

# **Good News Rescue Mission**

**Redding, California**

**FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT**

**May 31, 2019 and 2018**

# Good News Rescue Mission

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May 31, 2019 and 2018

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Good News Rescue Mission  
Redding, California

We have audited the accompanying financial statements of Good News Rescue Mission, a nonprofit corporation (the Mission), which comprise the statements of financial position as of May 31, 2019 and 2018, and the related statements of activities, 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.

### ***Auditors' 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 auditors' 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 Mission'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 Mission'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.

## INDEPENDENT AUDITORS' REPORT

(Continued)

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good News Rescue Mission as of May 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Aiello, Goodrich & Teuscher*

September 13, 2019

Aiello, Goodrich & Teuscher

An Accountancy Corporation

Mt. Shasta, California

**Good News Rescue Mission**  
STATEMENTS OF FINANCIAL POSITION

May 31	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 506,524	\$ 719,894
Inventory	87,011	64,585
Investments	458,151	451,370
Other assets	71,797	83,729
<b>Total Current Assets</b>	<b>1,123,483</b>	<b>1,319,578</b>
<b>Notes Receivable - Long-Term</b>	<b>129,000</b>	<b>129,000</b>
<b>Property and Equipment - Net</b>	<b>5,747,966</b>	<b>5,711,521</b>
<b>Cash Restricted for Capital Projects</b>	<b>30,452</b>	<b>1,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 7,030,901</b>	<b>\$ 7,161,099</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 44,476	\$ 34,801
Amounts held for others	40,924	37,550
Grant advances	30,000	-
Compensated absences	42,331	31,886
<b>Total Current Liabilities</b>	<b>157,731</b>	<b>104,237</b>
<b>Long-Term Debt - Net of Current Maturities</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Total Liabilities</b>	<b>2,657,731</b>	<b>2,604,237</b>
<b>Net Assets</b>		
Without donor restriction	4,309,439	4,497,925
With donor restriction	63,731	58,937
<b>Total Net Assets</b>	<b>4,373,170</b>	<b>4,556,862</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,030,901</b>	<b>\$ 7,161,099</b>

*The accompanying notes are an integral part of these financial statements.*

# Good News Rescue Mission

## STATEMENTS OF ACTIVITIES

Years Ended May 31	2019	2018
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION</b>		
<b>Revenue and Support</b>		
Contributions	\$ 3,126,667	\$ 3,016,086
Special events revenue - net	184,186	205,999
Other income	12,263	11,826
Investment income	15,581	12,001
Gain (loss) on disposal of property and equipment	(14,744)	157,260
<b>Total Revenue and Support</b>	<b>3,323,953</b>	<b>3,403,172</b>
<b>Net Assets Released From Restriction</b>	<b>295,213</b>	<b>393,931</b>
<b>EXPENSES</b>		
<b>Program Services</b>		
Guest Services	1,859,917	1,917,086
Men's New Life Recovery	536,322	480,701
Women's New Life Recovery	431,001	413,751
<b>Total Program Services</b>	<b>2,827,240</b>	<b>2,811,538</b>
<b>Supporting Services</b>		
Management and general	342,680	313,667
Fundraising	637,732	650,051
<b>Total Supporting Services</b>	<b>980,412</b>	<b>963,718</b>
<b>Total Expenses</b>	<b>3,807,652</b>	<b>3,775,256</b>
<b>Change in Net Assets Without Donor Restriction</b>	<b>(188,486)</b>	<b>21,847</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>		
Contributions	300,007	211,404
Investment income	-	64
Net assets released from restriction	(295,213)	(393,931)
<b>Change in Net Assets With Donor Restriction</b>	<b>4,794</b>	<b>(182,463)</b>
<b>Change in Net Assets</b>	<b>(183,692)</b>	<b>(160,616)</b>
<b>Net Assets - Beginning of Year</b>	<b>4,556,862</b>	<b>4,717,478</b>
<b>Net Assets - End of Year</b>	<b>\$ 4,373,170</b>	<b>\$ 4,556,862</b>

The accompanying notes are an integral part of these financial statements.

