

LEBANON RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2015 and 2014

LEBANON RESCUE MISSION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Lebanon Rescue Mission, Inc.

We have audited the accompanying financial statements of Lebanon Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – tax basis as of December 31, 2015 and 2014, the related statements of revenues and expenses – tax basis, functional expenses – tax basis, cash flows, and budget comparison for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting Lebanon Rescue Mission uses for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Lebanon Rescue Mission, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with income tax basis of accounting in the USA, as described in Note #1.

Basis of Accounting

We draw attention to Note #1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Lebanon Rescue Mission uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



ELLIS LEE HOSTETTER & CO., P.C.
Lebanon, PA

June 14, 2016

LEBANON RESCUE MISSION, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - TAX BASIS
AS OF DECEMBER 31, 2015 & 2014

	2015	2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 196,122	\$ 180,935
Temporary Investments	201,482	207,137
Total Current Assets	\$ 397,604	\$ 388,072
Property and Equipment		
Building and Improvements	\$ 2,850,569	\$ 2,850,569
Furniture and Fixtures	156,909	155,909
Vehicles	20,374	20,374
Total Property and Equipment	\$ 3,027,852	\$ 3,026,852
Less Accumulated Depreciation	(394,997)	(312,852)
Net Value of Property and Equipment	2,632,855	2,714,000
Total Assets	\$ 3,030,459	\$ 3,102,072
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 33,150	\$ 24,034
Mortgage Payable	496,493	596,493
Total Liabilities	\$ 529,643	\$ 620,527
Net Assets		
Unrestricted:		
Property and Equipment	\$ 2,136,362	\$ 2,117,507
Investment Fund Adjustment	12,649	12,649
Operating Net Assets	228,741	224,434
Total Unrestricted Net Assets	\$ 2,377,752	\$ 2,354,590
Temporarily Restricted Net Assets	123,064	126,955
Total Net Assets	2,500,816	2,481,545
Total Liabilities and Net Assets	\$ 3,030,459	\$ 3,102,072

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF REVENUES AND EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Contributions - General Giving	\$ 460,465	\$ 37,184	\$ 497,649	\$ 399,113	\$ 35,419	\$ 434,532
Fundraising and Direct Mail Appeal	546,274	121,892	668,166	467,424	244,145	711,569
FHLBNY Grant	-	-	-	-	960,000	960,000
Miscellaneous	8,903	-	8,903	-	-	-
Gross Rental Income	6,350	-	6,350	8,600	-	8,600
Health Insurance Rebate	11,780	-	11,780	7,168	-	7,168
Investment Income	120	-	120	112,170	-	112,170
Gifts-in-Kind	354,200	-	354,200	-	-	-
Released from Restriction	132,867	(132,867)	-	172,343	(172,343)	-
Total Support and Revenues	\$ 1,520,959	\$ 26,209	\$ 1,547,168	\$ 1,166,818	\$ 1,067,221	\$ 2,234,039
Expenses						
Program Services	\$ 1,340,257	\$ -	\$ 1,340,257	\$ 868,385	\$ -	\$ 868,385
Supporting Activities						
General and Administrative	46,654	-	46,654	59,466	-	59,466
Fundraising and Direct Mail Costs	140,986	-	140,986	137,381	-	137,381
Total Expenses	1,527,897	-	1,527,897	1,065,232	-	1,065,232
Excess Support and Revenues over Expenses	\$ (6,938)	\$ 26,209	\$ 19,271	\$ 101,586	\$ 1,067,221	\$ 1,168,807
Investment Fund Adjustment to FMV	-	-	-	(3,936)	-	(3,936)
Change in Net Assets	\$ (6,938)	\$ 26,209	\$ 19,271	\$ 97,650	\$ 1,067,221	\$ 1,164,871
Transfers	30,100	(30,100)	-	1,543,918	(1,543,918)	-
Net Assets, Beginning of Year	2,354,590	126,955	2,481,545	713,022	603,652	1,316,674
Net Assets, End of Year	\$ 2,377,752	\$ 123,064	\$ 2,500,816	\$ 2,354,590	\$ 126,955	\$ 2,481,545

