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# THE RESCUE MISSION OF MAHONING VALLEY

*AUDIT OF FINANCIAL STATEMENTS*

Years ended September 30, 2017 and 2016

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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, 2017, 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, 2017, 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.

**Report on Summarized Comparative Information**

We have previously audited The Rescue Mission of Mahoning Valley's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Canfield, Ohio  
March 16, 2018

The Rescue Mission of Mahoning Valley  
**STATEMENTS OF FINANCIAL POSITION**

| <b>ASSETS</b>                             | <b>September 30,</b> |                     |
|---|----------------------|---------------------|
|   | <b>2017</b>          | <b>2016</b>         |
| <b>CURRENT ASSETS</b>                     |                      |                     |
| Cash - checking                           | \$ 173,748           | \$ 133,348          |
| Accounts receivable                       |                      |                     |
| Pledges                                   | 93,000               | 52,000              |
| Other                                     | -                    | 271                 |
| Prepaid expenses                          | 35,747               | 27,305              |
| Other                                     | 9,395                | 11,085              |
| <b>TOTAL CURRENT ASSETS</b>               | <b>311,890</b>       | <b>224,009</b>      |
| <b>INVESTMENTS</b>                        | <b>681,788</b>       | <b>692,023</b>      |
| <b>LAND, BUILDING AND EQUIPMENT</b>       |                      |                     |
| Land                                      | 5,550                | 5,550               |
| Building and building improvements        | 483,858              | 479,007             |
| Furniture, fixtures and equipment         | 379,958              | 369,096             |
| Vehicles                                  | 160,867              | 184,866             |
| Construction in process                   | 360,648              | 360,648             |
| <b>TOTAL LAND, BUILDING AND EQUIPMENT</b> | <b>1,390,881</b>     | <b>1,399,167</b>    |
| Less accumulated depreciation             | 765,282              | 722,558             |
| Idle building and building improvements   | 41,991               | 41,991              |
| <b>NET LAND, BUILDING AND EQUIPMENT</b>   | <b>667,590</b>       | <b>718,600</b>      |
| Capital Campaign Cash Fund                | 397,237              | -                   |
| Long-Term Pledges Receivable              | 413,602              | 50,230              |
| <b>TOTAL OTHER ASSETS</b>                 | <b>810,839</b>       | <b>50,230</b>       |
| <b>TOTAL ASSETS</b>                       | <b>\$ 2,472,107</b>  | <b>\$ 1,684,862</b> |

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

**LIABILITIES AND NET ASSETS**

September 30,

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>              |                     |                     |
| Accounts payable - trade                | \$ 9,083            | \$ 50,933           |
| Custodial funds - residents             | 20,719              | 20,085              |
| Accrued and withheld payroll taxes      | 4,189               | 4,189               |
| Accrued payroll                         | 16,980              | 18,195              |
| Other accrued liabilities               | 50                  | -                   |
| <b>TOTAL CURRENT LIABILITIES</b>        | <b>51,021</b>       | <b>93,402</b>       |
| <b>TOTAL LIABILITIES</b>                | <b>51,021</b>       | <b>93,402</b>       |
| <b>NET ASSETS</b>                       |                     |                     |
| Unrestricted                            | 1,554,858           | 1,463,075           |
| Temporarily restricted                  | 866,228             | 128,385             |
| <b>TOTAL NET ASSETS</b>                 | <b>2,421,086</b>    | <b>1,591,460</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 2,472,107</b> | <b>\$ 1,684,862</b> |

