THE RESCUE MISSION OF MAHONING VALLEY

AUDIT OF FINANCIAL STATEMENTS

Years ended September 30, 2018 and 2017

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CONTENTS

REPORT OF INDEPENDENT AUDITORS	2 - 3
FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of activities	5
Statements of functional expenses	6
Statements of cash flows	7
Notes to financial statements	8-14

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REPORT OF INDEPENDENT AUDITORS

BOARD OF TRUSTEES
THE RESCUE MISSION OF MAHONING VALLEY

We have audited the accompanying financial statements of The Rescue Mission of Mahoning Valley (Organization), which comprise the statement of financial position as of September 30, 2018, 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 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 Mahoning Valley as of September 30, 2018, 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.

Emphasis of Matter
As discussed in Note B to the financial statements, on October 1, 2017 the Organization retroactively adopted Financial Accounting Standards Board Accounting Standards Update ("ASU") No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).

Report on Summarized Comparative Information
We have previously audited The Rescue Mission of Mahoning Valley's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Packer Thomas

Canfield, Ohio
January 25, 2019

The Rescue Mission of Mahoning Valley

STATEMENTS OF FINANCIAL POSITION

ASSETS	**September 30,**	
	2018	2017
CURRENT ASSETS		
Cash - checking	**$ 297,875**	$ 173,748
Accounts receivable		
Pledges	**147,368**	93,000
Prepaid expenses	**37,788**	35,747
Other	**9,395**	9,395
TOTAL CURRENT ASSETS	**492,426**	311,890
INVESTMENTS	**100,987**	681,788
LAND, BUILDING AND EQUIPMENT		
Land	**5,550**	5,550
Building and building improvements	**469,903**	483,858
Furniture, fixtures and equipment	**348,170**	379,958
Vehicles	**162,370**	160,867
TOTAL LAND, BUILDING AND EQUIPMENT	**985,993**	1,030,233
Less accumulated depreciation	**797,394**	765,282
Construction in process	**150,000**	360,648
Idle building and building improvements	**-**	41,991
NET LAND, BUILDING AND EQUIPMENT	**338,599**	667,590
Capital Campaign Cash Fund	**1,830,815**	397,237
Long-Term Pledges Receivable	**488,654**	413,602
TOTAL OTHER ASSETS	**2,319,469**	810,839
TOTAL ASSETS	**$ 3,251,481**	$ 2,472,107

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

LIABILITIES AND NET ASSETS		**September 30,**		
		2018		2017
CURRENT LIABILITIES				
Accounts payable - trade	**$**	**62,783**	$	9,083
Custodial funds - residents		**8,964**		20,719
Accrued and withheld payroll taxes		**3,889**		4,189
Accrued payroll		**19,285**		16,980
Other accrued liabilities		**250**		50
TOTAL CURRENT LIABILITIES		**95,171**		51,021
TOTAL LIABILITIES		**95,171**		51,021
NET ASSETS				
Unrestricted		**1,690,183**		1,554,858
Temporarily restricted		**1,466,127**		866,228
TOTAL NET ASSETS		**3,156,310**		2,421,086
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,251,481**	$	2,472,107

The Rescue Mission of Mahoning Valley

STATEMENTS OF ACTIVITIES

Year ended September 30, 2018
(with comparative totals for 2017)

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS 2018	TOTALS 2017
PUBLIC SUPPORT AND REVENUE				
Public support:				
Individuals, business and church contributions	$ 1,847,102	$ 727,966	**$ 2,575,068**	$ 2,639,925
Gifts in kind	153,858	-	**153,858**	165,667
Foundations	178,991	23,408	**202,399**	174,251
Bequests and memorials	120,320	-	**120,320**	88,919
Fundraising events	61,508	54,373	**115,881**	40,774
Grants	10,000	10,000	**20,000**	23,000
Net assets released from program restrictions and reclassifications	215,848	(215,848)	**-**	-
TOTAL PUBLIC SUPPORT	2,587,627	599,899	**3,187,526**	3,132,536
Revenue:				
Interest, dividends and capital gain distributions	4,898	-	**4,898**	1,248
(Loss) gain on disposal of assets	(294,800)	-	**(294,800)**	992
Miscellaneous income	3,202	-	**3,202**	8,633
TOTAL REVENUE	(286,700)	-	**(286,700)**	10,873
TOTAL PUBLIC SUPPORT AND REVENUE	2,300,927	599,899	**2,900,826**	3,143,409
EXPENSES				
Program services	1,373,174	-	**1,373,174**	1,362,112
Supporting services and other expenses	792,428	-	**792,428**	951,671
TOTAL EXPENSES	2,165,602	-	**2,165,602**	2,313,783
CHANGE IN NET ASSETS	135,325	599,899	**735,224**	829,626
NET ASSETS AT BEGINNING OF YEAR	1,554,858	866,228	**2,421,086**	1,591,460
NET ASSETS AT END OF YEAR	$ 1,690,183	$ 1,466,127	**$ 3,156,310**	$ 2,421,086

