

EVERETT GOSPEL MISSION, INC.
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

EVERETT GOSPEL MISSION, INC.

YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Everett Gospel Mission

We have audited the accompanying financial statements of Everett Gospel Mission, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Everett Gospel Mission, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Everett Gospel Mission, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Finney, Neill & Company, P.S.

January 29, 2019
Seattle, Washington

EVERETT GOSPEL MISSION, INC.
Statement of Financial Position
June 30, 2018
(With Comparative Totals for June 30, 2017)

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 825,570	811,900
Employee receivables	1,837	2,696
Grants and contracts receivable	52,658	88,325
Inventory	62,733	66,106
Prepaid expenses	32,690	43,654
Total Current Assets	<u>975,488</u>	<u>1,012,681</u>
Property and Equipment		
Land	586,482	586,482
Buildings and improvements	5,038,978	5,005,996
Furniture and equipment	736,149	782,467
	<u>6,361,609</u>	<u>6,374,945</u>
Less accumulated depreciation	<u>(3,011,760)</u>	<u>(2,890,603)</u>
Property and Equipment, net	3,349,849	3,484,342
Construction in progress	72,592	66,561
Other assets - interest in trust	34,935	34,935
Total Assets	<u>\$ 4,432,864</u>	<u>4,598,519</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable	\$ 50,863	65,149
Accrued payroll and other liabilities	130,631	141,012
Long-term debt - current portion	30,639	29,381
Total Current Liabilities	<u>212,133</u>	<u>235,542</u>
Long-Term Liabilities		
Long-term debt, net of current portion and loan fees	<u>1,108,739</u>	<u>1,126,909</u>
Total Long-Term Liabilities	<u>1,108,739</u>	<u>1,126,909</u>
Total Liabilities	<u>1,320,872</u>	<u>1,362,451</u>
Net Assets		
Unrestricted	2,202,512	2,267,819
Temporarily restricted	874,545	933,314
Permanently restricted	34,935	34,935
Total Net Assets	<u>3,111,992</u>	<u>3,236,068</u>
	<u>\$ 4,432,864</u>	<u>4,598,519</u>

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

EVERETT GOSPEL MISSION, INC.
Statement of Activities
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	2017
Support and Revenues					
Contributions	\$ 2,729,211	17,000	-	2,746,211	2,646,129
In-kind donations	1,473,361	-	-	1,473,361	1,446,513
Government grants	328,329	35,658	-	363,987	323,357
Campaign contributions	-	30,000	-	30,000	213,500
Bed donations	70,525	-	-	70,525	74,122
Rental income	91,564	-	-	91,564	96,225
Special events, net of benefit to donors of \$0 and \$24,338	4,099	-	-	4,099	42,061
Change in value of split-interest agreement	-	-	-	-	928
Investment income	2,333	-	-	2,333	3,460
Miscellaneous income	9,034	-	-	9,034	12,759
Gain (loss) on disposal of assets	(17,900)	-	-	(17,900)	500
Net assets released from restrictions	141,427	(141,427)	-	-	-
Total Revenue	4,831,983	(58,769)	-	4,773,214	4,859,554
Expenses					
Program services	3,711,047	-	-	3,711,047	3,669,287
Management and general	458,523	-	-	458,523	377,587
Fundraising	727,720	-	-	727,720	659,997
Total Expenses	4,897,290	-	-	4,897,290	4,706,871
Change in Net Assets	(65,307)	(58,769)	-	(124,076)	152,683
Net Assets, beginning of year	2,267,819	933,314	34,935	3,236,068	3,083,385
Net Assets, end of year	\$ 2,202,512	874,545	34,935	3,111,992	3,236,068

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

EVERETT GOSPEL MISSION, INC.

