

Financial Statements

Boise Rescue Mission, Inc
(a nonprofit organization)
Years Ended September 30, 2018 and 2017



Table of Contents

Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boise Rescue Mission, Inc.
Boise, Idaho

Reporting on the Financial Statements

We have audited the accompanying financial statements of Boise Rescue Mission, Inc. (a nonprofit 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 audit. We conducted our audit 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 Boise Rescue Mission, Inc. as of September 30, 2018, and the changes in their net assets and their 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 Boise Rescue Mission, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 20, 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.

Meridian, Idaho
January 15, 2019



BOISE RESCUE MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018
With Comparative Totals as of September 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,062,695	\$ 950,109
Prepaid expenses and other assets	128,842	121,092
Inventory	<u>405,335</u>	<u>257,944</u>
Total Current Assets	1,596,872	1,329,145
Non-Current Assets		
Property and equipment, net	8,603,448	8,735,447
Property and other assets held for sale	12,814	5,940
Security deposits	<u>10,446</u>	<u>10,446</u>
Total Assets	<u>\$ 10,223,580</u>	<u>\$ 10,080,978</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 49,766	\$ 10,721
Accrued payroll and related liabilities	142,840	134,361
Guest savings	6,305	8,135
Current portion long term debt	<u>58,459</u>	<u>56,316</u>
Total Current Liabilities	257,370	209,533
Long-Term Liabilities		
Long-term debt, net of current portion	462,830	522,882
Deferred rent	<u>15,185</u>	<u>22,871</u>
Total Liabilities	735,385	755,286
Net Assets		
Unrestricted		
Board designated	100,000	100,000
Undesignated	<u>9,072,722</u>	<u>8,792,773</u>
Total Unrestricted	9,172,722	8,892,773
Temporarily restricted	<u>315,473</u>	<u>432,919</u>
Total Net Assets	<u>9,488,195</u>	<u>9,325,692</u>
Total Liabilities and Net Assets	<u>\$ 10,223,580</u>	<u>\$ 10,080,978</u>

See notes to financial statements.

BOISE RESCUE MISSION, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenue and Support				
Contributions	\$ 4,107,055	\$ 2,544,137	\$6,651,192	\$ 5,608,545
In-kind contributions	1,726,317		1,726,317	1,388,363
Program fees	85,014		85,014	68,975
Special events	16,965		16,965	22,417
Thrift store sales	478,237		478,237	422,817
Miscellaneous income	1,231		1,231	43,802
Gain (loss) on sale of assets	8		8	(54,467)
Interest income	<u>2,613</u>		<u>2,613</u>	<u>1,883</u>
	6,417,440	2,544,137	8,961,577	7,502,335
Net assets released from restrictions	<u>2,661,583</u>	<u>(2,661,583)</u>	<u>0</u>	<u>0</u>
Total Revenue	9,079,023	(117,446)	8,961,577	7,502,335
Expenses				
Program services				
Boise men's program	2,053,211		2,053,211	1,736,765
Women and children program	2,145,617		2,145,617	1,904,940
Nampa women's program	810,382		810,382	660,195
Nampa men's program	1,355,897		1,355,897	1,185,037
Thrift Store program	<u>509,333</u>		<u>509,333</u>	<u>532,804</u>
Total Program Services	6,874,440		6,874,440	6,019,741
Supporting services				
General and administrative	814,524		814,524	679,758
Communications	<u>1,110,110</u>		<u>1,110,110</u>	<u>1,027,277</u>
Total Supporting Services	<u>1,924,634</u>		<u>1,924,634</u>	<u>1,707,035</u>
Total Expenses	<u>8,799,074</u>		<u>8,799,074</u>	<u>7,726,776</u>
Change in Net Assets	279,949	(117,446)	162,503	(224,441)
Net Assets				
Beginning of Year	<u>8,892,773</u>	<u>432,919</u>	<u>9,325,692</u>	<u>9,550,133</u>
End of Year	<u>\$ 9,172,722</u>	<u>\$ 315,473</u>	<u>\$9,488,195</u>	<u>\$ 9,325,692</u>

See notes to financial statements.