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

The Rescue Mission of Mahoning Valley

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended September 30, 2018
(with comparative totals for 2017)

	PROGRAM SERVICES	SUPPORTING SERVICES AND OTHER EXPENSES			Total Functional Expenses	
		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	2018	2017
Salaries and wages	$ 638,711	$ 150,277	$ 76,582	$ 226,859	$ 865,570	$ 861,799
Payroll taxes	47,863	8,206	5,859	14,065	61,928	64,217
Employee benefits	94,036	304	13,159	13,463	107,499	108,189
TOTAL SALARIES AND RELATED EXPENSES	780,610	158,787	95,600	254,387	1,034,997	1,034,205
Utilities	81,273	2,409	3,212	5,621	86,894	87,999
Insurance	21,024	3,035	377	3,412	24,436	26,766
Taxes and licenses	1,065	200	408	608	1,673	1,575
Repairs and maintenance	18,029	11	150	161	18,190	19,001
TOTAL OCCUPANCY	121,391	5,655	4,147	9,802	131,193	135,341
Technical services	25,614	6,120	9,821	15,941	41,555	49,237
Bank charges	-	1,741	17	1,758	1,758	1,590
Computer supplies	145	700	29	729	874	1,177
Direct assistance	39,542	-	-	-	39,542	23,617
Leases	10,417	1,696	8,867	10,563	20,980	24,268
Programs	70,284	-	-	-	70,284	68,410
Groceries	125,389	52	-	52	125,441	136,041
Supplies	21,641	-	-	-	21,641	26,070
Vehicle expense	18,586	97	1,417	1,514	20,100	21,299
Office supplies and postage	1,311	1,743	11,181	12,924	14,235	19,449
Promotions and public relations	-	733	58,511	59,244	59,244	191,346
Telephone	5,312	1,499	560	2,059	7,371	10,802
Travel and meals	222	6,082	598	6,680	6,902	2,311
Conferences and training	25	2,467	10	2,477	2,502	2,564
Professional services	13,700	12,125	-	12,125	25,825	63,510
Dues, fees and subscriptions	21	2,556	9,050	11,606	11,627	11,403
General expenses	8,934	1,119	44	1,163	10,097	15,774
Postage, handling and printing	68,541	-	357,662	357,662	426,203	393,656
Pledge write offs	-	-	20,030	20,030	20,030	-
	409,684	38,730	477,797	516,527	926,211	1,062,524
TOTAL OTHER EXPENSES BEFORE DEPRECIATION	1,311,685	203,172	577,544	780,716	2,092,401	2,232,070
Depreciation expense	61,489	2,196	9,516	11,712	73,201	81,713
TOTAL FUNCTIONAL EXPENSES	$ 1,373,174	$ 205,368	$ 587,060	$ 792,428	$ 2,165,602	$ 2,313,783

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

The Rescue Mission of Mahoning Valley

STATEMENTS OF CASH FLOWS

Years ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 735,224**	$ 829,626
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	**73,201**	81,713
Loss on disposal of assets	**293,556**	150
Noncash donations (net)	**(1,503)**	(13,924)
(Increase) decrease in assets:		
Accounts receivable	**(129,420)**	(404,101)
Prepaid expenses	**(2,041)**	(8,443)
Other assets	**-**	1,690
Increase in liabilities:		
Accounts payable and accrued expenses	**(5,849)**	(42,382)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**963,168**	444,329
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of long-term investments	**(198)**	(64,764)
Proceeds from maturity/sale of long-term investments	**581,000**	75,000
Purchases of land, building and equipment	**(109,701)**	(17,449)
Proceeds from sale of land, building and equipment	**123,436**	521
NET CASH FLOWS FROM INVESTING ACTIVITIES	**594,537**	(6,692)
NET CHANGE IN CASH	**1,557,705**	437,637
CASH--BEGINNING OF YEAR	**570,985**	133,348
CASH--END OF YEAR	**$ 2,128,690**	$ 570,985
NON CASH INVESTING ACTIVITIES		
Recording construction in progress by assuming accounts payable	**$ 50,000**	$ -

