

**WHOSOEVER GOSPEL MISSION
AND RESCUE HOME ASSOCIATION**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

TABLE OF CONTENTS

| | <u>Pages</u> |
|---|--------------|
| REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS | 1-2 |
| FINANCIAL STATEMENTS | |
| <i>Statement of Financial Position,</i> September 30, 2023 And 2022 | 3 |
| <i>Statement of Activities,</i> Years Ended September 30, 2023 And 2022 | 4-5 |
| <i>Statements of Cash Flows,</i> Years Ended September 30, 2023 And 2022 | 6 |
| <i>Schedule of Expenses by Function,</i> Years Ended September 30, 2023 And 2022 | 7 |
| <i>Notes to Financial Statements</i> | 8-15 |
| SUPPLEMENTAL INFORMATION | |
| <i>Schedule of Investments And Cash,</i> Year Ended September 30, 2023 | 16 |

INDEPENDENT AUDITORS REPORT

Board of Directors
Whosoever Gospel Mission And Rescue Home Association
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Whosoever Gospel Mission And Rescue Home Association (the Mission) (a non-profit organization), which comprise the statements of financial position as of September 30, 2023 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Whosoever Gospel Mission And Rescue Home Association as of September 30, 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Whosoever Gospel Mission And Rescue Home Association as of September 30, 2022 were audited by other auditors whose report dated December 6, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Board of Trustees
Whosoever Gospel Mission And Rescue Home Association
Philadelphia, Pennsylvania**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of investments and cash is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
January 18, 2024**

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 321,737 | \$ 100,450 |
| Inventories | 230,348 | 222,409 |
| Prepaid Expenses and Deposits | 20,137 | 18,738 |
| Investments | 2,133,933 | 2,006,999 |
| Pledges receivable | 25,000 | 50,000 |
| Right-of-use operating asset | 103,931 | - |
| Land, Building, and Equipment, Net | <u>2,512,424</u> | <u>2,640,464</u> |
| Total Assets | <u>\$ 5,347,510</u> | <u>\$ 5,039,060</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ - | \$ 17,124 |
| Accrued Expenses and Withheld Taxes | 73,838 | 60,048 |
| Lease liability | <u>103,931</u> | <u>-</u> |
| Total Liabilities | <u>177,769</u> | <u>77,172</u> |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Designated for Use | 1,427,443 | 1,065,237 |
| Plant | <u>2,512,424</u> | <u>2,640,464</u> |
| Total Net Assets Without Donor Restrictions | 3,939,867 | 3,705,701 |
| With Donor Restrictions | <u>1,229,874</u> | <u>1,256,187</u> |
| Total Net Assets | <u>5,169,741</u> | <u>4,961,888</u> |
| Total Liabilities and Net Assets | <u>\$ 5,347,510</u> | <u>\$ 5,039,060</u> |

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

STATEMENTS OF ACTIVITIES

Years Ended September 30, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| REVENUES | | |
| Public Support | | |
| Contributions | \$ 889,217 | \$ 897,096 |
| Gifts-In-Kind | 499,394 | 497,898 |
| Legacies and Bequests | 144,599 | 220,241 |
| Grant Revenue | <u>339,815</u> | <u>247,108</u> |
| Total Revenues | <u>1,873,025</u> | <u>1,862,343</u> |
| OTHER SUPPORT AND INCOME | | |
| Store Sales | 462,703 | 441,929 |
| Salvage Sales | 34,629 | 55,969 |
| Program Services Revenue | 31,764 | 28,898 |
| Other Income | 2,449 | - |
| Investment Income (Loss), Net | <u>185,325</u> | <u>(334,730)</u> |
| Total Other Support and Income | <u>716,870</u> | <u>192,066</u> |
| Subtotal | 2,589,895 | 2,054,409 |
| NET ASSETS RELEASED FROM DONOR RESTRICTIONS | | |
| Restrictions Satisfied by Payments or Expiration of Time Restrictions | <u>44,237</u> | <u>56,056</u> |
| Total Revenues Without Donor Restrictions and Other Support | 2,634,132 | 2,110,465 |
| EXPENSES | | |
| Program Services, Rehabilitation | 1,924,772 | 1,885,730 |
| Supporting Services: | | |
| Management and General | 158,536 | 161,557 |
| Fundraising | 141,020 | 148,745 |
| Depreciation | 175,638 | 155,138 |
| Interest | <u>-</u> | <u>331</u> |
| Total Expenses | <u>2,399,966</u> | <u>2,351,501</u> |
| Changes in Net Assets Without Donor Restrictions | <u>234,166</u> | <u>(241,036)</u> |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Contributions | 17,924 | 1,086,324 |
| Other Income | <u>-</u> | <u>22,871</u> |
| Subtotal | 17,924 | 1,109,195 |
| NET ASSETS RELEASED FROM DONOR RESTRICTIONS | | |
| Restrictions Satisfied by Payments or Expiration of Time Restrictions | <u>(44,237)</u> | <u>(56,056)</u> |
| Changes in Net Assets With Donor Restrictions | <u>(26,313)</u> | <u>1,053,139</u> |
| CHANGE IN NET ASSETS | 207,853 | 812,103 |
| Net Assets – Beginning of Year | <u>4,961,888</u> | <u>4,149,785</u> |
| NET ASSETS – END OF YEAR | <u>\$ 5,169,741</u> | <u>\$ 4,961,888</u> |