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2015 Totals	Year 2014 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total		
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,941	\$ 34,941	\$ 34,941	\$ 25,528
Direct Mail Costs	-	-	-	-	-	101,239	101,239	101,239	81,980
Advertising	3,315	-	-	3,315	-	-	-	3,315	1,566
Business Expenses	22,558	705	500	23,763	-	-	-	23,763	39,878
Computer Support	3,198	-	363	3,561	-	-	-	3,561	2,459
Employee Benefits and Costs	74,569	26,142	5,816	106,527	4,856	540	5,396	111,923	138,686
Insurances	23,942	-	-	23,942	-	-	-	23,942	22,830
Ministry Programs	239,282	16,008	197,479	452,769	-	-	-	452,769	86,992
Office Supplies and Postage	16,255	1,180	863	18,298	1,609	-	1,609	19,907	11,782
Professional Services	13,284	-	80	13,364	1,800	-	1,800	15,164	14,786
Repairs and Maintenance	41,114	10,933	12,926	64,973	-	-	-	64,973	17,741
Salaries	231,401	99,514	104,162	435,077	35,725	3,970	39,695	474,772	401,989
Taxes - Payroll and Property	23,033	7,613	8,731	39,377	2,664	296	2,960	42,337	39,902
Training, Education and Books	3,694	839	438	4,971	-	-	-	4,971	5,608
Utilities and Telephone	46,215	11,583	10,131	67,929	-	-	-	67,929	115,354
Vehicle Expenses and Travel	246	-	-	246	-	-	-	246	1,555
Depreciation	73,254	8,891	-	82,145	-	-	-	82,145	56,596
Total Expenses Year 2015	\$ 815,360	\$ 183,408	\$ 341,489	\$ 1,340,257	\$ 46,654	\$ 140,986	\$ 187,640	\$ 1,527,897	\$ 1,065,232
Percent of Total Expenses	53.36%	12.00%	22.35%	87.72%	3.05%	9.23%	12.28%	100.00%	
Total Expenses Year 2014	\$ 563,021	\$ 160,757	\$ 144,607	\$ 868,385	\$ 59,466	\$ 137,381	\$ 196,847		\$ 1,065,232
Percent of Total Expenses	52.85%	15.09%	13.58%	81.52%	5.58%	12.90%	18.48%		100.00%

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets	\$ 19,271	\$ 1,164,871
Investment Fund Adjustment to FMV	-	(3,936)
Excess Support and Revenues over Expenses	\$ 19,271	\$ 1,168,807
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	82,145	56,596
Increase in Accounts Payable	9,116	2,470
Net cash provided by (used in) operating activities	\$ 110,532	\$ 1,227,873
Cash Flows from Investing Activities		
Purchase of Building and Improvements	\$ -	\$ (1,446,729)
Purchase of Furniture and Fixtures	(1,000)	(70,585)
Investment Income from Investments	-	4,569
Net Gain from Sale of Properties	-	107,601
Net Transfer of Funds (to)/from Temporary Investments	5,655	337,904
Net cash provided by (used in) investing activities	4,655	(1,067,240)
Cash Flows from Financing Activities		
Proceeds (Payment) from Loan Payable	\$ (100,000)	\$ (148,507)
Net cash provided by (used in) financing activities	(100,000)	(148,507)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 15,187	\$ 12,126
Cash and Cash Equivalents, Beginning of Year	180,935	168,809
Cash and Cash Equivalents, End of Year	\$ 196,122	\$ 180,935

See Notes to the Financial Statements

Lebanon Rescue Mission, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2015 & 2014

	<u>2015</u>	<u>2014</u>
Analysis of Cash and Cash Equivalents		
Beginning of Year		
Cash on Hand	\$ 400	\$ 148
Cash in Bank - Checking	180,535	168,661
Certificates of Deposits	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents - Beginning of Year	\$ 180,935	\$ 168,809
End of Year		
Cash on Hand	\$ 600	\$ 400
Cash in Bank - Checking	195,522	180,535
Certificates of Deposits	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents - End of Year	<u>196,122</u>	<u>180,935</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 15,187</u>	<u>\$ 12,126</u>
Total Cash paid for Interest	<u>\$ 20,862</u>	<u>\$ 35,946</u>
Total Cash paid for excise taxes	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
 STATEMENT OF SUPPORT AND REVENUES AND EXPENSES BUDGET COMPARISON
 FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