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

NOTE A – NATURE OF OPERATIONS

The Rescue Mission of Mahoning Valley ("the Organization") is a non-profit corporation, which receives donations from businesses, churches, grants and individuals, most of whom are located in northeastern Ohio, and distributes donated items to the needy in the area.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement
In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" ("ASU 2015-07"), which removes the requirement to present certain investments for which the practical expedient is used to measure fair value at net asset value within the fair value hierarchy table. Instead, an entity would be required to include those investments as a reconciling item so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the Statements of Financial Position. The Organization adopted ASU 2015-07 as of October 1, 2017, and has applied ASU 2015-07 retrospectively, as required.

Basis of Accounting
The financial statements have been prepared using the accrual basis of accounting, and are in conformity with accounting principles generally accepted in the United States of America.

Unconditional 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Long-term pledges receivable represent pledges due from one to five years. The Organization uses the allowance method to determine uncollectible promises receivable. As of the financial statement date, management believes all accounts are collectible.

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 included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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.

Donated Material and Services
Donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated services recognized in the financial statements consist of advertising and other professional services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and in its fund raising campaigns. No amounts have been reflected in the statements for these donated services inasmuch as no objective basis is available to measure the value of such services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land, Building and Equipment
Land, building and equipment are stated at cost. Depreciation totaling $73,201 and $81,713 for the years ended September 30, 2018 and 2017, respectively, is computed on the straight-line method. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of $500. Donated assets are capitalized at their estimated fair value at the date of receipt.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

Income Taxes
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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

NOTE C – RESTRICTION ON NET ASSETS

Capital Campaign
The Board of Trustees authorized a capital campaign to raise a minimum of $4,750,000 for construction of a new facility. Fundraising counsel was retained and an architectural and engineering firm was engaged. Included on the Statement of Financial Position as construction in process is $150,000 and $360,648 of architecture and site preparation fees at September 30, 2018 and 2017, respectively. The Statement of Activities includes $718,706 and $820,475 of public support to the capital campaign for the years ended September 30, 2018 and 2017, respectively. Expenses related to the capital campaign totaled $155,155 and $124,617 for the years ended September 30, 2018 and 2017, respectively.

NOTE C – RESTRICTION ON NET ASSETS (continued)

During the years ended September 30, 2018 and 2017, the Organization received donations required by the donor to be held in a separate bank account established exclusively for the donated funds. The bank account was established and is included in the Statements of Financial Position in cash – checking.

Temporarily restricted net assets at September 30, 2018 and 2017 are available for the following purposes:

	2018	2017
Christian fellowship	**$ 18,884**	$ 29,236
Burial plots	**9,395**	9,395
Workforce development	**11,139**	9,844
Financial literacy	**-**	4,000
Children programs	**4,433**	4,704
Food & food supplies	**290**	31
Transportation programs	**560**	-
Residents	**13,478**	18,435
Mission church	**50**	50
Capital campaign	**1,398,050**	780,126
ID’s and licenses	**3,140**	3,852
Program activities	**2,478**	2,530
Holiday programs	**3,970**	4,025
Shoes and clothing	**260**	-
	$ 1,466,127	$ 866,228

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors.

Endowment Fund
The Organization has designated funds to function as an endowment fund to fulfill the needs and objectives of the Mission. The endowment is funded by unrestricted donations received from estates in amounts over $10,000 upon the approval from the finance committee. The Board of Trustees may, with an 80% approval vote, use at their discretion all or part of the fund. Currently, the Board has approved the use of all income (dividends and interest) from the fund’s investments for the payment of operating expenses. The Organization’s primary objective for the investments included in the fund is preservation of capital. As of September 30, 2015, the Board has converted remaining funds to Money Market accounts to preserve capital. Also, the Board has approved the borrowing of funds for payment of operating expenses. The Board of Trustees has granted PNC Bank control to make investment decisions for the endowment fund.