See accompanying notes to financial statements.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2023

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>2023 Total Expenses</u> |
|---|-----------------------------------|-----------------------------------|-------------------------|------------------------------------|
| | <u>Rehabilitation Program</u> | <u>Management And General</u> | <u>Fund Raising</u> | |
| Salaries | \$ 835,547 | \$ 95,361 | \$ 75,557 | \$ 1,006,465 |
| Employee Benefits | 59,730 | 6,817 | 5,401 | 71,948 |
| Pension Plan | 9,607 | 1,096 | 869 | 11,572 |
| Payroll Taxes | <u>53,806</u> | <u>6,141</u> | <u>4,866</u> | <u>64,813</u> |
| Total Salaries and Benefits | 958,690 | 109,415 | 86,693 | 1,154,798 |
| | | | | |
| Careers Phase | 14,722 | - | - | 14,722 |
| Cost of Goods Sold, Thrift, and Salvage Sales | 497,332 | - | - | 497,332 |
| Development | - | - | 54,327 | 54,327 |
| Food Service | 89,624 | - | - | 89,624 |
| General | 5,327 | 12,431 | - | 17,758 |
| Heat, Light, and Power | 57,663 | 6,407 | - | 64,070 |
| Insurance | 51,482 | 5,720 | - | 57,202 |
| Learning Center | 1,925 | - | - | 1,925 |
| Licenses and Inspection Fees | 14,188 | 2,504 | - | 16,692 |
| Men and Family Ministry | 15,807 | - | - | 15,807 |
| Men's Allowances | 13,463 | - | - | 13,463 |
| Men's Medical | 6,603 | - | - | 6,603 |
| New Life Program | 36,017 | - | - | 36,017 |
| Office Supplies | 6,080 | 1,520 | - | 7,600 |
| Plant Repair | 45,074 | - | - | 45,074 |
| Professional Fees | - | 19,327 | - | 19,327 |
| Salvage | 1,955 | - | - | 1,955 |
| Supplies | 6,224 | 692 | - | 6,916 |
| Telephone | 4,679 | 520 | - | 5,199 |
| Thrift Store | 68,945 | - | - | 68,945 |
| Trash Service | 12,803 | - | - | 12,803 |
| Travel and Training | 3,649 | - | - | 3,649 |
| Truck | <u>12,520</u> | <u>-</u> | <u>-</u> | <u>12,520</u> |
| Subtotal Prior to Depreciation | 1,924,772 | 158,536 | 141,020 | 2,224,328 |
| | | | | |
| Depreciation | <u>158,074</u> | <u>17,564</u> | <u>-</u> | <u>175,638</u> |
| Total Functional Expenses | <u>\$ 2,082,846</u> | <u>\$ 176,100</u> | <u>\$ 141,020</u> | <u>\$ 2,399,966</u> |

