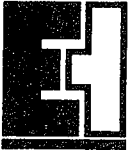


**LEBANON RESCUE MISSION, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2018 and 2017**

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, 2018 and 2017, 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, 2018 and 2017, 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 because 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 23 – 24 are 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.

ELLIS LEE HOSTETTER & CO., P.C.

Lebanon, PA

May 20, 2019

LEBANON RESCUE MISSION, INC.  
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - TAX BASIS  
 AS OF DECEMBER 31, 2018 & 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 112,582	\$ 226,152
Temporary Investments	130,513	283,040
	\$ 243,095	\$ 509,192
Total Current Assets		
Property and Equipment		
Building and Improvements	\$ 2,850,565	\$ 2,699,656
Furniture and Fixtures	156,909	156,909
Vehicles	44,147	20,374
	\$ 3,051,621	\$ 2,876,939
Total Property and Equipment		
Less Accumulated Depreciation	(608,349)	(524,039)
	2,443,272	2,352,900
Net Value of Property and Equipment		
	\$ 2,686,367	\$ 2,862,092
Total Assets		
	\$ 2,686,367	\$ 2,862,092
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 4,188	\$ 4,669
Mortgage Payable	56,330	133,247
Deferred Contribution and Grants	12,797	29,922
	\$ 73,315	\$ 167,838
Total Liabilities		
Net Assets		
Unrestricted:		
Property and Equipment	\$ 2,386,942	\$ 2,219,653
Operating Net Assets	95,597	191,561
	\$ 2,482,539	\$ 2,411,214
Total Unrestricted Net Assets		
Temporarily Restricted Net Assets	130,513	283,040
	2,613,052	2,694,254
Total Net Assets		
	\$ 2,686,367	\$ 2,862,092
Total Liabilities and Net Assets		
	\$ 2,686,367	\$ 2,862,092

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.  
STATEMENT OF REVENUES AND EXPENSES - TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Contributions - General Giving	\$ 602,320	\$ 8,241	\$ 610,561	\$ 717,088	\$ 8,424	\$ 725,512
Fundraising and Direct Mail Appeal	674,872	-	674,872	548,723	78,793	627,516
Program Income	14,516	-	14,516	12,417	-	12,417
Investment Income	119	-	119	344	-	344
Gifts-in-Kind	604,056	-	604,056	625,231	-	625,231
Released from Restriction	160,768	(160,768)	-	118,995	(118,995)	-
Total Support and Revenues	\$ 2,056,651	\$ (152,527)	\$ 1,904,124	\$ 2,022,798	\$ (31,778)	\$ 1,991,020
Expenses						
Program Services	\$ 1,723,559	\$ -	\$ 1,723,559	\$ 1,688,714	\$ -	\$ 1,688,714
Supporting Activities						
General and Administrative	104,103	-	104,103	94,615	-	94,615
Fundraising and Direct Mail Costs	157,664	-	157,664	168,000	-	168,000
Total Expenses	1,985,326	-	1,985,326	1,951,329	-	1,951,329
Excess Support and Revenues over Expenses	\$ 71,325	\$ (152,527)	\$ (81,202)	\$ 71,469	\$ (31,778)	\$ 39,691
Change in Net Assets	\$ 71,325	\$ (152,527)	\$ (81,202)	\$ 71,469	\$ (31,778)	\$ 39,691
Transfers	-	-	-	-	-	-
Net Assets, Beginning of Year	2,411,214	283,040	2,694,254	2,339,745	314,818	2,654,563
Net Assets, End of Year	\$ 2,482,539	\$ 130,513	\$ 2,613,052	\$ 2,411,214	\$ 283,040	\$ 2,694,254

LEBANON RESCUE MISSION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 & 2017

