

RESCUE MISSION OF SALT LAKE, INC.

Financial Statements

December 31, 2017 and 2016

(With independent auditor's report thereon)

JOSEPH B. GLASS CPA, PC
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, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses 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.

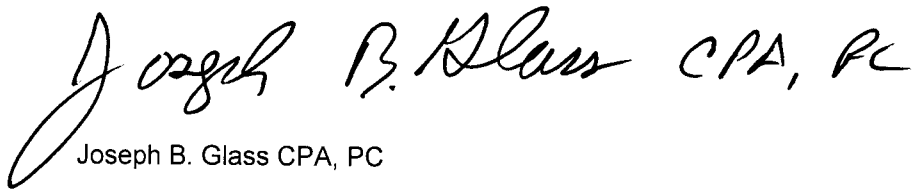
Auditor's Responsibility

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, 2017 and 2016, 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,

Handwritten signature of Joseph B. Glass CPA, PC in black ink.

Joseph B. Glass CPA, PC

Sandy, Utah

August 23, 2018

RESCUE MISSION OF SALT LAKE INC.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets:		
Cash and cash equivalents	\$	
Unrestricted cash and cash equivalents	1,562,887	1,178,493
Temporarily restricted cash and cash equivalents	200,695	100,778
Permanently restricted cash and cash equivalents	782,766	776,414
Total cash and cash equivalents	2,546,348	2,055,685
Prepaid expenses	3,786	4,662
Property and equipment:		
Land, buildings and building improvements	1,247,415	1,247,415
Furniture, fixtures and equipment	94,663	87,186
Vehicles	36,713	36,713
	1,378,791	1,371,314
Less accumulated depreciation	138,886	110,900
Net property and equipment	1,239,905	1,260,414
Investments in mutual funds (including restricted funds of \$1,249,198 and \$1,146,731 at December 31, 2017 and 2016 respectively)	1,364,432	1,251,961
Total Assets	\$ 5,154,471	4,572,722
Liabilities and net assets:		
Accounts payable	\$ 41,155	12,070
Accrued liabilities	24,807	20,366
Total liabilities	65,962	32,436
Net assets:		
Permanently restricted (building fund - acquisition)	1,913,860	1,818,418
Temporarily restricted (endowment fund - operations)	316,800	205,505
Unrestricted	2,857,849	2,516,363
Total net assets	5,088,509	4,540,286
Total liabilities and net assets	\$ 5,154,471	4,572,722

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
 Statements of Activities and Changes in Net Assets
 Years ended December 31, 2017 and 2016

	2017			2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in unrestricted net assets:							
Revenues and gains:							
Contributions - cash	\$ 1,658,980	-	1,300	1,928,617	-	209,586	2,138,203
Contributions - noncash	1,150,191	-	-	1,477,203	-	-	1,477,203
Other income	26,986	-	-	21,096	-	-	21,096
Investment income (loss)	14,327	12,402	105,014	8,453	6,332	56,055	70,840
Satisfaction of new facility acquisition restrictions	-	-	-	185,000	-	(185,000)	-
Transfer of funds	(100,000)	100,000	-	(500,000)	100,000	400,000	-
Total revenues and gains	<u>2,750,484</u>	<u>112,402</u>	<u>106,314</u>	<u>3,120,369</u>	<u>106,332</u>	<u>480,641</u>	<u>3,707,342</u>
Expenses and losses:							
Direct program expenses	1,947,373	1,107	10,872	2,285,555	1,029	10,327	2,296,911
Management and general	117,561	-	-	113,869	-	-	113,869
Fundraising	344,064	-	-	325,152	-	-	325,152
Total expenses	<u>2,408,998</u>	<u>1,107</u>	<u>10,872</u>	<u>2,724,576</u>	<u>1,029</u>	<u>10,327</u>	<u>2,735,932</u>
Increase in net assets	<u>341,486</u>	<u>111,295</u>	<u>95,442</u>	<u>395,793</u>	<u>105,303</u>	<u>470,314</u>	<u>971,410</u>
Net assets at beginning of year	2,516,363	205,505	1,818,418	2,120,570	100,202	1,348,104	3,568,876
Net assets at end of year	<u>\$ 2,857,849</u>	<u>316,800</u>	<u>1,913,860</u>	<u>2,516,363</u>	<u>205,505</u>	<u>1,818,418</u>	<u>4,540,286</u>

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
Statements of Functional Expenses
December 31, 2017 and 2016

<u>Description</u>	<u>Total</u>	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>
Year ended December 31, 2017:				
Salaries, wages and related expenses	\$ 644,129	471,089	93,763	79,277
General operations and services	1,199,751	1,192,282	4,399	3,070
Services and Professional fees	246,955	36,042	13,396	197,517
Office and occupancy	144,306	140,789	1,440	2,077
Postage and printing	85,762	62,287	2,639	20,836
Miscellaneous	100,074	56,863	1,924	41,287
Totals	<u>\$ 2,420,977</u>	<u>1,959,352</u>	<u>117,561</u>	<u>344,064</u>
Year ended December 31, 2016:				
Salaries, wages and related expenses	\$ 623,327	489,255	88,334	45,738
General operations and services	1,532,993	1,524,927	4,482	3,584
Services and Professional fees	257,606	35,633	14,497	207,476
Office and occupancy	157,142	154,174	1,220	1,748
Postage and printing	91,863	63,786	3,868	24,209
Miscellaneous	73,001	29,136	1,468	42,397
Totals	<u>\$ 2,735,932</u>	<u>2,296,911</u>	<u>113,869</u>	<u>325,152</u>

See accompanying notes to financial statements.