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2022

| | Program Services | Supporting Services | | 2022 Total Expenses |
|---|-----------------------------------|-----------------------------------|-------------------------|------------------------------------|
| | Rehabilitation Program | Management And General | Fund Raising | |
| | | | | |
| Salaries | \$ 813,879 | \$ 108,859 | \$ 94,103 | \$ 1,016,841 |
| Employee Benefits | 54,507 | 7,291 | 6,302 | 68,100 |
| Pension Plan | 7,792 | 1,042 | 901 | 9,735 |
| Payroll Taxes | 49,300 | 6,594 | 5,700 | 61,594 |
| Total | 925,478 | 123,786 | 107,006 | 1,156,270 |
| | | | | |
| Careers Phase | 9,286 | - | - | 9,286 |
| Cost of Goods Sold, Thrift, and Salvage Sales | 497,898 | - | - | 497,898 |
| Development | - | - | 41,739 | 41,739 |
| Food Service | 98,807 | - | - | 98,807 |
| General | 3,195 | 7,996 | - | 11,191 |
| Heat, Light, and Power | 56,189 | 2,957 | - | 59,146 |
| Insurance | 47,357 | 6,458 | - | 53,815 |
| Learning Center | 4,350 | - | - | 4,350 |
| Licenses and Inspection Fees | 13,308 | 1,479 | - | 14,787 |
| Men and Family Ministry | 17,730 | - | - | 17,730 |
| Men's Allowances | 13,910 | - | - | 13,910 |
| Men's Medical | 8,225 | - | - | 8,225 |
| New Life Program | 27,567 | - | - | 27,567 |
| Office Supplies | 6,135 | 838 | - | 6,973 |
| Plant Repair | 27,310 | 3,035 | - | 30,345 |
| Professional Fees | - | 13,776 | - | 13,776 |
| Salvage | 1,629 | - | - | 1,629 |
| Supplies | 9,143 | 1,016 | - | 10,159 |
| Telephone | 4,114 | 216 | - | 4,330 |
| Thrift Store | 74,223 | - | - | 74,223 |
| Trash Service | 15,977 | - | - | 15,977 |
| Travel and Training | 6,363 | - | - | 6,363 |
| Truck | 17,536 | - | - | 17,536 |
| Subtotal | 1,885,730 | 161,557 | 148,745 | 2,196,032 |
| | | | | |
| Depreciation | 139,624 | 15,514 | - | 155,138 |
| Interest | - | 331 | - | 331 |
| Total | 139,624 | 15,845 | - | 155,469 |
| Total Functional Expenses | \$ 2,025,354 | \$ 177,402 | \$ 148,745 | \$ 2,351,501 |

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Change in net assets</i> | \$ 207,853 | \$ 812,103 |
| <i>Adjustments to reconcile change in net assets to Net cash provided by operating activities</i> | | |
| Depreciation | 175,638 | 155,138 |
| Unrealized and realized (gains) losses on Investments | (137,763) | 397,700 |
| Amortization of right-of-use assets | 50,400 | - |
| Operating lease liability payments | (50,400) | - |
| (Increase) Decrease in Assets: | | |
| Promises to Give/Pledges Receivable | 25,000 | (50,000) |
| Inventories | (7,939) | (4,880) |
| Prepaid Expenses and Deposits | (1,399) | 9,629 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | (17,124) | 11,415 |
| Accrued Expenses and Withheld Taxes | <u>13,790</u> | <u>(8,307)</u> |
| Net Cash Provided by Operating Activities | 258,056 | 1,322,798 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (435,829) | (1,304,752) |
| Proceeds from Sale of Investments | 446,658 | 184,583 |
| Additions to Land, Building, and Equipment | <u>(47,598)</u> | <u>(232,351)</u> |
| Net Cash Used by Investing Activities | (36,769) | (1,352,520) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments on Note Payable | <u>-</u> | <u>(37,997)</u> |
| Net Cash Used by Financing Activities | <u>-</u> | <u>(37,997)</u> |
| NET INCREASE (DECREASE) IN CASH | 221,287 | (67,719) |
| CASH | | |
| Beginning of Year | <u>100,450</u> | <u>168,169</u> |
| End of Year | <u>\$ 321,737</u> | <u>\$ 100,450</u> |
| SUPPLEMENTAL CASH FLOW DISCLOSURE | | |
| Interest Paid | <u>\$ -</u> | <u>\$ 331</u> |

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 And 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Whosoever Gospel Mission and Rescue Home Association (the “Mission”) is a Christian nonprofit organization whose purpose is to provide shelter, food, clothing, education, counseling, rehabilitation, and other assistance to homeless and/or needy men, women, and children in the Philadelphia metropolitan area. The Mission is supported primarily through donor contributions, grants, and revenue generated in its thrift stores and salvage sales.

The Mission is a member of Citygate Network and the Evangelical Council for Financial Accountability (ECFA).