	2015		2014	
	Actual	Budget	Actual	Budget
Support and Revenues				
Contributions-General Giving	\$ 460,465	\$ 394,298	\$ 399,113	\$ 321,000
Fundraising and Direct Mail Appeal	668,166	461,755	467,424	418,409
Rental Income	6,350	8,600	8,600	9,400
Capital Campaign/Grant	-		1,204,145	210,000
Operation Santa	37,184	35,391	35,419	40,000
Investment Income	120	4,457	4,569	15
Gifts-in-Kind	354,200	-	-	-
Miscellaneous	20,683	9,236	7,168	-
Sale of Fixed Assets	-	-	107,601	-
Total Support and Revenues	\$ 1,547,168	\$ 913,737	\$ 2,234,039	\$ 998,824
Expenses				
Fundraising Costs	\$ 34,941	\$ 25,476	\$ 25,528	\$ 45,000
Direct Mail Costs	101,239	81,980	81,980	98,000
Advertising	3,315	1,090	1,566	700
Business Expenses	23,763	3,793	39,878	3,150
Computer Support	3,561	2,458	2,459	1,500
Employee Benefits and Costs	111,923	124,892	138,686	161,300
Insurances	23,942	17,113	22,830	14,475
Ministry Programs	98,569	62,108	86,992	97,920
Ministry Program - Gifts-in-Kind	354,200	-	-	-
Office Supplies and Postage	19,907	13,796	11,782	14,500
Professional Services	15,164	10,063	14,786	20,495
Repairs and Maintenance	64,973	17,346	17,741	13,900
Salaries	474,772	411,719	401,989	400,000
Taxes	42,337	37,229	39,902	31,071
Training, Education and Books	4,971	584	5,608	8,400
Utilities and Telephone	67,929	65,195	115,354	66,000
Vehicle Expenses and Travel	246	1,342	1,555	1,750
Depreciation	82,145	5,874	56,596	17,475
Total Expenses	1,527,897	882,057	1,065,232	995,636
Excess Support and Revenues over Expenses	\$ 19,271	\$ 31,680	\$ 1,168,807	\$ 3,188

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

NOTE #1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL. Lebanon Rescue Mission, Inc. is a nonprofit organization whose purpose is to provide assistance for the homeless. The Lebanon Rescue Mission was founded in 1945 and incorporated in 1951. Lebanon Rescue Mission, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended. The Mission provides church services, food, clothing, temporary shelter and biblical discipleship study programs for needy persons. The Agape Shelter provides shelter for battered and abused women and homeless women and children on a temporary basis. The Lebanon Free Clinic opened in March 2009 serving the uninsured homeless and to the uninsured without access in the community

ACCOUNTING METHOD. The income tax method of accounting is used for both financial reporting and income tax reporting. The amounts shown on the financial statements conform or will conform with those appearing on the Organization's income tax return.

BASIS OF PRESENTATION. Financial presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities, according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As there are no permanently restricted net assets, only unrestricted net assets and temporarily restricted net assets are shown on these financial statements.

CONTRIBUTIONS. The Organization accounts for contributions in accordance with the recommendation of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions received and Contributions made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of the donor restrictions.

INVENTORIES. Inventories of food and food supplies are minimal in value and therefore are not a part of these financial statements.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

INCOME TAXES. The Organization is a nonprofit corporation whose revenue is derived from fees, grants, contributions and other fundraising activities and is not subject to federal or state income taxes. The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

The accounting standard on accounting for uncertainty in income taxes addresses the determination whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will not be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). 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 years ended December 31, 2015 and 2014.

The Organization files a federal Form 990 - Return of Organization Exempt From Income Tax. The Organization also files Charitable Registration Statement with the Commonwealth of Pennsylvania - Form BCO-10. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

NET ASSETS. The financial statements report amounts by class of net assets. All net assets are unrestricted and are available at the discretion of the board for use in the Organization's programs, and those resources invested in land, building, and equipment.