## Good News Rescue Mission

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended May 31, 2019	Program Services				Supporting Services			Total Expenses
	Guest Services	Men's New Life Recovery	Women's New Life Recovery	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 438,287	\$ 218,975	\$ 174,940	\$ 832,202	\$ 276,656	\$ 134,859	\$ 411,515	\$ 1,243,717
Food	909,477	166,393	90,367	1,166,237	-	-	-	1,166,237
Professional fundraising	-	-	-	-	-	381,166	381,166	381,166
Supplies	207,933	24,663	16,850	249,446	2,976	3,696	6,672	256,118
Utilities	95,011	34,353	26,611	155,975	6,434	6,595	13,029	169,004
Liability insurance	23,049	11,604	10,124	44,777	3,629	2,430	6,059	50,836
Mailings	-	-	-	-	-	50,165	50,165	50,165
Building repair and maintenance	21,518	6,663	7,688	35,869	1,178	1,561	2,739	38,608
Advertising	-	-	-	-	-	35,702	35,702	35,702
Professional services	22,846	6,051	6,051	34,948	19,250	-	19,250	54,198
Technology	11,268	5,852	5,237	22,357	7,688	1,470	9,158	31,515
Transportation	7,978	8,470	6,456	22,904	627	297	924	23,828
Property taxes and insurance	10,353	2,590	3,755	16,698	2,826	615	3,441	20,139
Benevolence	16,834	727	630	18,191	-	-	-	18,191
Equipment rental and maintenance	4,727	1,550	1,956	8,233	2,541	3,744	6,285	14,518
Depreciation	82,302	42,799	77,777	202,878	5,083	4,571	9,654	212,532
Miscellaneous	8,334	5,632	2,559	16,525	13,792	10,861	24,653	41,178
<b>Total Expenses</b>	<b>\$ 1,859,917</b>	<b>\$ 536,322</b>	<b>\$ 431,001</b>	<b>\$ 2,827,240</b>	<b>\$ 342,680</b>	<b>\$ 637,732</b>	<b>\$ 980,412</b>	<b>\$ 3,807,652</b>

The accompanying notes are an integral part of these financial statements.

## Good News Rescue Mission

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended May 31, 2018	Program Services				Supporting Services			Total Expenses
	Guest Services	Men's New Life Recovery	Women's New Life Recovery	Total Program Services	Management and General	Fundraising	Supporting Services	
Salaries and benefits	\$ 492,653	\$ 201,212	\$ 169,838	\$ 863,703	\$ 246,390	\$ 161,278	\$ 407,668	\$ 1,271,371
Food	856,387	124,269	67,998	1,048,654	-	-	-	1,048,654
Professional fundraising	-	-	-	-	-	322,811	322,811	322,811
Supplies	211,247	18,437	15,133	244,817	3,902	36,497	40,399	285,216
Utilities	105,931	38,800	32,889	177,620	6,363	5,870	12,233	189,853
Liability insurance	22,408	11,610	8,690	42,708	3,289	2,102	5,391	48,099
Mailings	-	-	-	-	-	51,795	51,795	51,795
Building repair and maintenance	17,710	4,332	4,913	26,955	817	806	1,623	28,578
Advertising	-	-	-	-	-	32,654	32,654	32,654
Professional services	17,531	312	312	18,155	19,401	5,500	24,901	43,056
Technology	9,517	6,427	6,306	22,250	8,472	7,418	15,890	38,140
Transportation	11,653	4,951	6,590	23,194	69	93	162	23,356
Property taxes and insurance	11,704	2,966	4,854	19,524	2,860	639	3,499	23,023
Benevolence	40,054	3,477	737	44,268	-	-	-	44,268
Medical and teaching services	10,206	13,828	13,828	37,862	-	-	-	37,862
Equipment rental and maintenance	5,682	4,490	1,333	11,505	3,562	3,444	7,006	18,511
Depreciation	90,760	39,806	76,526	207,092	5,448	4,467	9,915	217,007
Miscellaneous	13,643	5,784	3,804	23,231	13,094	14,677	27,771	51,002
<b>Total Expenses</b>	<b>\$ 1,917,086</b>	<b>\$ 480,701</b>	<b>\$ 413,751</b>	<b>\$ 2,811,538</b>	<b>\$ 313,667</b>	<b>\$ 650,051</b>	<b>\$ 963,718</b>	<b>\$ 3,775,256</b>

The accompanying notes are an integral part of these financial statements.