BASIS OF PRESENTATION

The financial statements of the Mission have been prepared on the accrual basis of accounting. The Mission’s net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Mission and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Mission and/or the passage of time and market gains from invested donor restricted net assets held in perpetuity which have not been expended. Use of realized and unrealized gains is limited annually under state law. Net assets with donor restrictions may also include net assets that must be maintained permanently by the Mission. Generally, the donors of these assets permit the Mission to use all or part of the income earned on related investments for general or specific purposes.

USE OF ESTIMATES

The preparation of the 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts held in highly liquid securities with maturities less than three months at the time of purchase are stated at cost, which approximates fair value.

INVENTORIES

Inventories consist of donated thrift shop items for resale and food for distribution. Inventories are recorded at the estimated fair value at the time of donation.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

INVESTMENTS

Investments are carried at fair value.

Investments are exposed to various risks, such as interest rates, market, and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

LAND, BUILDING, AND EQUIPMENT AND DEPRECIATION

Land, building, and equipment are stated at cost for purchased items (generally in excess of \$500) or at the estimated fair value at the date of receipt, in the case of donated items. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time. Land, building, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

PLEDGES RECEIVABLE

Pledges receivable are recognized as revenue or as gains in the period the pledge is received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

REVENUE AND REVENUE RECOGNITION

The Mission recognizes contributions when cash, securities or other assets, and unconditional promise to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Mission is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The Mission recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are 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 of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “***net assets released from restrictions.***” The Mission records unconditional promises to give (pledges) as a receivable and revenue in the year pledged. Additionally, the Mission recognizes revenue from registration fees at the time of the event.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

Thrift store revenue has one distinct performance obligation: sale of a donated item to the customer. Prices for all the items in the thrift store are determined using the best value estimate considering the Missions' past experience and general Internal Revenue Service guidelines in valuing previously owned items. All the prices are included on the price tags attached to the merchandise. Revenue for thrift store items is recognized at the point of sale. There is not a merchandise return option for these transactions.

LEASES

Operating leases are included in operating lease right-of-use ("ROU") assets and ROU operating lease liabilities in the statement of financial position. The Mission determines whether an agreement is or contains a lease at lease inception.

ROU assets represent the Mission's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Mission's leases do not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses have been allocated between program services (rehabilitation) and supporting services (management and general and fund raising) activities based on an analysis of personnel time and space utilized for activities.

INCOME TAXES

The Mission has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "***Code***"), and has been classified as an organization, which is not a private foundation under Section 509(a) of the Code.

The Mission has reviewed their tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal and state tax returns for the open fiscal tax years (2020 – 2022) or expected to be taken in Mission's fiscal 2023 tax year.

NEW ACCOUNTING PRONOUNCEMENT ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The Mission adopted this ASU in 2023 and applied the transition method allowed by ASU 2016-02 to adopt this standard as of October 1, 2022

RECLASSIFICATIONS

Certain reclassifications have been made to the 2022 amounts to conform to the 2023 presentation. These reclassifications had no effect on the overall net assets of the Mission.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(2) INVENTORIES

The composition of inventories is as follows at September 30:

| | <u>2023</u> | <u>2022</u> |
|--------------------|-------------|-------------|
| Thrift Store Items | \$ 230,348 | \$ 222,409 |

(3) INVESTMENTS

The following lists the cost and fair value of investments at September 30:

| | <u>2023</u> | | <u>2022</u> | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Money Market | \$ 70,949 | \$ 70,949 | \$ 126,181 | \$ 126,180 |
| Mutual Funds – Fixed Income | 1,041,057 | 886,943 | 1,025,408 | 883,351 |
| Mutual Funds – Equities | 975,193 | 973,403 | 946,575 | 807,424 |
| Mutual Funds – Other | <u>220,400</u> | <u>202,638</u> | <u>221,669</u> | <u>190,044</u> |
| Total Investments | <u>\$ 2,307,599</u> | <u>\$ 2,133,933</u> | <u>\$ 2,319,833</u> | <u>\$ 2,006,999</u> |

The following schedule summarizes the investment return in the statements of activities for the years ended September 30:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|---------------------|
| Investment income, net | \$ 47,562 | \$ 62,970 |
| Realized losses on sales of investments | (1,405) | (2,681) |
| Unrealized gains (losses) on investments | <u>139,168</u> | <u>(395,019)</u> |
| Total | <u>\$ 185,325</u> | <u>\$ (334,730)</u> |

(4) FAIR VALUE OF FINANCIAL INSTRUMENTS INVESTMENTS

The Mission utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Mission has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Mission's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At September 30, 2023 and 2022 all of the Mission's investments are being measured using Level 1 inputs.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(5) CONTRIBUTIONS RECEIVABLE

The Mission has a \$25,000 contribution receivable as of September 30, 2023 which is expected to be collected in fiscal year 2024. There were no write-offs of pledges during fiscal year 2023.