The Rescue Mission of Mahoning Valley

**STATEMENTS OF ACTIVITIES**

Year ended September 30, 2017

(with comparative totals for 2016)

|   | UNRESTRICTED |                  | TEMPORARILY RESTRICTED |                | TOTALS |                  |
|---|--------------|------------------|------------------------|----------------|--------|------------------|
|   |              |                  |                        |                | 2017   | 2016             |
| <b>PUBLIC SUPPORT AND REVENUE</b>                                   |              |                  |                        |                |        |                  |
| Public support:   |              |                  |                        |                |        |                  |
| Individuals, business and church contributions                      | \$           | 1,839,052        | \$                     | 800,873        | \$     | 2,639,925        |
| Gifts in kind   |              | 165,667          |                        | -              |        | 165,667          |
| Foundations   |              | 146,238          |                        | 28,013         |        | 174,251          |
| Bequests and memorials  |              | 88,919           |                        | -              |        | 88,919           |
| Fundraising events  |              | 40,774           |                        | -              |        | 40,774           |
| Grants  |              | 9,156            |                        | 13,844         |        | 23,000           |
| Social enterprise   |              | -                |                        | -              |        | -                |
| Net assets released from program restrictions and reclassifications |              | 104,887          |                        | (104,887)      |        | -                |
| <b>TOTAL PUBLIC SUPPORT</b>   |              | <b>2,394,693</b> |                        | <b>737,843</b> |        | <b>3,132,536</b> |
| Revenue:  |              |                  |                        |                |        |                  |
| Net unrealized and realized gain on investments                     |              | -                |                        | -              |        | -                |
| Interest, dividends and capital gain distributions                  |              | 1,248            |                        | -              |        | 1,248            |
| Gain on disposal of assets  |              | 992              |                        | -              |        | 992              |
| Miscellaneous income  |              | 8,633            |                        | -              |        | 8,633            |
| <b>TOTAL REVENUE</b>  |              | <b>10,873</b>    |                        | <b>-</b>       |        | <b>10,873</b>    |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                             |              | <b>2,405,566</b> |                        | <b>737,843</b> |        | <b>3,143,409</b> |
| <b>EXPENSES</b>   |              |                  |                        |                |        |                  |
| Program services  |              | 1,362,112        |                        | -              |        | 1,362,112        |
| Supporting services and other expenses                              |              | 951,671          |                        | -              |        | 951,671          |
| <b>TOTAL EXPENSES</b>   |              | <b>2,313,783</b> |                        | <b>-</b>       |        | <b>2,313,783</b> |
| <b>CHANGE IN NET ASSETS</b>   |              | <b>91,783</b>    |                        | <b>737,843</b> |        | <b>829,626</b>   |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                              |              | <b>1,463,075</b> |                        | <b>128,385</b> |        | <b>1,591,460</b> |
| <b>NET ASSETS AT END OF YEAR</b>                                    | \$           | <b>1,554,858</b> | \$                     | <b>866,228</b> | \$     | <b>2,421,086</b> |

The Rescue Mission of Mahoning Valley  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year ended September 30, 2017  
(with comparative totals for 2016)