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2018 Totals	Year 2017 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total		
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,676	\$ 22,676	\$ 22,676	\$ 15,834
Direct Mail Costs	-	-	-	-	-	124,683	124,683	124,683	141,948
Advertising	1,780	-	-	1,780	-	-	-	1,780	1,337
Business Expenses	5,196	120	25	5,341	124	-	124	5,465	17,027
Computer Support	3,804	265	1,519	5,588	-	-	-	5,588	4,172
Employee Benefits and Costs	112,720	42,890	18,055	173,665	28,525	2,139	30,664	204,329	163,380
Insurances	35,118	-	-	35,118	-	-	-	35,118	25,439
Ministry Programs	209,265	1,579	472,477	683,321	-	-	-	683,321	713,032
Office Supplies and Postage	16,510	1,316	4,503	22,329	1,794	-	1,794	24,123	13,894
Professional Services	43,282	-	4,470	47,752	-	-	-	47,752	42,892
Repairs and Maintenance	9,802	16,960	7,772	34,534	-	-	-	34,534	55,248
Salaries	264,472	118,363	130,675	513,510	68,269	7,585	75,854	589,364	570,629
Taxes - Payroll and Property	24,337	10,839	9,996	45,172	5,223	581	5,804	50,976	45,615
Training, Education and Books	3,983	149	167	4,299	-	-	-	4,299	527
Utilities and Telephone	35,315	16,543	10,320	62,178	168	-	168	62,346	60,677
Vehicle Expenses and Travel	4,119	271	271	4,661	-	-	-	4,661	1,208
Depreciation	71,597	11,654	1,059	84,310	-	-	-	84,310	78,470
<b>Total Expenses Year 2018</b>	<b>\$ 841,300</b>	<b>\$ 220,949</b>	<b>\$ 661,309</b>	<b>\$ 1,723,558</b>	<b>\$ 104,103</b>	<b>\$ 157,664</b>	<b>\$ 261,767</b>	<b>\$ 1,985,325</b>	<b>\$ 1,951,329</b>
Percent of Total Expenses	42.38%	11.13%	33.31%	86.81%	5.24%	7.94%	13.19%	100.00%	
<b>Total Expenses Year 2017</b>	<b>\$ 827,259</b>	<b>\$ 229,356</b>	<b>\$ 632,099</b>	<b>\$ 1,688,714</b>	<b>\$ 94,615</b>	<b>\$ 168,000</b>	<b>\$ 262,615</b>		<b>\$ 1,951,329</b>
Percent of Total Expenses	42.39%	11.75%	32.39%	86.54%	4.85%	8.61%	13.46%		100.00%

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 & 2016

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2017 Totals	Year 2016 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total		
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,834	\$ 15,834	\$ 15,834	\$ 21,478
Direct Mail Costs	-	-	-	-	-	141,948	141,948	141,948	138,159
Advertising	1,337	-	-	1,337	-	-	-	1,337	3,219
Business Expenses	15,344	933	750	17,027	-	-	-	17,027	19,262
Computer Support	3,487	235	175	3,897	275	-	275	4,172	3,898
Employee Benefits and Costs	82,589	38,871	19,964	141,424	19,761	2,195	21,956	163,380	115,750
Insurances	24,677	508	254	25,439	-	-	-	25,439	24,919
Ministry Programs	247,244	12,084	453,704	713,032	-	-	-	713,032	721,817
Office Supplies and Postage	10,981	340	2,365	13,686	208	-	208	13,894	26,498
Professional Services	38,986	480	1,576	41,042	1,850	-	1,850	42,892	27,695
Repairs and Maintenance	19,195	32,337	3,716	55,248	-	-	-	55,248	119,560
Salaries	251,216	112,671	128,005	491,892	70,864	7,873	78,737	570,629	504,823
Taxes - Payroll and Property	24,662	8,619	10,829	44,110	1,355	150	1,505	45,615	44,513
Training, Education and Books	527	-	-	527	-	-	-	527	6,133
Utilities and Telephone	36,051	13,563	10,761	60,375	302	-	302	60,677	51,675
Vehicle Expenses and Travel	931	277	-	1,208	-	-	-	1,208	3,446
Depreciation	70,032	8,438	-	78,470	-	-	-	78,470	132,279
<b>Total Expenses Year 2017</b>	<b>\$ 827,259</b>	<b>\$ 229,356</b>	<b>\$ 632,099</b>	<b>\$ 1,688,714</b>	<b>\$ 94,615</b>	<b>\$ 168,000</b>	<b>\$ 262,615</b>	<b>\$ 1,951,329</b>	<b>\$ 1,965,124</b>
Percent of Total Expenses	42.39%	11.75%	32.39%	86.54%	4.85%	8.61%	13.46%	100.00%	
<b>Total Expenses Year 2016</b>	<b>\$ 856,157</b>	<b>\$ 226,210</b>	<b>\$ 646,304</b>	<b>\$ 1,728,671</b>	<b>\$ 58,811</b>	<b>\$ 177,642</b>	<b>\$ 236,453</b>		<b>\$ 1,965,124</b>
Percent of Total Expenses	43.57%	11.51%	32.89%	87.97%	2.99%	9.04%	12.03%		100.00%

