	-	117,875
Fundraising	365,839	-	360,062	-	360,062
Total expenses	2,841,771	-	2,395,262	-	2,395,262
Increase in net assets	1,627,048	18,700	292,309	18,700	311,009
Net assets at beginning of year	5,232,666	166,852	4,940,357	148,152	5,088,509
Net assets at end of year	\$ 6,859,714	185,552	5,232,666	166,852	5,399,518

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
 Statements of Expenses by Nature and Function
 December 31, 2019 and 2018

Description	Total	Program Expenses			Management and General	Fund Raising
		Emergency Services	Recovery Services	Transitional Services		
Year ended December 31, 2019:						
Salaries, wages and related expenses	\$ 894,825	177,891	456,808	57,627	119,369	83,130
General operations and services	1,194,091	668,357	351,801	165,783	4,166	3,984
Services and						
Professional fees	326,569	18,350	31,232	4,539	16,472	255,976
Office and occupancy	238,782	123,104	78,130	35,670	292	1,586
Postage and printing	90,288	35,995	20,084	8,989	4,110	21,110
Miscellaneous	97,216	54,526	27,728	13,204	1,705	53
Totals	\$ 2,841,771	1,078,223	965,783	285,812	146,114	365,839
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

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
Statements of Cash Flows
Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 1,645,748	311,009
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	47,884	28,995
Property and equipment contributed	(1,070,729)	-
Net (income) loss on investments in mutual funds	(220,202)	53,154
Increase in prepaid expenses	(2,539)	(4,808)
Increase (Decrease) in accounts payable	3,191	(15,006)
Increase (Decrease) in accrued liabilities	16,190	(8,694)
Net cash provided by operating activities	419,543	364,650
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(754,548)	(2,617)
Cash invested in mutual funds	(65,000)	(200,000)
Net cash used by investing activities	(819,548)	(202,617)
Cash flows from financing activities:	-	-
Net increase in cash and cash equivalents	(400,005)	162,033
Cash and cash equivalents beginning of year	2,708,381	2,546,348
Cash and cash equivalents end of year	\$ 2,308,376	2,708,381
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, 2019 and 2018

(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. \$1,975,985 and \$1,668,491 of the contributions received during the years ended December 31, 2019 and 2018 respectively were cash and cash equivalents and \$2,206,292 and \$1,042,338 of the contributions received during the years ended December 31, 2019 and 2018 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 \$41,183 and \$39,788 for the years ended December 31, 2019 and 2018 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, 2019 and 2018

(2) Concentrations of Credit

At December 31, 2019 and 2018 the Organization had deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation of \$1,631,220 and \$2,117,740 respectively.

(3) Investment in Mutual Funds

Investment in mutual funds at December 31, 2019 and 2018 is summarised as follows:

	<u>2019</u>	<u>2018</u>
Various bond funds	\$ 1,105,601	970,283
Various growth and value funds	690,876	540,995
	<u>\$ 1,796,477</u>	<u>1,511,278</u>

Included in the accompanying statement of activities and changes in net assets for the year ended December 31, 2019 and 2018 are the following amounts representing earnings, losses and expense for the above investments:

	<u>2019</u>	<u>2018</u>
Realized earnings (interest and dividends)	\$ 41,183	38,439
Unrealized earnings(loss)	200,154	(77,186)
Administrative fees	<u>(16,390)</u>	<u>(14,526)</u>
	<u>\$ 224,947</u>	<u>(53,273)</u>

Five of the bond funds and two of the growth and value funds totaled \$1,266,885 at December 31, 2019 or approximately 71% of the total investments in mutual funds. No other mutual fund accounted for more than 5% of the total investments at that date.

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.

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, 2019 and 2018

(3) Investment in Mutual Funds (continued)
The investments in Mutual Funds are all valued based on Level 1 inputs at December 31, 2019 and 2018.

(4) Donor Restricted Funds
Net assets with donor restrictions are for the following purposes at December 31, 2019:

Acquisition of new facility	\$ <u>185,552</u>
Total	\$ <u>185,552</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, 2019 a total of \$17,500, representing repairs made to the Womens Facility, was released from donor restricted funds.

(5) Company Designated Restrictions
The Organization governing board has designated, from net assets without donor restrictions of \$6,859,714, net assets for the following purposes as of December 31, 2019:

Acquisition of new facility	\$ 2,039,599
Endowment reserve fund	416,903
	\$ <u>2,456,502</u>

The following reflects the Organizations financial assets as of the December 31, 2019, 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, 2019	\$ 4,104,853
Less donor restricted:	
Acquisition of future facilities	(185,552)
Less restrictions imposed by the Board of Directors:	
Acquisition of future facilities	(2,039,599)
Endowment reserve fund	(416,903)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,462,799</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, 2019 and 2018

(6) Allocation of Expenses by Nature and Function

The accompanying statements of expenses by nature and function for the years ended December 31, 2019 and 2018 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, 2019 and 2018:

Year ended December 31, 2019:

	Emergency Services	Recovery Services	Transitional Services	Total
Program	\$ 1,078,224	965,783	285,811	2,329,818
Management	67,620	60,569	17,925	146,114
Fundraising	169,309	151,651	44,879	365,839
	<u>\$ 1,315,153</u>	<u>1,178,003</u>	<u>348,615</u>	<u>2,841,771</u>

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>

(7) Advertising and Promotion

During the years ended December 31, 2019 and 2018, the Organization incurred a total of \$32,059 and \$57,219 as advertising and promotion expense, respectively. Advertising costs are expensed as incurred.

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2019 and 2018

(8) Acquisition of Ogden Rescue Mission

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.

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 20, 2020, the date that the financial statements were issued.