(6) LAND, BUILDING, AND EQUIPMENT, NET

Land, building, and equipment consist of the following at September 30:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Land | \$ 5,445 | \$ 5,445 |
| Building | 4,582,560 | 4,545,662 |
| Furniture, Fixtures, and Equipment | 389,662 | 378,962 |
| Automotive Equipment | <u>162,178</u> | <u>162,178</u> |
| Total | 5,139,845 | 5,092,247 |
| Less: Accumulated Depreciation | <u>2,627,421</u> | <u>2,451,783</u> |
| Total Land, Building, and Equipment, Net | <u>\$ 2,512,424</u> | <u>\$ 2,640,464</u> |

Depreciation expense was \$175,638 and \$155,138 for the years ended September 30, 2023 and 2022, respectively.

(7) DONATED MATERIALS AND CONTRIBUTED SERVICES

The Mission's rehabilitation program depends on the collection, repair, and sale of discarded clothing, furniture, and other household articles. The Mission also utilizes various food banks in providing food to the men as well as donations for various sundry cleaning supplies and toiletries. Donated thrift shop materials for resale amounted to \$497,332 and \$497,898 for the years ended September 30, 2023 and 2022, respectively, and resulted in activities as follows:

| | <u>2023</u> | | <u>2022</u> | |
|-----------------------------------|--------------|--------------------|--------------|--------------------|
| | <u>Sales</u> | <u>Direct Cost</u> | <u>Sales</u> | <u>Direct Cost</u> |
| Merchandising Sales to the Public | \$ 462,703 | \$ 68,945 | \$ 441,929 | \$ 73,812 |
| Salvage Sales | \$ 34,629 | \$ 1,955 | \$ 55,969 | \$ 1,629 |

In addition, the value of the donated food, supplies, and thrift shop merchandise amounted to \$89,004 and \$85,259 for the years ended September 30, 2023 and 2022, respectively and are included in contributions on the statement of activities.

The Mission provided free clothing and supplies to the homeless men enrolled in the Mission's New Life Program. The Mission served 216 and 201 individuals during the years ended September 30, 2023, and 2022, respectively. During the years ended September 30, 2023 and 2022, the estimated value of gifts received for the New Life Program supplies amounted to \$17,994 and \$16,490, respectively and are included in contributions on the statement of activities.

The Mission primarily utilized information on publicly available websites in determining the value of donated food, supplies, and thrift shop merchandise during the years ended September 30, 2023 and 2022.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

None of the donated materials were restricted by donors.

The Mission recognizes donated services that create or enhances nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended September 30, 2023 the Mission received \$2,062 of such services. During the year ended September 30, 2022, the Mission did not receive any contributed services which met the requirement for recognition in the financial statements.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Mission with their purpose. The value of the donated volunteer services is not reflected in the accompanying financial statements as the services rendered do not meet the criteria which require the measurement of the value of such services.

(8) NOTE PAYABLE

On December 3, 2015, the Mission refinanced their loan with PNC Bank. The loan was amortized over 122 months with monthly installments of \$816, including principal and interest of 5.85%. The Mission paid off the loan in full on October 21, 2021.

(9) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED

Net assets designated by the Board consisted of the following at September 30:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Building Construction and Renovation | \$ 650,000 | \$ 500,000 |
| Equipment Repair and Maintenance | 550,000 | 400,000 |
| Vehicle Repair and Replacement | 150,000 | 100,000 |
| General Contingency Fund | <u>77,443</u> | <u>65,237</u> |
| Total Net Assets Without Donor Restrictions – Designated for Use | <u>\$ 1,427,443</u> | <u>\$ 1,065,237</u> |

(10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at September 30:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Hannah's Place (Program Restricted) | \$ 200,086 | \$ 199,936 |
| Warehouse Building Fund (Program Restricted) | 1,004,788 | 1,003,988 |
| Housing Assistance (Program Restricted) | - | 2,263 |
| Grants Income (Time Restricted) | <u>25,000</u> | <u>50,000</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 1,229,874</u> | <u>\$ 1,256,187</u> |

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(11) OPERATING LEASES

The Mission entered into an operating lease for space to operate a second thrift store. The monthly rent payment is \$4,200 and the lease expires in December 2025. The rent expense was \$49,310 and \$50,400 in 2023 and 2022, respectively.