BOISE RESCUE MISSION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Boise Men's Program	Boise Women & Children	Nampa Women's Program	Nampa Men's Program	Thrift Store Program	Total Program Services	General and Admin	Communi- cations	Total Supporting Services	2018 Total	2017 Total
Salaries	\$ 865,684	\$ 941,518	\$ 395,887	\$ 534,236	\$ 235,496	\$ 2,972,821	\$ 424,186	\$ 289,149	\$ 713,335	\$ 3,686,156	\$ 3,279,740
Payroll taxes	84,764	88,888	35,855	49,280	20,199	278,986	35,398	23,134	58,532	337,518	322,508
Employee benefits	140,924	148,692	53,077	100,368	45,297	488,358	140,655	61,930	202,585	690,943	525,658
Supplies and services	630,263	622,027	226,461	386,079	23,594	1,888,424	53,445	60,077	113,522	2,001,946	1,640,604
Communication					589	589		610,126	610,126	610,715	592,885
Depreciation	97,548	92,343	19,124	99,131	4,123	312,269	28,574	2,144	30,718	342,987	338,101
Utilities and phone	97,404	86,209	30,497	59,217	37,678	311,005	18,135		18,135	329,140	327,488
Insurance	27,852	44,393	13,578	32,358	4,970	123,151	12,083		12,083	135,234	124,311
Office expense	21,845	24,540	10,992	15,062	6,763	79,202	28,722	39,037	67,759	146,961	113,275
Program expenses	7,335	22,329	365	24,110		54,139	34	4,554	4,588	58,727	42,473
Rent					123,172	123,172				123,172	123,422
Building maintenance	56,433	41,090	6,914	28,271	4,337	137,045	3,336		3,336	140,381	118,186
Professional services	1,575	1,575	2,213	1,575		6,938	37,501		37,501	44,439	53,704
Transportation	17,230	21,565	14,077	23,938	1,578	78,388	6,758	1,723	8,481	86,869	69,969
Interest							19,317		19,317	19,317	24,061
Dues and membership	1,768	2,407	932	1,488	1,292	7,887	5,245	12,744	17,989	25,876	15,735
Prof development	2,586	8,041	410	784	245	12,066	1,135	5,492	6,627	18,693	14,656
Total	\$ 2,053,211	\$ 2,145,617	\$ 810,382	\$ 1,355,897	\$ 509,333	\$ 6,874,440	\$ 814,524	\$ 1,110,110	\$ 1,924,634	\$ 8,799,074	\$ 7,726,776

See notes to financial statements.

BOISE RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>2018</u>	<u>2017</u>
Cash Flow From Operating Activities		
Change in net assets	\$ 162,503	\$ (224,441)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	342,987	338,101
Loss (gain) on sale of assets	(8)	54,467
Donation of assets held for sale	(6,874)	0
Donations for construction or purchase of fixed assets	(187,030)	(160,925)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(7,750)	(16,907)
Inventory	(147,391)	(53,066)
Accounts payable	39,045	(28,324)
Accrued payroll and related liabilities	8,479	40,585
Guest savings	(1,830)	(9,927)
Deferred rent	<u>(7,686)</u>	<u>(5,251)</u>
Net Cash Provided (Used) by Operating Activities	194,445	(65,688)
Cash Flow From Investing Activities		
Purchase of property and equipment	(233,349)	(60,889)
Costs capitalized to assets held for sale	0	(21,222)
Proceeds from sale of investments	0	81,400
Proceeds from the sale of assets held for sale	0	272,000
Proceeds from sale of assets	<u>22,369</u>	<u>1,075</u>
Net Cash Provided (Used) by Investing Activities	(210,980)	272,364
Cash Flow From Financing Activities		
Principal payments on long-term debt	(57,909)	(59,600)
Donations for construction or purchase of fixed assets	<u>187,030</u>	<u>160,925</u>
Net Cash Provided (Used) by Financing Activities	<u>129,121</u>	<u>101,325</u>
Net Change in Cash and Cash Equivalents	112,586	308,001
Cash and Cash Equivalents, Beginning of Year	<u>950,109</u>	<u>642,108</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,062,695</u>	<u>\$ 950,109</u>