# Good News Rescue Mission

## STATEMENTS OF CASH FLOWS

Years Ended May 31	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (183,692)	\$ (160,616)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	212,532	217,007
(Gain)/loss on disposal of property and equipment	14,744	(157,260)
Donated property	-	(36,168)
(Increase) decrease in:		
Inventory	(22,426)	39,447
Other assets	11,932	(46,356)
Increase (decrease) in:		
Accounts payable	9,675	(60,181)
Amounts held for others	3,374	7,527
Grant advances	30,000	-
Compensated absences	10,445	(14,616)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>86,584</b>	<b>(211,216)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property and equipment	(265,488)	(211,913)
Proceeds from the sale of property and equipment	1,767	485,385
Proceeds from maturity of investments	-	110,251
Payments for purchase/reinvestment of investments	(6,781)	(451,370)
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>(270,502)</b>	<b>(67,647)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on debt	-	(30,798)
<b>Net Cash Provided By Financing Activities</b>	<b>-</b>	<b>(30,798)</b>
<b>Net Change in Cash</b>	<b>(183,918)</b>	<b>(309,661)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>720,894</b>	<b>1,030,555</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 536,976</b>	<b>\$ 720,894</b>
<b>NONCASH TRANSACTIONS</b>		
None		

The accompanying notes are an integral part of these financial statements.

# Good News Rescue Mission

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Organization** The Good News Rescue Mission (the Mission) is a private nonprofit corporation whose mission is to bring good news to the poor, homeless, or needy of Shasta County by sharing the love of God exemplified by the life and ministry of Jesus Christ, providing emergency subsistence services (food, shelter, clothing), providing long term recovery services, and educating and equipping people of Shasta County to effectively minister to needy people. The Mission's principal programs are as follows:

*Guest Services:* The Mission provides daily emergency subsistence services of food, shelter, and clothing to meet the immediate needs of those who are homeless and/or living in poverty. Guest Services strives to break the cycle of poverty and homelessness through comprehensive case management services and programs geared to address common root factors of homelessness. The major factors leading to homelessness include job loss, poverty, mental health, and addiction. The Mission offers core programs to address these issues which include mental health referrals, a savings program that allows an individual to save money for permanent housing, and academic and work readiness programs that provide assistance in completion of college, obtaining employment, and sustainable living in mainstream society.

*New Life Recovery:* The Mission provides faith-based 18-month residential recovery programs for men and for women. The programs focus on the root cause of addiction and strive to equip the students with tools to overcome their addiction, emerge as leaders in the community, and to live healthy fulfilling lives. Recovery, sober living, and discipleship are the three areas central to the programs. Recovery activities include individual and group counseling, education, and life skills such as parenting. Women enrolled in the program are able to have their children remain with them throughout their stay at the Mission (boys must be under the age of 12).

**Change in Accounting Principle** For the year ended May 31, 2019, the Mission adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 Not-for-Profit-Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and available resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Prior year figures have been restated to reflect this change.

**Basis of Presentation** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Net Assets** The Mission is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor imposed restrictions: without donor restrictions and with donor restrictions.

# Good News Rescue Mission

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus. As the restrictions are satisfied, net assets are reclassified as Without Donor Restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

**Use of Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** For purposes of the statement of cash flows, the Mission considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Investments** Investments consist of certificates of deposits with an initial maturity of greater than three months. They are recorded at cost plus accrued interest, which approximates fair value.

**Inventory** Inventories consist mainly of donated food, clothing, and household items received by the Mission's distribution center for use in the Food Services program and Resource Center. The contributions are reported as revenue valued at the lower of cost or market at the time of donation. Physical inventories are taken at least annually to determine inventory on hand.

**Notes Receivable** Notes receivable consist of a financing receivable from the sale of real property. The terms of the note call for interest-only payments until 2020, at which time the entire principal balance is due in full. Management considers the entire note receivable to be collectable and no allowance has been recorded.

**Property and Equipment** Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Property and equipment are capitalized at cost when purchased, or at fair market value when contributed. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

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Buildings	15 - 39 Years
Vehicles	5 Years
Furniture, fixtures, and equipment	3 - 7 Years

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# Good News Rescue Mission

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Amounts Held for Others** Amounts held for others consists of funds held for participants of the Guest Services and New Life Recovery programs on a voluntary basis.

**Compensated Absences** Accumulated unpaid employee vacation benefits are recognized as liabilities of the Mission as the benefits are earned and vested.

**Revenue Recognition** The Mission reports contributions as revenue when they are unconditionally pledged or when they are received. The Mission reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to the statement of activities as net assets released from restrictions.