|   | PROGRAM SERVICES    | SUPPORTING SERVICES AND OTHER EXPENSES |                   |                   | Total Functional Expenses |                     |
|---|---------------------|--|-------------------|-------------------|---------------------------|---------------------|
|   |                     | MANAGEMENT AND GENERAL                 | FUNDRAISING       | TOTAL             | 2017                      | 2016                |
| Salaries and wages                              | \$ 609,364          | \$ 174,791                             | \$ 77,644         | \$ 252,435        | \$ 861,799                | \$ 856,699          |
| Payroll taxes                                   | 45,333              | 12,944                                 | 5,940             | 18,884            | 64,217                    | 64,034              |
| Employee benefits                               | 88,361              | 6,351                                  | 13,477            | 19,828            | 108,189                   | 152,803             |
| <b>TOTAL SALARIES AND RELATED EXPENSES</b>      | <b>743,058</b>      | <b>194,086</b>                         | <b>97,061</b>     | <b>291,147</b>    | <b>1,034,205</b>          | <b>1,073,536</b>    |
| Utilities                                       | 83,548              | 2,363                                  | 2,088             | 4,451             | 87,999                    | 100,190             |
| Insurance                                       | 23,733              | 2,728                                  | 305               | 3,033             | 26,766                    | 26,318              |
| Taxes and licenses                              | 1,239               | 336                                    | -                 | 336               | 1,575                     | 1,654               |
| Repairs and maintenance                         | 17,432              | 1,428                                  | 141               | 1,569             | 19,001                    | 20,943              |
| <b>TOTAL OCCUPANCY</b>                          | <b>125,952</b>      | <b>6,855</b>                           | <b>2,534</b>      | <b>9,389</b>      | <b>135,341</b>            | <b>149,105</b>      |
| Technical services                              | 33,483              | 7,129                                  | 8,625             | 15,754            | 49,237                    | 53,460              |
| Bank charges                                    | -                   | 1,589                                  | 1                 | 1,590             | 1,590                     | 1,588               |
| Computer supplies                               | 327                 | 787                                    | 63                | 850               | 1,177                     | 1,688               |
| Direct assistance                               | 23,617              | -                                      | -                 | -                 | 23,617                    | 5,121               |
| Leases  | 10,278              | 4,851                                  | 9,139             | 13,990            | 24,268                    | 22,521              |
| Programs  | 68,410              | -                                      | -                 | -                 | 68,410                    | 72,131              |
| Groceries                                       | 136,006             | 35                                     | -                 | 35                | 136,041                   | 158,135             |
| Supplies  | 25,976              | 58                                     | 36                | 94                | 26,070                    | 14,965              |
| Vehicle expense                                 | 17,524              | 2,479                                  | 1,296             | 3,775             | 21,299                    | 23,155              |
| Office supplies and postage                     | 2,704               | 1,983                                  | 14,762            | 16,745            | 19,449                    | 16,603              |
| Promotions and public relations                 | 399                 | 142                                    | 190,805           | 190,947           | 191,346                   | 67,715              |
| Telephone                                       | 7,617               | 2,124                                  | 1,061             | 3,185             | 10,802                    | 11,187              |
| Travel and meals                                | 289                 | 1,260                                  | 762               | 2,022             | 2,311                     | 808                 |
| Conferences and training                        | 1,500               | 995                                    | 69                | 1,064             | 2,564                     | 1,929               |
| Professional services                           | 15,100              | 12,335                                 | 36,075            | 48,410            | 63,510                    | 28,970              |
| Dues, fees and subscriptions                    | 15                  | 2,727                                  | 8,661             | 11,388            | 11,403                    | 9,149               |
| General expenses                                | 14,856              | 658                                    | 260               | 918               | 15,774                    | 7,401               |
| Postage, handling and printing                  | 65,954              | -                                      | 327,702           | 327,702           | 393,656                   | 400,073             |
| <b>TOTAL OTHER EXPENSES BEFORE DEPRECIATION</b> | <b>1,293,065</b>    | <b>240,093</b>                         | <b>698,912</b>    | <b>939,005</b>    | <b>2,232,070</b>          | <b>2,119,240</b>    |
| Depreciation expense                            | 69,047              | 2,375                                  | 10,291            | 12,666            | 81,713                    | 83,066              |
| <b>TOTAL FUNCTIONAL EXPENSES</b>                | <b>\$ 1,362,112</b> | <b>\$ 242,468</b>                      | <b>\$ 709,203</b> | <b>\$ 951,671</b> | <b>\$ 2,313,783</b>       | <b>\$ 2,202,306</b> |