See Notes to the Financial Statements



LEBANON RESCUE MISSION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (81,202)	\$ 39,691
Excess Support and Revenues over Expenses	\$ (81,202)	\$ 39,691
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	84,310	78,470
Increase/(Decrease) in Accounts Payable	(481)	2,504
Increase/(Decrease) in Deferred Contributions	<u>(17,125)</u>	<u>(70,078)</u>
Net cash provided by (used in) operating activities	\$ (14,498)	\$ 50,587
Cash Flows from Investing Activities		
Purchase of Property and Equipment	\$ (174,682)	\$ -
Net Transfer of Funds (to)/from Temporary Investments	<u>152,527</u>	<u>31,778</u>
Net cash provided by (used in) investing activities	(22,155)	31,778
Cash Flows from Financing Activities		
Proceeds (Payment) from Loan Payable	<u>\$ (76,917)</u>	<u>\$ (107,012)</u>
Net cash provided by (used in) financing activities	<u>(76,917)</u>	<u>(107,012)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (113,570)	\$ (24,647)
Cash and Cash Equivalents, Beginning of Year	<u>226,152</u>	<u>250,799</u>
Cash and Cash Equivalents, End of Year	<u>\$ 112,582</u>	<u>\$ 226,152</u>

Lebanon Rescue Mission, Inc.  
Statement of Cash Flows  
For the Years Ended December 31, 2017 & 2016

	<u>2018</u>	<u>2017</u>
Analysis of Cash and Cash Equivalents		
Beginning of Year		
Cash on Hand	\$ 500	\$ 500
Cash in Bank - Checking	<u>112,082</u>	<u>250,299</u>
Total Cash and Cash Equivalents - Beginning of Year	\$ 112,582	\$ 250,799
End of Year		
Cash on Hand	\$ 500	\$ 500
Cash in Bank - Checking	<u>250,299</u>	<u>225,652</u>
Total Cash and Cash Equivalents - End of Year	<u>250,799</u>	<u>226,152</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 138,217</u>	<u>\$ (24,647)</u>
Total Cash paid for Interest	<u>\$ 2,079</u>	<u>\$ 7,947</u>
Total Cash paid for excise taxes	<u>\$ -</u>	<u>\$ -</u>

LEBANON RESCUE MISSION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

**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 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, 2018 & 2017

**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, 2018 and 2017.

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 2015.

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, 2018 & 2017

**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, 2018 and 2017, was \$78,423 and \$78,470, 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, 2018 and 2017. 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.

Lebanon Rescue Mission, Inc.  
Notes to the Financial Statements  
For the Years Ended December 31, 2018 & 2017

**NOTE #1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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, 2018 and 2017, no donor restricted assets were received, other than the contributions received for the capital campaign.

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.

Lebanon Rescue Mission, Inc.  
Notes to the Financial Statements  
For the Years Ended December 31, 2018 & 2017

**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 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 years 2018 and 2017.