See notes to financial statements.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note A - Significant Accounting Policies

Nature of Organization

Boise Rescue Mission, Inc. (Mission) is a non-profit organization which provides meals, clothing, sleeping quarters, religious services and other related services to homeless and transient persons in Boise and Nampa, Idaho. The Mission operates a thrift store that sells clothing and household goods to the general public. All merchandise sold through the store is acquired by donation.

Basis of Accounting

The accompany financial statements of Boise Rescue Mission, Inc. have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Mission reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Mission considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Mission to significant concentrations of credit risk consist principally of cash and cash equivalents, investments in certificates of deposit and money market accounts. In addition to FDIC and SPIC coverage, the Mission has a supplemental insurance on all balance held in their investment account up to \$5,000,000. At September 30, 2018 and 2017, the Mission had no uninsured balances.

Inventory

Inventory of food and other new items such as household items or toys donated for use in programs are included in inventory and valued at comparative thrift store value. The Mission receives a large amount of donated clothing. Clothing is recorded as a donation when used by the programs. Clothing at the warehouse is not included in inventory at the end of the year.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note A - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is stated at cost, or, if donated, at the estimated fair market value at the date of donation. All equipment with a fair market value in excess of \$5,000 and a useful life of at least one year is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to forty years. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Property and Other Assets Held for Sale

Property and other assets held for sale is stated at cost or the fair market value at the date it was donated and is not depreciated. As of September 30, 2018 and 2017, the Mission holds cemetery plots for sale. When the property is sold, the Mission recognizes the gain or loss on the property.

The Mission reviews assets held for sale for impairment whenever events or changes in circumstances indicate the carrying value of the property may not be recoverable. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value less costs to sell. No impairment was recognized for the years ended September 30, 2018 and 2017.

Fair Value

The Mission uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Compensated Absences

The Mission's regular full-time employees accrue vacation ratably during the year based on the length of employment. Employees are then awarded their annual allotment in advance at the beginning of each calendar year. A maximum of 40 hours per calendar year can be carried over to the following year, if approved, with a cumulative cap of 200 hours.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note A - Significant Accounting Policies (Continued)

Deferred Rent

The Mission's thrift store lease includes provisions for free rent and escalating rents, whereas rent for financial statement purposes is recognized evenly over the lease term. The deferred rent liability is the excess of rent recognized over rent paid.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, permanently or board designated support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grants received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. The Mission does not have any permanently restricted funds.

In-kind Contributions

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Mission reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions of donated noncash assets are recorded at their fair values in the period received, with the exception of clothing which is recorded when used. Contributed services are reflected in the financial statements at the fair value of the service received. The contributions of services are recognized if the service received (a) creates or enhances nonfinancial assets or (b) requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A substantial number of volunteers donated significant amounts of their time in the Mission's activities for which no amounts have been recorded in the financial statements. These volunteer services include office assistance, chapel teams, kitchen helpers and other assistance.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note A - Significant Accounting Policies (Continued)

In-kind Contributions (Continued)

The following was donated for the year ended September 30:

	<u>2018</u>	<u>2017</u>
Materials	\$ 1,680,084	\$ 1,364,032
Services	33,359	10,332
Vehicle	0	7,999
Property held for sale	6,874	0
Room and board	<u>6,000</u>	<u>6,000</u>
	<u>\$ 1,726,317</u>	<u>\$ 1,388,363</u>

The Mission receives considerable non-cash contributions of clothing and household goods used for re-sale and operation of the thrift store. The value of these items is undeterminable until the time of sale, therefore no inventory is recorded in the Statement of Financial Position for the thrift store.

Income Taxes

The Mission is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Mission may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2018 or 2017.

The Mission is classified as a church as described in Internal Revenue Code Section 170(b)(1)(A)(i) and is not required to file a tax return.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note A - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the 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. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Mission.