Lebanon Rescue Mission, Inc.
 Notes to the Financial Statements
 For the Years Ended December 31, 2015 & 2014

NOTE #1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

DEPRECIATION. Properties and equipment are carried at cost less accumulated depreciation. It is the policy of the Organization to charge all additions to the asset account and charge cost of repairs and maintenance to operations in the year incurred. The asset and accumulated depreciation accounts are relieved when properties or equipment are retired or otherwise disposed of. The depreciation and accumulated depreciation accounts reflect the depreciation allowed for income tax reporting. The Mission uses the following methods and useful lives in computing depreciation:

Building and Improvements	straight line	20 to 40 years
Furniture and Fixtures	straight line	5 to 10 years
Vehicles	straight line	7 to 10 years

Depreciation expense for the years ended December 31, 2015 and 2014, was \$82,145 and \$56,596 respectively.

CASH AND CASH EQUIVALENTS. Cash and cash equivalents consist of cash held in checking account, certificates of deposit, and cash on hand.

TEMPORARY INVESTMENTS. Temporary Investments include marketable equity securities and mutual funds. These investments are recorded at fair market value at the date of these financial statements December 31, 2015 and 2014. The adjustment for the investments are recorded in the Investment Fund Adjustment in Unrestricted Net Assets.

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

ADVERTISING. The Organization expenses all advertising costs as incurred.

CONTRIBUTIONS. Donations are recorded when cash is actually received or ownership of donated assets is transferred to the mission. During the years ended December 31, 2015 and 2014, no donor restricted assets were received, other than the contributions received for the capital campaign.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FUNCTIONAL ALLOCATION OF EXPENSES. The costs of providing various program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and the supporting activities benefited. All expenses were allocated as per estimated time and usage as the Organization board's estimation.

SUMMARIZED COMPARATIVE INFORMATION. The statement of functional expenses includes certain prior year summarized comparative information in totals, but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles of the United States of America. Accordingly these financial statements should be read in conjunction with the prior year's financial statements from which the summarized information was derived.

NOTE #2 DONATED ITEMS

Gifts in Kind - During the year various items were donated, including numerous supplies, food items and other items used in the ministry. Beginning in 2015 these items were valued at an estimated fair value, and thereby are shown on the financial statements. SFAS No. 116 states the contributions are to be included if measurable and material. Contributions are to be valued at fair market value at time contribution is received. Therefore, beginning in the year 2015, the food received was weighed calculated and an estimated value of \$1.50 per pound was used to record the contribution. Other goods, including supplies and medicine was valued at estimated retail cost. The fair value of the Gifts-in-Kind were accounted for in these financial statements for the year 2015.

NOTE #3 VOLUNTEER TIME

Various individuals and numerous church groups gave many volunteer hours to the Lebanon Rescue Mission's cause. There was no value assigned to these volunteer hours and thus are not a part of these financial statements.

NOTE #4 CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash balances.

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #5 FIXED ASSETS

Fixed assets are recorded at actual acquisition cost. Capital improvements and equipment are also recorded at actual acquisition costs. When an asset is retired or replaced, the cost of the replaced asset is removed from fixed assets. Accumulated depreciation is accumulation of annual depreciation calculated under the methods described in Note #1.

FIXED ASSETS AS OF DECEMBER 31, 2015

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,850,569	\$ 318,009	\$ 2,532,560
Furniture and Fixtures	156,909	56,614	100,295
Vehicles	20,374	20,374	-
Total	<u>\$ 3,027,852</u>	<u>\$ 394,997</u>	<u>\$ 2,632,855</u>

FIXED ASSETS AS OF DECEMBER 31, 2014

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,850,569	\$ 248,150	\$ 2,602,419
Furniture and Fixtures	155,909	44,328	111,581
Vehicles	20,374	20,374	-
Total	<u>\$ 3,026,852</u>	<u>\$ 312,852</u>	<u>\$ 2,714,000</u>

Renovations on the property at 1223 Bittner Blvd, Lebanon, PA were completed during the year 2014 and the facility was placed in service. The properties on South Sixth Street Lebanon, PA were disposed of during the year 2014. These changes are reflected in the fixed assets.