Gifts-in-Kind valuation	Year 2018	Year 2017
Men's Shelter - Food lbs.	81,181	104,504
Men's Shelter - Food Value	\$ 121,772	\$ 156,792
Men's Shelter - Other	29,218	35,218
Total Men's Shelter Gifts-in-Kind	\$ 150,990	\$ 192,010
Agape Shelter - Food Value	1,922	866
Agape Shelter - Other	8,135	4,183
Clinic - Medicine Value	434,368	398,352
Clinic - Other	8,641	29,821
Total Value Gifts-in-Kind	\$ 604,056	\$ 625,232

Lebanon Rescue Mission, Inc.  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2018 & 2017

**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, however, the medical clinic does maintain records of medical professional volunteer time and estimated valuation.

The medical volunteers for the year 2018 included thirty-nine volunteers, 2,219 hours. The estimated value included in these financial statements for year 2018 is \$68,998. The medical volunteers for the year 2017 included thirty-four volunteers, 2,138 hours. The estimated value included in these financial statements for year 2017 is \$66,480.

**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.

**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, 2018

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,850,565	\$ 514,915	\$ 2,335,650
Furniture and Fixtures	156,909	71,362	85,547
Vehicles	44,147	22,072	22,075
 Total	 <u>\$ 3,051,621</u>	 <u>\$ 608,349</u>	 <u>\$ 2,443,272</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, 2018 & 2017

**NOTE #5 FIXED ASSETS - continued**

FIXED ASSETS AS OF DECEMBER 31, 2017

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,699,656	\$ 433,476	\$ 2,266,180
Furniture and Fixtures	156,909	70,189	86,720
Vehicles	20,374	20,374	-
 Total	 <u>\$ 2,876,939</u>	 <u>\$ 524,039</u>	 <u>\$ 2,352,900</u>

**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>12/31/2018</u>	<u>12/31/2017</u>
Certificate of Deposit - Unemployment Reserve	\$ 3,702	\$ 3,702
Certificate of Deposit - Facilities Reserve	75,346	75,270
Checking - Capital Campaign	-	11,206
Checking - Grad Housing Expansion	26,271	119,378
Checking - Agape Christmas	13,886	22,165
Endowment Fund	11,308	51,319
 Total Temporarily Restricted Assets	 <u>\$ 130,513</u>	 <u>\$ 283,040</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, 2018 & 2017

**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>12/31/2018</u>	<u>12/31/2017</u>
Cash on Hand	\$ 500	\$ 500
Cash in Bank - First Citizens	<u>112,082</u>	<u>225,652</u>
Total Cash and Cash Equivalents	<u>\$ 112,582</u>	<u>\$ 226,152</u>

**NOTE #8 TEMPORARY INVESTMENTS**

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

<u>TEMPORARY INVESTMENTS</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Temporarily Restricted Assets - See Note #6		
Certificate of Deposit - Unemployment Reserve	\$ 3,702	\$ 3,702
Certificate of Deposit - Facilities Reserve	75,346	75,270
Checking - Capital Campaign	-	11,206
Checking - Grad Housing Expansion	26,271	119,378
Checking - Agape Christmas	13,886	22,165
Endowment Fund	<u>11,308</u>	<u>51,319</u>
Total Temporary Investments	<u>\$ 130,513</u>	<u>\$ 283,040</u>

Lebanon Rescue Mission, Inc.  
Notes to the Financial Statements  
For the Years Ended December 31, 2018 & 2017

**NOTE #9 AGAPE CHRISTMAS**

Lebanon Rescue Mission, Inc. utilized monies for Agape Christmas fund. These funds are designated when received for Agape Christmas Fund and maintained in a separate account. The Agape Christmas was utilized during the years 2018 and 2017 for the following amounts:

<u>Agape Christmas Funds</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Total Contributions	\$ 8,241	\$ 16,635
Total Receipts	\$ 8,241	\$ 16,635
Gifts, Toys and Food	16,520	13,788
Excess Receipts over Expenses	\$ (8,279)	\$ 2,847
Fund Balance, January 1	22,165	19,318
Fund Balance, December 31	<u>\$ 13,886</u>	<u>\$ 22,165</u>

**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 Citizens Bank. 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. As of December 31, 2018, the balance is \$0, and December 31, 2017, was \$133,247.