Use of Estimates

The Mission uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the fair value of donated goods and services, and the estimated useful lives of property and equipment. Actual results could differ from those estimated.

Prior Year Comparative Totals

The financial statements include certain 2017 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2017 financial statement from which the summarized information was derived.

Reclassifications

Certain amounts for the year ended September 30, 2017 have been reclassified to conform to the current year presentation. There was no effect on net assets as a result of the reclassifications.

Subsequent Events

The Mission has evaluated subsequent events through January 15, 2019, which is the date the financial statements were available to be issued.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note B - Property and Equipment

At September 30, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Land and buildings	\$ 11,124,454	\$ 11,069,229
Furniture and equipment	667,339	701,835
Office equipment	283,450	196,460
Vehicles	318,101	321,281
Construction in progress	<u>100,000</u>	<u>0</u>
	12,493,344	12,288,805
Less accumulated depreciation	<u>3,889,896</u>	<u>3,553,358</u>
Total Property and Equipment	<u>\$ 8,603,448</u>	<u>\$ 8,735,447</u>

At September 30, 2018 construction in progress consists of amounts for a remodel of the City Light facility in Boise.

Note C - Long-Term Debt

At September 30, long term debt consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable to Mountain West Bank, \$6,435 monthly, including interest at 3.74% per annum, maturing August 2026.	\$ 521,289	\$ 579,198
Less current portion	<u>58,459</u>	<u>56,316</u>
	<u>\$ 462,830</u>	<u>\$ 522,882</u>

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note C - Long-Term Debt (Continued)

Maturities of long-term debt as of September 30, 2018 are as follows:

2019	\$	58,459
2020		60,683
2021		62,992
2022		65,389
2023		67,877
Thereafter		<u>205,889</u>
	\$	<u>521,289</u>

Cash paid for interest during the years ended September 30, 2018 and 2017 was \$19,317 and \$24,061 respectively.

Note D - Temporarily Restricted Net Assets and Board Designations

At September 30, temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Recovery lodge	\$ 178,140	\$ 0
City light	82,648	181,651
Dental services	24,338	0
Scholarships	21,405	0
Veteran ministries	5,280	110,330
Other program specific	2,062	84,655
Teens	1,600	0
Mental health	<u>0</u>	<u>56,283</u>
	<u>\$ 315,473</u>	<u>\$ 432,919</u>

The Mission Board has designated \$100,000 as a reserve to be used for future building maintenance and repairs. The amount to be invested with the income earned to be available for current use.

Note E - Related Party Transactions

The Mission accepts cash and in-kind donations from board members, employees, and their families. No in-kind donations were recorded during 2018 or 2017. The Mission received cash donations totaling \$62,705 and \$39,280 during the years ended September 30, 2018 and 2017, respectively.

BOISE RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS

Note F - Retirement Plan

The Mission has a 403(b) plan available to all eligible employees. Participation by eligible employees is on a voluntary basis. The Mission will match 50% of the employee contribution up to \$50 per month. For the years ended September 30, 2018 and 2017, the Mission contributed \$14,438 and \$14,308, respectively, to the plan.

Note G - Leases

The Mission leases office equipment and its thrift store under operating leases that expire at various years through May 2022. The leases require monthly payments ranging from \$34 to \$10,649. The Mission recognizes rent on a straight line method over the term of the lease. The difference between rent expense recognized and rent paid of \$15,185 and \$22,871 at September 30, 2018 and 2017, respectively, is recorded as deferred rent. Rent expense under all operating leases was \$155,807 and \$147,942 for the years ended September 30, 2018 and 2017, respectively.

The following summarizes the remaining future minimum payments required under all leases:

2019	\$	158,243
2020		80,937
2021		17,768
2022		<u>3,949</u>
	\$	<u>260,897</u>

Note H – Subsequent Events

Subsequent to year end the Mission purchased a facility in Nampa for the purpose of providing a place for homeless persons to rehabilitate after an injury for \$713,000. The Mission obtained \$393,000 in financing to complete this transaction.