NOTE C – RESTRICTION ON NET ASSETS (continued)

Endowment Fund (continued)
Endowment net asset composition by type of fund as of September 30, 2018:

	Unrestricted
Board designated endowment funds	$ 100,987

Endowment net asset composition by type of fund as of September 30, 2017:

	Unrestricted
Board designated endowment funds	$ 681,788

Changes in endowment net assets for the year ended September 30, 2018 and 2017:

	Unrestricted
Endowment net assets, October 1, 2016	$ 692,023
Investment income	882
Contributions	63,883
Appropriation of endowment assets for expenditure	(75,000)
Realized and unrealized gain on endowments	-
Endowment net assets, September 30, 2017	$ 681,788
Investment income	199
Contributions	-
Appropriation of endowment assets for expenditure	(581,000)
Realized and unrealized gain on endowments	-
Endowment net assets, September 30, 2018	$ **100,987**

NOTE D – INVESTMENTS

Investments are stated at fair value based on quoted market prices and consist of the following:

	September 30, 2018		September 30, 2017	
	Cost	**Fair Value**	Cost	Fair Value
Money markets	**$ 100,987**	**$ 100,987**	$ 681,788	$ 681,788
Total Investments	**$ 100,987**	**$ 100,987**	$ 681,788	$ 681,788

NOTE E – FAIR VALUE MEASUREMENTS

The Organization has characterized their financial instruments, based on the priority of the inputs used to value the financial instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instruments.

Financial instruments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1: These are financial instruments where values are based on unadjusted quoted prices for identical sets in an active market that the Organization has the ability to access.

Level 2: These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the financial instruments.

Level 3: These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018 and 2017:

Money markets: As a practical expedient, valued at net asset value (NAV) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE E – FAIR VALUE MEASUREMENTS (continued)

In accordance with GAAP, investments measured at net asset value as a practical expedient have not been classified in the fair value hierarchy. All holdings of the Organization are money markets, which are measured at NAV. Total money markets were $100,987 and $681,788 for the years ending September 30, 2018 and 2017, respectively

Assets measured at fair value on a non-recurring basis comprise the following:

	Fair Value at September 30,	
	2018	2017
Equipment held and used	**$37,865**	$55,572

Fair value was determined as follows:

	Based on Other Observable Inputs	
	2018	2017
Equipment held and used	**$37,865**	$55,572

The fair value of equipment held and used is determined, whenever possible, by reference to quoted market prices and other market information for similar assets.

NOTE F – NONCASH INVESTING AND FINANCING ACTIVITES

During the year ended September 30, 2018, the Organization received a non-cash donation of an SUV with a value totaling $1,503. During the year ended September 30, 2017, the Organization received a non-cash donation of a van a value totaling $13,924.

NOTE G – LEASES

The Organization leases office equipment under various month to month arrangements. Lease expense totaled $20,980 and $24,268 for the years ended September 30, 2018 and 2017, respectively. The Organization expects that all leases will either be replaced or renewed in the ordinary course of business.

NOTE H – GIFTS IN KIND AND DIRECT ASSISTANCE

Gifts in kind donations were $153,858 and $165,667 for years ended September 30, 2018 and 2017, respectively. Direct assistance expense was $39,542 and $23,617 for years ended September 30, 2018 and 2017, respectively.

NOTE I – PENSION PLAN

The Organization has a 401(k) Plan covering substantially all of its employees over the age of 21 with one year of service (at least 1,000 hours worked). The Organization's contributions to the 401(k) plan are discretionary. There was no retirement expense for the years ended September 30, 2018 and 2017, respectively.

NOTE J – CONDITIONAL ASSET RETIREMENT OBLIGATIONS

Conditional asset retirement obligations (ARO) meet the definition of liabilities and should be recognized when incurred if their fair values can be reasonably estimated. As of September 30, 2018, the Organization was unable to estimate the range of settlement dates and the related probabilities for certain asbestos remediation AROs. These conditional AROs are primarily related to the encapsulated structural fireproofing that is not subject to abatement unless the building is demolished and non-encapsulated asbestos that the Organization would remediate only if it performed major renovations to the building. Because these conditional obligations have indeterminate settlement dates, the organization could not develop a reasonable estimate of their fair values. The Organization will continue to assess its ability to estimate fair values at each future reporting date. The related liability will be recognized once sufficient additional information becomes available.

NOTE K – CONTINGENCIES

On June 23, 2010, the City of Youngstown deeded a parcel of vacant land to the Organization. The ownership of this deed is contingent upon the Organization breaking ground on a new facility by June 2011. This deed was subsequently extended to December 21, 2019. Upon meeting this stipulation, a donation will be recorded for the fair market value of the land. As of January 25, 2019, the Organization has not broken ground on the facility; therefore no donation had been recorded as of September 30, 2018.

NOTE L – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through January 25, 2019, which is the date the financial statements were available to be issued.

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