Lebanon Rescue Mission, Inc.  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2018 & 2017

**NOTE #11 MORTGAGE PAYABLE - continued**

On June 22, 2018, Lebanon Rescue Mission, Inc. secured a commercial promissory note for \$54,900 from M & T Bank to purchase a property located at 915 Walnut Street, Lebanon County, Lebanon, PA 17042.

The terms of this commercial loan are as follows: The note carries an annual interest rate of 6.69%, with monthly payments of \$487, beginning July 23, 2018.

The Organization also has opened a line of credit August 24, 2014, at First Citizens Bank for \$100,000 with a variable rate. The balance December 31, 2017 and 2016 was \$0.

Total interest cost for loans and notes for the year 2018 was \$1,852, and year 2017 was 7,947, which is shown as business expenses on the financial statements.

Future required scheduled payments are as follows:

	Principal	Balance
Original Loan		\$ 54,900
Paid Year 2018	\$ 1,070	53,830
Year 2019	2,313	51,517
Year 2020	2,472	49,045
Year 2021	2,643	46,402
Year 2022	2,826	43,576
Year 2023	3,020	40,556
Future Years	40,556	-

Lebanon Rescue Mission, Inc.  
Notes to the Financial Statements  
For the Years Ended December 31, 2018 & 2017

**NOTE #12 FUNDRAISING**

Fundraising and direct mailing receipts and direct expenses for 2018 and 2017 are as follows:

Year 2018

	<u>Receipts</u>	<u>Direct Expenses</u>	<u>Gross Profit</u>	<u>Gross Profit %</u>
Capital Campaign	\$ -	\$ -	\$ -	0.00%
Direct Mailing	625,011	124,683	500,328	80.05%
Fundraising				
Banquet	20,259	8,717	11,542	56.97%
Other Fundraisers	29,602	13,959	15,643	52.84%
Totals	<u>\$ 674,872</u>	<u>\$ 147,359</u>	<u>\$ 527,513</u>	<u>78.16%</u>

Year 2017

	<u>Receipts</u>	<u>Direct Expenses</u>	<u>Gross Profit</u>	<u>Gross Profit %</u>
Capital Campaign	\$ 78,793	\$ -	\$ 78,793	100.00%
Direct Mailing	586,184	141,948	444,236	75.78%
Fundraising				
Banquet	24,439	7,032	17,407	71.23%
Other Fundraisers	16,893	8,461	8,432	49.91%
Totals	<u>\$ 706,309</u>	<u>\$ 157,441</u>	<u>\$ 548,868</u>	<u>77.71%</u>

Lebanon Rescue Mission, Inc.  
Notes to the Financial Statements  
For the Years Ended December 31, 2018 & 2017

#### **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 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, 2018 or 2017.

*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.

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, 2017 & 2016

**NOTE #13 FAIR VALUE MEASUREMENT - continued**

*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, 2018 and 2017.

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on Hand	\$ 500	\$ -	\$ -	\$ 500
Cash in Bank - Checking	167,249	-	-	167,249
Certificates of Deposit	79,048	-	-	79,048
Mutual Funds	-	-	-	-
Total Fair Value Measurement	<u>\$ 246,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,797</u>
<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on Hand	\$ 500	\$ -	\$ -	\$ 500
Cash in Bank - Checking	429,720	-	-	429,720
Certificates of Deposit	78,972	-	-	78,972
Mutual Funds	-	-	-	-
Total Fair Value Measurement	<u>\$ 509,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,192</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, 2017 & 2016

**NOTE #14 SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 20, 2019, the date the financials were available to be issued.