The Rescue Mission of Mahoning Valley  
**STATEMENTS OF CASH FLOWS**

Years ended September 30, 2017 and 2016

|  | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Change in net assets   | \$ 829,626        | \$ 504,959        |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                   |                   |
| Depreciation   | 81,712            | 83,066            |
| Realized/unrealized loss (gain) on investments                                       | -                 | (21)              |
| Loss on disposal of assets   | 150               | 914               |
| Noncash donations (net)  | (13,924)          | (25,879)          |
| (Increase) decrease in assets:   |                   |                   |
| Accounts receivable  | (404,101)         | (101,148)         |
| Prepaid expenses   | (8,443)           | (5,712)           |
| Other assets   | 1,690             | -                 |
| Increase in liabilities:   |                   |                   |
| Accounts payable and accrued expenses  | (42,381)          | (45,810)          |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      | <b>444,329</b>    | <b>410,369</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                   |
| Purchase of long-term investments  | (64,764)          | (340,595)         |
| Proceeds from maturity/sale of long-term investments                                 | 75,000            | 37,674            |
| Purchases of land, building and equipment  | (17,449)          | (70,280)          |
| Proceeds from sale of land, building and equipment                                   | 521               | 173               |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      | <b>(6,692)</b>    | <b>(373,028)</b>  |
| <b>NET CHANGE IN CASH</b>  | <b>437,637</b>    | <b>37,341</b>     |
| <b>CASH--BEGINNING OF YEAR</b>   | <b>133,348</b>    | <b>96,007</b>     |
| <b>CASH--END OF YEAR</b>   | <b>\$ 570,985</b> | <b>\$ 133,348</b> |

**The Rescue Mission of Mahoning Valley**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

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**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**

**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. The allowance is based on prior years’ experience and management’s analysis of specific promises made. 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.

**Land, Building and Equipment**

Land, building and equipment are stated at cost. Depreciation totaling \$81,712 and \$83,066 for the years ended September 30, 2017 and 2016, respectively, is computed on the straight-line method. The Organization

The Rescue Mission of Mahoning Valley  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Land, Building and Equipment (continued)**

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, 2016, 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 \$4,250,000 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 \$360,648 of architecture and site preparation fees at September 30, 2017 and 2016. The Statement of Activities includes \$820,475 and \$127,230 of public support to the capital campaign for the years ended September 30, 2017 and 2016, respectively. Expenses related to the capital campaign totaled \$124,617 and \$45,435 for the years ended September 30, 2017 and 2016, respectively.

The Rescue Mission of Mahoning Valley  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

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**NOTE C – RESTRICTION ON NET ASSETS (continued)**

During the years ended September 30, 2017 and 2016, 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, 2017 and 2016 are available for the following purposes:

|                         | <b>2017</b>       | 2016       |
|-------------------------|-------------------|------------|
| Christian fellowship    | <b>\$ 29,236</b>  | \$ 11,383  |
| Burial plots            | <b>9,395</b>      | 11,085     |
| Machinery and equipment | <b>13,844</b>     | -          |
| Children programs       | <b>4,704</b>      | 5,447      |
| Food & food supplies    | <b>31</b>         | 635        |
| Transportation programs | -                 | 579        |
| Residents               | <b>18,435</b>     | 9,830      |
| Mission church          | <b>50</b>         | -          |
| Capital campaign        | <b>780,126</b>    | 84,268     |
| ID's and licenses       | <b>3,852</b>      | 4,393      |
| Program activities      | <b>2,530</b>      | 190        |
| Holiday programs        | <b>4,025</b>      | 193        |
| Linens & toiletries     | -                 | 382        |
|                         | <b>\$ 866,228</b> | \$ 128,385 |

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.

The Rescue Mission of Mahoning Valley  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

**NOTE C – RESTRICTION ON NET ASSETS (continued)**

**Endowment Fund (continued)**

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

|   | <b>Unrestricted</b> |
|---|---------------------|
| <u>Board designated endowment funds</u> | <u>\$ 681,788</u>   |

Endowment net asset composition by type of fund as of September 30, 2016:

|   | <b>Unrestricted</b> |
|---|---------------------|
| <u>Board designated endowment funds</u> | <u>\$ 692,023</u>   |