The Mission reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long term assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Special Events Revenue** Special events revenue are reported net of costs of direct benefit to donors as follows:

Years Ended May 31	2019	2018
Special events revenue	216,780	228,038
Less: Cost of direct benefit to donor	(32,594)	(22,039)
<b>Special Events Revenue - Net</b>	<b>\$ 184,186</b>	<b>\$ 205,999</b>

**Fair Values of Financial Instruments** The carrying amount of cash and accounts receivables reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

**Allocation of Expenses** The financial statements 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 food preparation and distribution, clothing and household item distribution, academic center and job readiness, depreciation, operational expenses such as maintenance and repairs and salaries and benefits.

Food preparation and distribution is allocated to programs based upon the number of meals served. Clothing and household items are allocated based upon an estimate of the percentage distributed to the population of each of the programs. Academic center and job readiness is allocated based upon the number of hours of class time for each program. Depreciation and operational expenses are allocated to buildings and other assets which are in turn allocated based upon the estimated usage of

## Good News Rescue Mission

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

those assets. Salaries and benefits for food services, academic center and job readiness and operations are allocated along with the other costs for those functions. Other salaries and benefits are allocated on the basis of estimates of time and effort.

**Income Taxes** The Mission has received tax exempt status under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Since the Mission is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Mission uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Mission has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Mission's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

**Good News Rescue Mission**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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**2. CASH AND CASH EQUIVALENTS**

Cash consisted of the following:

May 31	2019	2018
Cash in banks	\$ 488,058	\$ 662,336
Cash on hand	48,918	58,558
<b>Total</b>	<b>\$ 536,976</b>	<b>\$ 720,894</b>

Presented on the Statement of Financial Position as:

Years Ended May 31	2019	2018
Cash and cash equivalents	\$ 506,524	\$ 719,894
Cash restricted for capital projects	30,452	1,000
<b>Total</b>	<b>\$ 536,976</b>	<b>\$ 720,894</b>

The Mission's cash is deposited in accounts at local banks and savings and loan institutions. At May 31, 2019 and 2018, the Mission had \$211,744 and \$644,049, respectively, in excess of federally insured limits that constitute a concentration of credit risk. The Mission has not experienced any loss and management believes it is not exposed to any significant credit risk on those accounts.

**3. INVENTORY**

Inventory consisted of the following:

May 31	2019	2018
Food	\$ 56,021	\$ 42,651
Clothing and household goods	24,753	21,934
Other	6,237	-
<b>Total</b>	<b>\$ 87,011</b>	<b>\$ 64,585</b>

**Good News Rescue Mission**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

May 31	2019	2018
<b>Nondepreciable Assets</b>		
Land	\$ 616,542	\$ 616,542
Construction in progress	67,830	18,339
<b>Total Nondepreciable Assets</b>	<b>684,372</b>	<b>634,881</b>
<b>Depreciable Assets</b>		
Building and improvements	6,344,271	6,146,649
Vehicles	131,869	140,549
Furniture, fixtures, and equipment	470,884	483,840
Software	17,640	17,640
<b>Total Depreciable Assets</b>	<b>6,964,664</b>	<b>6,788,678</b>
Less: Accumulated depreciation	1,901,070	1,712,038
<b>Depreciable Assets - Net</b>	<b>5,063,594</b>	<b>5,076,640</b>
<b>Property and Equipment - Net</b>	<b>\$ 5,747,966</b>	<b>\$ 5,711,521</b>

The Mission owns certain land and buildings that were acquired in full or in part through the Federal Home Loan Bank's (the FHLBank) Affordable Housing Program (AHP). These assets are pledged as collateral for the Mission's long-term debt. See additional information in Note 5 below.

**5. LONG-TERM DEBT**

The Mission was approved for a grant under the FHLBank's AHP in March 2006 in the original amount of \$1,000,000 to build the Bridge to New Life building and to remodel the men's shelter. The granted funds were disbursed to the Mission under a Subsidy Repayment Agreement with Merchant's Bank of Commerce which is secured by real property with a carrying value at May 31, 2019 and 2018 of \$1,552,058 and \$1,612,740, respectively. It does not accrue interest, except in the event of default, and will not amortize. The entire principal balance matures in December 2023. If the Mission continues to use the property in accordance with the terms of the Agreement, the entire balance will be forgiven by the FHLBank upon maturity.