<u>Description</u>	<u>Gross Proceeds</u>	<u>Historical Costs</u>	<u>Accumulated Depreciation</u>	<u>Realized Gain</u>
437-439 South Sixth St	\$ 190,000	\$ 283,360	\$ (180,254)	\$ 86,894
515 South Sixth Street	80,000	87,923	(28,630)	20,707
Total	<u>\$ 270,000</u>	<u>\$ 371,283</u>	<u>\$ (208,884)</u>	<u>\$ 107,601</u>

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
 Notes to the Financial Statements
 For the Years Ended December 31, 2015 & 2014

NOTE #6 TEMPORARILY RESTRICTED ASSETS

The Lebanon Rescue Mission, Inc. has received monies from a donor designated to be used for education purposes. These monies are currently held in a separate account restricted for the designated purpose.

The board has set up restricted reserve funds to be used for specific purposes. These monies are released from restrictions when the restricted purpose expenses occur.

The Lebanon Rescue Mission, Inc. also has received monies for Operation Santa. These monies are deposited into a separate account and disbursed for the restricted purpose as needed.

<u>TEMPORARILY RESTRICTED ASSETS</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Certificate of Deposit - Unemployment Reserve	\$ 3,702	\$ 3,702
Checking - Capital Campaign	77,810	83,723
Operation Santa	<u>41,552</u>	<u>39,530</u>
Total Temporarily Restricted Assets	<u>\$ 123,064</u>	<u>\$ 126,955</u>

NOTE #7 CASH AND CASH EQUIVALENTS

For purposes of these Financial Statements Cash and Cash Equivalents consist of the following:

<u>CASH AND CASH EQUIVALENTS</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Cash on Hand	\$ 600	\$ 400
Cash in Bank - FNB	<u>195,522</u>	<u>180,535</u>
Total Cash and Cash Equivalents	<u>\$ 196,122</u>	<u>\$ 180,935</u>

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #8 TEMPORARY INVESTMENT

For purposes of these Financial Statements Temporary Investments consist of the following:

<u>TEMPORARY INVESTMENTS</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Pax World Fund	\$ 80,302	\$ 80,182
Total Temporary Investments - Unrestricted	\$ 80,302	\$ 80,182
Temporarily Restricted Assets - See Note #6	123,064	126,955
Less Cash Invested in Building	<u>-</u>	<u>-</u>
Total Temporary Investments	<u>\$ 203,366</u>	<u>\$ 207,137</u>

NOTE #9 OPERATION SANTA

Lebanon Rescue Mission, Inc. began handling the administration of the Operation Santa fund for Lebanon County during the year 2004. These funds are designated when received for Operation Santa fund, and maintained in a separate account. The Operation Santa account was utilized during the year 2015 and 2014 for the following amounts:

<u>Operation Santa Funds</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Total Contributions	\$ 37,184	\$ 35,419
Interest Earned	<u>-</u>	<u>-</u>
Total Receipts	\$ 37,184	\$ 35,419
Gifts, Toys and Food	<u>35,162</u>	<u>41,929</u>
Excess Receipts over Expenses	\$ 2,022	\$ (6,510)
Transfer from General Fund	<u>-</u>	<u>6,579</u>
Fund Balance, January 1	<u>39,530</u>	<u>39,461</u>
Fund Balance, December 31	<u>\$ 41,552</u>	<u>\$ 39,530</u>
 <u>Cash in Bank - Operation Santa</u>		
Balance, January 1	\$ 39,530	\$ 39,461
Transfer from General Fund	<u>-</u>	<u>6,579</u>
Excess Receipts over/(under) Expenses	<u>2,022</u>	<u>(6,510)</u>
Balance, December 31	<u>\$ 41,552</u>	<u>\$ 39,530</u>

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #10 PENSION PLAN

The Organization has a 403(b) Pension plan. All employees are eligible to participate for this elective deferral. The Organization matches the contribution up to a maximum of 5% of employees wages. The monies are currently invested with Vanguard.

NOTE #11 MORTGAGE PAYABLE

On April 17, 2013, Lebanon Rescue Mission, Inc. secured a commercial promissory note for \$2,000,000 from First National Bank of Fredericksburg. The note is secured by the property located at 1223 Bittner Blvd, Lebanon County, Lebanon, PA 17046.