The following is quantitative data related to the Mission's operating leases for the year ended September 30, 2023:

Operating Lease Amounts:

| | | |
|--------------------|----|---------|
| Right-of-use asset | \$ | 103,931 |
| Lease liability | | 103,931 |

Other Information:

| | | |
|--|----|------------|
| Operating outgoing cash flows for operating leases | \$ | 50,400 |
| Weighted-average remaining lease term | | 2.17 years |
| Weighted average discount rate | | 4.80% |

Lease cost information for the year ended September 30, 2023 is as follows:

| | | |
|----------------------|----|---------------|
| Operating lease cost | \$ | <u>49,310</u> |
|----------------------|----|---------------|

Minimum annual rentals for each year subsequent to September 30, 2023 are as follows:

Year Ending September 30,

| | | |
|-------|----|----------------|
| 2024 | \$ | 50,400 |
| 2025 | | 50,400 |
| 2026 | | <u>8,400</u> |
| Total | \$ | <u>109,200</u> |

(12) SIMPLE IRA MATCHING

Effective January 1, 1999, the Mission established a simple IRA pension plan, covering all employees who earn annually over \$5,000. The Mission will contribute a matching contribution to each eligible employee's simple IRA equal to the eligible employee's salary reduction contributions up to a limit of 3% of the employee's compensation. The employer contribution for the years ended September 30, 2023 and 2022 was \$11,572 and \$9,735, respectively.

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(13) LIQUIDITY AND AVAILABILITY OF RESOURCES

The Mission considers all expenditures related to its ongoing program activities, as well as the administrative and general expenditures required to support these activities, to be general operating expenditures. Historically, the Mission receives a majority of support for operating expenditures from contributions without donor restrictions and contributions with donor restrictions. The Missions regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Mission has a goal to maintain financial assets, which consists of cash and investments, to meet normal operating expenses and strives to operate with a balanced budget.

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at September 30:

| Financial Assets | <u>2023</u> | <u>2022</u> |
|---|---------------------|--------------------|
| Cash | \$ 321,737 | \$ 100,450 |
| Investments | 2,133,933 | 2,006,999 |
| Contributions receivable, current portion | <u>25,000</u> | <u>25,000</u> |
| Total financial assets available within one year | 2,480,670 | 2,132,449 |
| Less: | | |
| Purpose restricted net assets | <u>(1,229,874)</u> | <u>(1,256,187)</u> |
| Total financial assets available to meet general expenditures within one year | <u>\$ 1,250,796</u> | <u>\$ 876,262</u> |

(14) SUBSEQUENT EVENT

The Mission has evaluated all subsequent events through January 18, 2024, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

WHOSOEVER GOSPEL MISSION AND RESCUE HOME ASSOCIATION

SCHEDULE OF INVESTMENTS AND CASH

September 30, 2023

| | <u>Cost</u> | <u>Market Value</u> | <u>Unrealized Loss</u> | <u>Investment Income</u> |
|--|--------------------|---------------------|------------------------|--------------------------|
| INVESTMENTS | | | | |
| Mutual Funds and Money Market Fund | <u>\$2,307,599</u> | <u>\$2,133,933</u> | \$ (173,666) | |
| Less: Unrealized loss, October 1, 2022 | | | <u>(312,834)</u> | |
| Unrealized Gain for Year Ended September 30, 2023 | | | <u>\$ 139,168</u> | \$ 139,168 |
| Realized Loss | | | | (1,405) |
| Investment Fees | | | | (10,238) |
| CASH | | | | |
| Petty Cash | \$ 500 | | | |
| Checking | | | | |
| PNC Reserve Account | 250,000 | | | |
| PNC | <u>71,237</u> | | | |
| Total | <u>\$ 321,737</u> | | | |
| Earnings from Investments and Cash | | | | <u>57,800</u> |
| Total Investment Return | | | | <u>\$ 185,325</u> |