The Mission was approved for a grant under the FHLBank's AHP in June 2014 in the original amount of \$1,500,000 for the Building Hope project. The granted funds were disbursed to the Mission under a Subsidy Repayment Agreement with Merchant's Bank of Commerce which is secured by real property with a carrying value at May 31, 2019 and 2018 of \$1,937,713 and \$1,854,111, respectively. It does not accrue interest, except in the event of default, and will not amortize. The entire principal balance matures the later of January 1, 2033 or fifteen years after project completion. If the Mission continues to use the property in accordance with the terms of the Agreement, the entire balance will be forgiven by the FHLBank upon maturity.

**Good News Rescue Mission**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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**5. LONG-TERM DEBT (CONTINUED)**

The Mission was not in default with the terms of the Subsidy Repayment Agreement at May 31, 2019 and 2018.

**6. RESTRICTIONS AND LIMITATIONS ON NET ASSETS**

**Board Designated Net Assets** The Mission's Board of Directors has designated net assets without donor restriction for the following purposes:

May 31	2019	2018
Capital projects	\$ 83,783	\$ -
Liquidity reserve	661,212	-
<b>Total Board-Designated Net Assets</b>	<b>\$ 744,995</b>	<b>\$ -</b>

**Net assets with donor restriction** Net assets with donor restrictions were restricted for the following purposes:

May 31	2019	2018
Men's New Life Recovery Program	\$ 3,745	\$ -
Solar Project	28,152	-
Women's New Life Recovery Program	13,208	13,556
Dental clinic expenses	6,172	7,576
Maintenance	1,444	10,000
Building Hope capital project	1,500	1,000
Journey Home	-	16,162
Other purposes	9,510	10,643
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 63,731</b>	<b>\$ 58,937</b>

**7. DEFINED CONTRIBUTION PLAN**

The Mission sponsors a defined contribution plan (the Plan) covering all eligible employees who agree to make contributions to the Plan. The Mission matches 50% of all participants' contributions to the Plan up to \$1,500 per year. Total contributions made by the Mission to the Plan for the years ended May 31, 2019 and 2018, were \$12,213 and \$10,978, respectively.



## Good News Rescue Mission

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### 8. NONCASH CONTRIBUTIONS

The Mission received the following non-cash contributions, which are included in contribution revenue in the Statement of Activities:

May 31	2019	2018
Food	\$ 1,165,219	\$ 994,007
Clothing and household items	203,248	194,946
Capital assets	2,259	36,168
Professional services	34,947	37,862
Other	-	1,852
<b>Total</b>	<b>\$ 1,405,673</b>	<b>\$ 1,264,835</b>

The Mission receives contributed services from hundreds of unpaid volunteers who assist with a variety of services relating to program delivery, clerical, academic, basic health, and fundraising. Under generally accepted accounting principles, fair value of donated services are recognized in the Statement of Activities if they (a) create or enhance a nonfinancial asset, or (b) require specialized skills, are provided by persons possessing those skills, and would need to be purchased if they were not donated. The volunteered dental services meet the above criteria and are included as professional services in the table above. The remaining volunteered services provided to the Mission did not meet this criteria and, therefore, are not recognized in the accompanying financial statements. The Mission estimates the fair value of the contributed services not recognized in the Statement of Activities to be \$1,584,490 and \$1,619,939 for the years ended May 31, 2019 and 2018, respectively.

#### 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Missions' financial assets available for general expenditure within one year of the balance sheet date were as follows:

May 31	2019
Financial assets, available at year-end	
Cash & Equivalents	\$ 536,976
Investments	458,151
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	(93,731)
Amounts held for others	(40,924)
Board designations:	
Funds designated for capital improvements	(83,783)
Amounts set aside for liquidity reserve	(661,212)
<b>Total</b>	<b>\$ 115,477</b>

## **Good News Rescue Mission**

### **NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

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#### **9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

The Mission has investments in 3 and 5 year CDs that will mature after the end of the 2019-2020 fiscal year. The terms of the CDs call for a forfeiture of 6 months interest in the event of early withdrawal. The Mission considers these investments as available for cash flow. Funds in excess of budget are considered to be reserved by the board until designated or appropriated by a board vote. These funds are kept in liquid accounts, but are not available for general expenditures without board action. Financial Assets that have been donated with restrictions on their use are not available for general expenditures.

#### **10. RELATED PARTY TRANSACTIONS**

The Mission received a contribution from the Board President in the amount of \$120,000 for the year ended May 31, 2019. This donation was made without restrictions.

#### **11. SUBSEQUENT EVENTS**

Management has evaluated all subsequent events through September 13, 2019, which is the date the financial statements were available to be issued.