The terms of this commercial loan are as follows: The note carries an annual interest rate of 3.5%. Accrued interest will be paid quarterly. The note matures on April 17, 2017. As of December 31, 2015 the balance is \$496,493 and December 31, 2014 was \$596,493.

Total interest cost for loans and notes for the year 2015 was \$20,862 and year 2014 was \$35,946, which is shown as business expenses on the financial statements.

The Organization also has opened a line of credit August 24, 2014 at First National Bank of Fredericksburg for \$100,000 with a variable rate. The balance December 31, 2015 and 2014, was \$0.

NOTE #12 FUNDRAISING

Fundraising and direct mailing receipts and direct expenses for 2015 and 2014 are as follows:

Year 2015

	Receipts	Direct Expenses	Gross Profit	Gross Profit %
Capital Campaign	\$ 121,892	\$ -	\$ 121,892	100.00%
Direct Mailing	479,339	101,239	378,100	78.88%
Fundraising				
Gift Cards	7,640	7,381	259	3.39%
Banquet	22,577	6,313	16,264	72.04%
Other Fundraisers	36,718	21,247	15,471	42.13%
Totals	<u>\$ 668,166</u>	<u>\$ 136,180</u>	<u>\$ 531,986</u>	<u>79.62%</u>

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #12 FUNDRAISING - continued

Year 2014

	Receipts	Direct Expenses	Gross Profit	Gross Profit %
Capital Campaign	\$ 244,145	\$ -	\$ 244,145	100.00%
Direct Mailing	405,184	81,980	323,204	79.77%
Fundraising				
Gift Cards	12,225	11,360	865	7.08%
Banquet	24,749	6,351	18,398	74.34%
Other Fundraisers	25,266	7,817	17,449	69.06%
Totals	<u>\$ 711,569</u>	<u>\$ 107,508</u>	<u>\$ 604,061</u>	<u>84.89%</u>

NOTE #13 FAIR VALUE MEASUREMENT

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #13 FAIR VALUE MEASUREMENT - continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 December 31, 2015 or 2014.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the 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 following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015 and 2014.

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on Hand	\$ 600	\$ -	\$ -	\$ 600
Cash in Bank - Checking	313,000	-	-	313,000
Certificates of Deposit	3,702	-	-	3,702
Mutual Funds	-	80,302	-	80,302
Total Fair Value Measurement	<u>\$ 317,302</u>	<u>\$ 80,302</u>	<u>\$ -</u>	<u>\$ 397,604</u>

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2015 & 2014

NOTE #13 FAIR VALUE MEASUREMENT - continued

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on Hand	\$ 400	\$ -	\$ -	\$ 400
Cash in Bank - Checking	303,788	-	-	303,788
Certificates of Deposit	3,702	-	-	3,702
Mutual Funds	-	80,182	-	80,182
Total Fair Value Measurement	<u>\$ 307,890</u>	<u>\$ 80,182</u>	<u>\$ -</u>	<u>\$ 388,072</u>

NOTE #14 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 14, 2016, the date the financials were available to be issues.