## Supplemental Information

LEBANON RESCUE MISSION, INC.  
STATEMENT OF REVENUE AND EXPENSES - TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018					
	Unrestricted			Total	Total	
	Men's Ministry	Agape	Free Clinic	Unrestricted	Restricted	Total
<b>Support and Revenues</b>						
Contributions	\$ 528,975	\$ 60,569	\$ 12,776	\$ 602,320	\$ 8,241	\$ 610,561
Fundraising and Direct Mail Appeal	600,290	60,857	13,725	674,872	-	674,872
Program Income	9,793	4,695	28	14,516	-	14,516
Gifts-in-Kind	150,990	10,057	443,009	604,056	-	604,056
Investment Income/Sale of Asset	119	-	-	119	-	119
<b>Total Support and Revenues</b>	<b>\$ 1,290,167</b>	<b>\$ 136,178</b>	<b>\$ 469,538</b>	<b>\$ 1,895,883</b>	<b>\$ 8,241</b>	<b>\$ 1,904,124</b>
<b>Expenses</b>						
<b>Program Services</b>						
Advertising	\$ 1,780	\$ -	\$ -	\$ 1,780	\$ -	\$ 1,780
Business Expenses	5,196	120	25	5,341	-	5,341
Computer Support	3,804	265	1,519	5,588	-	5,588
Employee Benefits and Costs	112,720	42,890	18,055	173,665	-	173,665
Insurances	35,118	-	-	35,118	-	35,118
Ministry Programs	192,745	1,579	472,477	666,801	16,520	683,321
Office Supplies and Postage	16,508	1,316	4,503	22,327	2	22,329
Professional Services	43,282	-	4,470	47,752	-	47,752
Repairs and Maintenance	9,802	16,960	7,772	34,534	-	34,534
Salaries	264,472	118,363	130,675	513,510	-	513,510
Taxes - Payroll and Property	24,337	10,839	9,996	45,172	-	45,172
Training, Education and Books	3,983	149	167	4,299	-	4,299
Utilities and Telephone	35,315	16,543	10,320	62,178	-	62,178
Vehicle Expenses and Travel	4,119	271	271	4,661	-	4,661
Depreciation	71,597	11,654	1,059	84,310	-	84,310
<b>Supporting Activities</b>						
<b>General and Administrative</b>						
Employee Benefits and Costs	28,525	-	-	28,525	-	28,525
Business Expenses	124	-	-	124	-	124
Office Supplies	1,795	-	-	1,795	-	1,795
Utilities and Telephone	168	-	-	168	-	168
Professional Services	-	-	-	-	-	-
Salaries	68,269	-	-	68,269	-	68,269
Taxes - Payroll and Property	5,223	-	-	5,223	-	5,223
<b>Fundraising and Direct Mail Costs</b>						
Fundraising Costs	13,659	4,076	4,941	22,676	-	22,676
Salaries	7,585	-	-	7,585	-	7,585
Employee Benefits and Costs	2,139	-	-	2,139	-	2,139
Taxes - Payroll and Property	581	-	-	581	-	581
Direct Mail Costs	118,733	5,950	-	124,683	-	124,683
<b>Total Expenses</b>	<b>1,071,579</b>	<b>230,975</b>	<b>666,250</b>	<b>1,968,804</b>	<b>16,522</b>	<b>1,985,326</b>
<b>Excess Support and Revenues over Expenses</b>	<b>\$ 218,588</b>	<b>\$ (94,797)</b>	<b>\$ (196,712)</b>	<b>\$ (72,921)</b>	<b>\$ (8,281)</b>	<b>\$ (81,202)</b>
Transfers	(104,939)	52,473	196,712	144,246	(144,246)	-
<b>Net Assets, Beginning of Year</b>	<b>2,368,890</b>	<b>42,324</b>	<b>-</b>	<b>2,411,214</b>	<b>283,040</b>	<b>2,694,254</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,482,539</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ 2,482,539</b>	<b>\$ 130,513</b>	<b>\$ 2,613,052</b>