Changes in endowment net assets for the year ended September 30, 2017 and 2016:

|   | <b>Unrestricted</b> |
|---|---------------------|
| <b>Endowment net assets, October 1, 2015</b>      | <b>\$ 389,081</b>   |
| Investment income                                 | 2,526               |
| Contributions                                     | 338,069             |
| Appropriation of endowment assets for expenditure | (37,674)            |
| Realized and unrealized gain on endowments        | 21                  |
| <b>Endowment net assets, September 30, 2016</b>   | <b>\$ 692,023</b>   |
| Investment income                                 | 882                 |
| Contributions                                     | 63,883              |
| Appropriation of endowment assets for expenditure | (75,000)            |
| Realized and unrealized gain on endowments        | -                   |
| <b>Endowment net assets, September 30, 2017</b>   | <b>\$ 681,788</b>   |

The Rescue Mission of Mahoning Valley  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

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**NOTE D – INVESTMENTS**

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

|                   | September 30, 2017 |            | September 30, 2016 |            |
|-------------------|--------------------|------------|--------------------|------------|
|                   | Cost               | Fair Value | Cost               | Fair Value |
| Money markets     | \$ 681,788         | \$ 681,788 | \$ 692,023         | \$ 692,023 |
| Total Investments | \$ 681,788         | \$ 681,788 | \$ 692,023         | \$ 692,023 |

**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, 2017 and 2016:

*Money markets:* 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.

The Rescue Mission of Mahoning Valley  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

**NOTE E – FAIR VALUE MEASUREMENTS (continued)**

|                                   | Assets at Fair Value as of September 30, 2017 |                   |                |                   |
|-----------------------------------|---|-------------------|----------------|-------------------|
|                                   | <u>Level 1</u>                                | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>      |
| Money markets                     | \$ -  | \$ 681,788        | \$ -           | \$ 681,788        |
| <b>Total assets at fair value</b> | <b>\$ -</b>                                   | <b>\$ 681,788</b> | <b>\$ -</b>    | <b>\$ 681,788</b> |

  

|                                   | Assets at Fair Value as of September 30, 2016 |                   |                |                   |
|-----------------------------------|---|-------------------|----------------|-------------------|
|                                   | <u>Level 1</u>                                | <u>Level 2</u>    | <u>Level 3</u> | <u>Total</u>      |
| Money markets                     | \$ -  | \$ 692,023        | \$ -           | \$ 692,023        |
| <b>Total assets at fair value</b> | <b>\$ -</b>                                   | <b>\$ 692,023</b> | <b>\$ -</b>    | <b>\$ 692,023</b> |

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

|                         | Fair Value at<br>September 30, |          |
|-------------------------|--------------------------------|----------|
|                         | 2017                           | 2016     |
| Equipment held and used | <b>\$55,572</b>                | \$62,383 |

Fair value was determined as follows:

|                         | Based on<br>Other Observable<br>Inputs |          |
|-------------------------|--|----------|
|                         | 2017                                   | 2016     |
| Equipment held and used | <b>\$55,572</b>                        | \$62,383 |

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, 2017, the Organization received a non-cash donation of a van with a value totaling \$13,924. During the year ended September 30, 2016, the Organization received non-cash donations of a van with values totaling \$25,879.

**NOTE G – LEASES**

The Organization leases office equipment under various month to month arrangements. Lease expense totaled \$24,268 and \$22,521 for the years ended September 30, 2017 and 2016, respectively. The Organization expects that all leases will either be replaced or renewed in the ordinary course of business.

**The Rescue Mission of Mahoning Valley**  
**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017 and 2016

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**NOTE H – GIFTS IN KIND AND DIRECT ASSISTANCE**

Gifts in kind donations were \$165,667 and \$148,342 for years ended September 30, 2017 and 2016, respectively. Direct assistance expense was \$23,617 and \$5,121 for years ended September 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017, 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. Upon meeting this stipulation, a donation will be recorded for the fair market value of the land. As of March 16, 2018, the Organization has not broken ground on the facility; however, management has received verbal assurance from the City of Youngstown that the Organization should proceed with the project without a formal written extension of the June 23, 2010 agreement. No donation had been recorded as of September 30, 2017.

**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 March 16, 2018, which is the date the financial statements were available to be issued.





**PACKER · THOMAS**

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