Supplemental Information

LEBANON RESCUE MISSION, INC.
STATEMENT OF REVENUE AND EXPENSES - TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015								
	Unrestricted			Total	Temporarily Restricted			Total	
	Men's Ministry	Agape	Free Clinic	Unrestricted	Operation Santa	Capital Campaign	Unemployment Reserve	Restricted	Total
Support and Revenues									
Contributions	\$ 372,505	\$ 70,084	\$ 17,876	\$ 460,465	\$ 37,184	\$ -	\$ -	\$ 37,184	\$ 497,649
Fundraising and Direct Mail Appeal	475,674	49,837	20,763	546,274	-	121,892	-	121,892	668,166
Miscellaneous, Rebates and Reimbursements	8,903	-	-	8,903	-	-	-	-	8,903
Gross Rental Income	-	-	6,350	6,350	-	-	-	-	6,350
Health Insurance Rebate	11,780	-	-	11,780	-	-	-	-	11,780
Gifts-in-Kind	163,630	13,905	176,665	354,200	-	-	-	-	-
Investment Income/Sale of Asset	120	-	-	120	-	-	-	-	120
Total Support and Revenues	\$ 1,032,612	\$ 133,826	\$ 221,654	\$ 1,388,092	\$ 37,184	\$ 121,892	\$ -	\$ 159,076	\$ 1,192,968
Expenses									
Program Services									
Advertising	\$ 3,315	\$ -	\$ -	\$ 3,315	\$ -	\$ -	\$ -	\$ -	\$ 3,315
Business Expenses	1,696	705	500	2,901	-	20,862	-	20,862	23,763
Computer Support	3,198	-	363	3,561	-	-	-	-	3,561
Employee Benefits and Costs	74,569	26,142	5,816	106,527	-	-	-	-	106,527
Insurances	23,942	-	-	23,942	-	-	-	-	23,942
Ministry Programs	204,120	16,008	197,479	417,607	35,162	-	-	35,162	452,769
Office Supplies and Postage	16,255	1,180	863	18,298	-	-	-	-	18,298
Professional Services	13,284	-	80	13,364	-	-	-	-	13,364
Repairs and Maintenance	34,171	10,933	12,926	58,030	-	6,943	-	6,943	64,973
Salaries	231,401	99,514	104,162	435,077	-	-	-	-	435,077
Taxes - Payroll and Property	23,033	7,613	8,731	39,377	-	-	-	-	39,377
Training, Education and Books	3,694	839	438	4,971	-	-	-	-	4,971
Utilities and Telephone	46,215	11,583	10,131	67,929	-	-	-	-	67,929
Vehicle Expenses and Travel	246	-	-	246	-	-	-	-	246
Depreciation	3,354	8,891	-	12,245	-	69,900	-	69,900	82,145
Supporting Activities									
General and Administrative									
Employee Benefits and Costs	4,856	-	-	4,856	-	-	-	-	4,856
Office Supplies	1,609	-	-	1,609	-	-	-	-	1,609
Professional Services	1,800	-	-	1,800	-	-	-	-	1,800
Salaries	35,725	-	-	35,725	-	-	-	-	35,725
Taxes - Payroll and Property	2,664	-	-	2,664	-	-	-	-	2,664
Fundraising and Direct Mail Costs									
Fundraising Costs	16,431	4,744	13,766	34,941	-	-	-	-	34,941
Salaries	3,970	-	-	3,970	-	-	-	-	3,970
Employee Benefits and Costs	540	-	-	540	-	-	-	-	540
Taxes - Payroll and Property	296	-	-	296	-	-	-	-	296
Direct Mail Costs	100,589	650	-	101,239	-	-	-	-	101,239
Total Expenses	850,973	188,802	355,254	1,395,030	35,162	97,705	-	132,867	1,527,897
Excess Support and Revenues over Expenses	\$ 181,639	\$ (54,976)	\$ (133,600)	\$ (6,938)	\$ 2,022	\$ 24,187	\$ -	\$ 26,209	\$ (334,929)
Investment Fund Adjustment to FMV	-	-	-	-	-	-	-	-	-
Change in Net Assets	\$ 181,639	\$ (54,976)	\$ (133,600)	\$ (6,938)	\$ 2,022	\$ 24,187	\$ -	\$ 26,209	\$ (334,929)
Transfers	(331,630)	118,576	243,154	30,100	-	(30,100)	-	(30,100)	-
Net Assets, Beginning of Year	2,527,744	(63,600)	(109,554)	2,354,590	39,530	83,723	3,702	126,955	2,481,545
Net Assets, End of Year	\$ 2,377,753	\$ 0	\$ (0)	\$ 2,377,752	\$ 41,552	\$ 77,810	\$ 3,702	\$ 123,064	\$ 2,146,616