LEBANON RESCUE MISSION, INC.  
STATEMENT OF REVENUE AND EXPENSES - TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017					
	Unrestricted			Total	Total	
	Men's Ministry	Agape	Free Clinic	Unrestricted	Restricted	Total
<b>Support and Revenues</b>						
Contributions	\$ 485,328	\$ 213,454	\$ 18,306	\$ 717,088	\$ 8,424	\$ 725,512
Fundraising and Direct Mail Appeal	476,388	57,858	14,477	548,723	78,793	627,516
Program Income	9,432	2,985		12,417	-	12,417
Gifts-in-Kind	192,009	5,049	428,173	625,231	-	625,231
Investment Income/Sale of Asset	344	-	-	344	-	344
<b>Total Support and Revenues</b>	<b>\$ 1,163,501</b>	<b>\$ 279,346</b>	<b>\$ 460,956</b>	<b>\$ 1,903,803</b>	<b>\$ 87,217</b>	<b>\$ 1,991,020</b>
<b>Expenses</b>						
Program Services						
Advertising	\$ 1,337	\$ -	\$ -	\$ 1,337	\$ -	\$ 1,337
Business Expenses	15,344	933	750	17,027	-	17,027
Computer Support	3,487	235	175	3,897	-	3,897
Employee Benefits and Costs	82,589	38,871	19,964	141,424	-	141,424
Insurances	24,677	508	254	25,439	-	25,439
Ministry Programs	239,144	12,084	453,704	704,932	8,100	713,032
Office Supplies and Postage	10,981	340	2,365	13,686	-	13,686
Professional Services	38,986	480	1,576	41,042	-	41,042
Repairs and Maintenance	19,195	32,337	3,716	55,248	-	55,248
Salaries	251,216	112,671	128,005	491,892	-	491,892
Taxes - Payroll and Property	24,662	8,619	10,829	44,110	-	44,110
Training, Education and Books	527	-	-	527	-	527
Utilities and Telephone	36,051	13,563	10,761	60,375	-	60,375
Vehicle Expenses and Travel	931	277	-	1,208	-	1,208
Depreciation	70,032	8,438	-	78,470	-	78,470
Supporting Activities						
General and Administrative						
Employee Benefits and Costs	19,761	-	-	19,761	-	19,761
Computer Support	275	-	-	275	-	275
Office Supplies	208	-	-	208	-	208
Utilities and Telephone	302	-	-	302	-	302
Professional Services	1,850	-	-	1,850	-	1,850
Salaries	70,864	-	-	70,864	-	70,864
Taxes - Payroll and Property	1,355	-	-	1,355	-	1,355
Fundraising and Direct Mail Costs						
Fundraising Costs	10,048	1,662	4,124	15,834	-	15,834
Salaries	7,873	-	-	7,873	-	7,873
Employee Benefits and Costs	2,195	-	-	2,195	-	2,195
Taxes - Payroll and Property	150	-	-	150	-	150
Direct Mail Costs	135,944	6,004	-	141,948	-	141,948
<b>Total Expenses</b>	<b>1,069,984</b>	<b>237,022</b>	<b>636,223</b>	<b>1,943,229</b>	<b>8,100</b>	<b>1,951,329</b>
Excess Support and Revenues over Expenses	\$ 93,517	\$ 42,324	\$ (175,267)	\$ (39,426)	\$ 79,117	\$ 39,691
Transfers	(64,372)	-	175,267	110,895	(110,895)	-
Net Assets, Beginning of Year	2,339,745	-	-	2,339,745	314,818	2,654,563
Net Assets, End of Year	<b>\$ 2,368,890</b>	<b>\$ 42,324</b>	<b>\$ -</b>	<b>\$ 2,411,214</b>	<b>\$ 283,040</b>	<b>\$ 2,694,254</b>