RESCUE MISSION OF SALT LAKE INC.
Statements of Cash Flows
Years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 548,223	971,410
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	27,986	26,399
Net income on investments in mutual funds	(112,471)	(58,969)
Increase in prepaid expenses	876	(1,422)
Increase (Decrease) in accounts payable	29,085	(6,754)
Increase (Decrease) in accrued liabilities	4,441	7,242
Net cash provided by operating activities	498,140	937,906
Cash flows from investing activities:		
Purchase of land, buildings and equipment	(7,477)	(306,745)
Net cash used by investing activities	(7,477)	(306,745)
Cash flows from financing activities:	-	-
Net increase in cash and cash equivalents	490,663	631,161
Cash and cash equivalents beginning of year	2,055,685	1,424,524
Cash and cash equivalents end of year	\$ 2,546,348	2,055,685
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, 2017 and 2016

(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. \$1,660,280 and \$2,138,203 of the contributions received during the years ended December 31, 2017 and 2016 respectively were cash and cash equivalents and \$1,150,191 and \$1,477,203 of the contributions received during the years ended December 31, 2017 and 2016 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 \$31,950 and \$25,901 for the years ended December 31, 2017 and 2016 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.

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2017 and 2016

(1) Summary of Significant Accounting Policies (continued)

(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.

(2) Concentrations of Credit

At December 31, 2017 and 2016 the Organization had deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation of \$1,852,370 and \$1,420,431 respectively.

(3) Investment in Mutual Funds

Investment in mutual funds at December 31, 2017 and 2016 is summarised as follows:

	<u>2017</u>	<u>2016</u>
Various bond funds	\$ 849,689	775,968
Various growth and value funds	<u>514,743</u>	<u>475,993</u>
	<u>\$ 1,364,432</u>	<u>1,251,961</u>

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

Included in the accompanying statement of activities and changes in net assets for the year ended December 31, 2017 and 2016 are the following amounts representing earnings, losses and expense for the above investments:

	<u>2017</u>	<u>2016</u>
Realized earnings (interest and dividends)	\$ 30,552	24,665
Unrealized earnings(loss)	99,792	44,939
Administrative fees	<u>(13,079)</u>	<u>(12,339)</u>
	<u>\$117,265</u>	<u>57,265</u>

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.

Three of the bond funds and two of the growth and value funds totaled \$888,398 at December 31, 2016 or approximately 71% of the total investments in mutual funds. No other mutual fund accounted for more than 5% of the total.

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2017 and 2016

(4) Restricted Funds

At December 31, 2017 and 2016 the Organization had a total of \$1,913,860 and \$1,818,418 respectively in permanently restricted funds. These funds are restricted to the acquisition of real estate facilities. During the year ended December 31, 2016 the Organization purchased certain real estate at a cost of \$296,900. Accordingly \$185,000, previously donated in anticipation of the acquisition of this property, was transferred from permanently restricted to unrestricted equity.

During the year ended December 31, 2017 the Organization received \$1,300 in contributions specifically designated by the donor as permanently restricted. During the year ended December 31, 2016, the organization, with approval from its Board of Directors, allocated \$209,586 in unrestricted contributions to permanently restricted funds and transferred another amount totaling \$400,000 to permanently restricted funds.

At December 31, 2017 and 2016 the Organization had a total of \$316,800 and \$205,505 respectively in temporarily restricted funds. These funds are temporarily restricted as an endowment fund and can be used for emergencies or other events as authorized by the Board of Directors. During the years ended December 31, 2017 and 2016, the Organization, with approval from its Board of Directors, transferred amounts, totaling \$100,000 in each year, to this temporarily restricted fund.

(5) Allocation of Expenses and Losses by Service Funds

Expenses and losses included on the accompanying statements of activities and changes in net assets for the years ended December 31, 2017 and 2016 are allocated to services funds as follows:

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
	\$	1,159,794	957,212	303,971	2,420,977

(continued)

RESCUE MISSION OF SALT LAKE, INC.
Notes To Financial Statements
December 31, 2017 and 2016

(5) Allocation of Expenses and Losses by Service Funds (continued)

Year ended December 31, 2016:

		Emergency Services	Recovery Services	Transitional Services	Total
Program	\$	1,137,766	865,844	293,301	2,296,911
Management		56,405	42,924	14,540	113,869
Fundraising		161,063	122,569	41,520	325,152
	\$	1,355,234	1,031,337	349,361	2,735,932

(6) Advertising and Promotion

During the years ended December 31, 2017 and 2016, the Organization incurred a total of \$27,389 and \$32,504 as advertising and promotion expense, respectively. Advertising costs are expensed as incurred.

(7) Subsequent events

Management of the Organization has evaluated any subsequent events that may require disclosure in these financial statement through August 23, 2018, the date that the financial statements were issued.