LEBANON RESCUE MISSION, INC.
STATEMENT OF REVENUE AND EXPENSES - TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014								
	Unrestricted			Total	Temporarily Restricted			Total	
	Men's Ministry	Agape	Free Clinic	Unrestricted	Operation Santa	Capital Campaign	Unemployment Reserve	Restricted	Total
Support and Revenues									
Contributions	\$ 317,456	\$ 60,656	\$ 21,001	\$ 399,113	\$ 35,419	\$ -	\$ -	\$ 35,419	\$ 434,532
Fundraising and Direct Mail Appeal	388,683	45,498	33,243	467,424	-	244,145	-	244,145	711,569
FHLB NY Grant	-	-	-	-	-	960,000	-	960,000	960,000
Gross Rental Income	-	-	8,600	8,600	-	-	-	-	8,600
Health Insurance Rebate	7,168	-	-	7,168	-	-	-	-	7,168
Investment Income/Sale of Asset	112,170	-	-	112,170	-	-	-	-	112,170
Total Support and Revenues	\$ 825,477	\$ 106,154	\$ 62,844	\$ 994,475	\$ 35,419	\$ 1,204,145	\$ -	\$ 1,239,564	\$ 2,234,039
Expenses									
Program Services									
Advertising	\$ 1,566	\$ -	\$ -	\$ 1,566	\$ -	\$ -	\$ -	\$ -	\$ 1,566
Business Expenses	2,247	700	580	3,527	-	36,351	-	36,351	39,878
Computer Support	738	1,325	396	2,459	-	-	-	-	2,459
Employee Benefits and Costs	70,104	27,830	30,837	128,771	-	-	-	-	128,771
Insurances	19,264	1,398	368	21,030	-	1,800	-	1,800	22,830
Ministry Programs	24,333	347	16,705	41,385	41,929	3,678	-	45,607	86,992
Office Supplies and Postage	10,015	13	90	10,118	-	394	-	394	10,512
Professional Services	10,596	1,189	689	12,474	-	-	-	-	12,474
Repairs and Maintenance	5,070	8,411	3,142	16,623	-	1,118	-	1,118	17,741
Salaries	169,335	90,330	71,872	331,537	-	-	-	-	331,537
Taxes - Payroll and Property	18,423	6,910	6,667	32,000	-	2,512	-	2,512	34,512
Training, Education and Books	3,972	274	1,362	5,608	-	-	-	-	5,608
Utilities and Telephone	40,264	13,031	11,899	65,194	-	50,160	-	50,160	115,354
Vehicle Expenses and Travel	1,555	-	-	1,555	-	-	-	-	1,555
Depreciation	13,196	8,999	-	22,195	-	34,401	-	34,401	56,596
Supporting Activities									
General and Administrative									
Employee Benefits and Costs	9,841	-	-	9,841	-	-	-	-	9,841
Office Supplies	1,270	-	-	1,270	-	-	-	-	1,270
Professional Services	2,312	-	-	2,312	-	-	-	-	2,312
Salaries	42,771	-	-	42,771	-	-	-	-	42,771
Taxes - Payroll and Property	3,272	-	-	3,272	-	-	-	-	3,272
Fundraising and Direct Mail Costs									
Fundraising Costs	8,075	128	17,325	25,528	-	-	-	-	25,528
Salaries	27,681	-	-	27,681	-	-	-	-	27,681
Employee Benefits and Costs	74	-	-	74	-	-	-	-	74
Taxes - Payroll and Property	2,118	-	-	2,118	-	-	-	-	2,118
Direct Mail Costs	77,480	-	4,500	81,980	-	-	-	-	81,980
Total Expenses	565,572	160,885	166,432	892,889	41,929	130,414	-	172,343	1,065,232
Excess Support and Revenues over Expenses	\$ 259,905	\$ (54,731)	\$ (103,588)	\$ 101,586	\$ (6,510)	\$ 1,073,731	\$ -	\$ 1,067,221	\$ 1,168,807
Investment Fund Adjustment to FMV	(3,936)	-	-	(3,936)	-	-	-	-	(3,936)
Change in Net Assets	\$ 255,969	\$ (54,731)	\$ (103,588)	\$ 97,650	\$ (6,510)	\$ 1,073,731	\$ -	\$ 1,067,221	\$ 1,164,871
Transfers	(270,030)	-	-	(270,030)	6,579	263,451	-	270,030	-
Property	1,813,948	-	-	1,813,948	-	(1,813,948)	-	(1,813,948)	-
Net Assets, Beginning of Year	727,857	(8,869)	(5,966)	713,022	39,461	560,489	3,702	603,652	1,316,674
Net Assets, End of Year	\$ 2,527,744	\$ (63,600)	\$ (109,554)	\$ 2,354,590	\$ 39,530	\$ 83,723	\$ 3,702	\$ 126,955	\$ 2,481,545