Statement of Functional Expenses

Year Ended June 30, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	Program Services	Management and General	Fundraising	2018 Totals	2017 Totals
Employee wages, taxes and benefits	\$ 734,270	293,925	201,990	1,230,185	1,219,282
Food (purchased and in-kind)	921,995	18	89	922,102	912,299
Fundraising fees and expenses	-	-	256,071	256,071	228,080
Housing and essential needs	193,135	-	-	193,135	203,555
Interest	39,509	10,193	-	49,702	51,999
Personal items (in-kind)	628,534	-	-	628,534	588,956
Printing	19,588	212	123,958	143,758	137,661
Professional (purchased and in-kind)	131,290	39,759	45,600	216,649	200,297
Public relations	85,075	1,356	11,680	98,111	106,204
Repairs and maintenance	190,148	8,385	-	198,533	158,817
Supplies	175,611	9,289	757	185,657	158,869
Utilities	216,583	7,010	-	223,593	200,835
Program expenses	16,395	-	-	16,395	61,205
Other operating expenses	205,223	45,777	87,575	338,575	280,053
Total expenses before depreciation	3,557,356	415,924	727,720	4,701,000	4,508,112
Depreciation	153,691	42,599	-	196,290	198,759
Total expenses	<u>\$ 3,711,047</u>	<u>458,523</u>	<u>727,720</u>	<u>4,897,290</u>	<u>4,706,871</u>

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

EVERETT GOSPEL MISSION, INC.
Statement of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (124,076)	152,683
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	196,932	199,400
Loss on disposal of fixed assets	17,900	-
Change in value of split-interest agreement	-	(928)
Changes in operating assets and liabilities		
Grants receivable	35,667	(28,414)
Pledge receivable	-	222
Prepaid expenses	10,964	13,093
Inventory	3,373	(4,606)
Accounts payable	(14,286)	(1,777)
Accrued liabilities	(10,381)	18,333
Net cash provided (used) by operating activities	116,093	348,006
Cash Flows from Investing Activities		
Advances to employees, net of repayments	859	3,739
Proceeds from sale of equipment	1,200	-
Purchases of property and equipment	(86,928)	(137,612)
Net cash provided (used) in investing activities	(84,869)	(133,873)
Cash Flows from Financing Activities		
Principal payments on capital leases	-	(10,094)
Principal payments on long-term debt	(17,554)	(29,268)
Net cash provided (used) in financing activities	(17,554)	(39,362)
Net increase (decrease) in cash	13,670	174,771
Cash and cash equivalents at beginning of year	811,900	637,129
Cash and cash equivalents at end of year	\$ 825,570	811,900
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 49,060	51,357

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

EVERETT GOSPEL MISSION, INC.

Notes to Financial Statement

Year Ended June 30, 2018

(With comparative totals for year ended June 30, 2017)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

The Everett Gospel Mission, Inc. (the Organization) is a nonprofit corporation established in 1961 to meet the physical and spiritual needs of the homeless and hurting in the Everett community by spreading the Gospel through rescue mission work. The majority of its financial support comes from donations from individuals and local businesses.

Basis of presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Presentation of Financial Statements for Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization's policy is to present donor funds that are restricted or endowed for specific purposes, but for the Organization's "variance power," as temporarily or permanently restricted. While the Organization retains authority to exercise "variance power" by which the Board may legally resolve to release donor restrictions, it has no current intention to do so. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets are available without restriction for support of the Organization's operations.
- Temporarily restricted net assets are restricted by the donor to be used for certain purposes or future periods and consisted of \$874,545 and \$933,314 at June 30, 2018 and 2017, respectively.
- Permanently restricted net assets are sustaining funds given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations or specific purposes. The balance in permanently restricted net assets for the years ended June 30, 2018 and 2017 consisted of a charitable perpetual trust split-interest agreement. Assets held in the trust designated for the Organization totaled \$34,935 and \$34,935 at June 30, 2018 and 2017, respectively.

When restrictions on temporarily restricted net assets expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Resources with donor-imposed restrictions whose restrictions have been met within one reporting period are reported as unrestricted assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their uses are restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

EVERETT GOSPEL MISSION, INC.
Notes to Financial Statement, continued
Year Ended June 30, 2018
(With comparative totals for year ended June 30, 2017)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Cash and cash equivalents

Cash and cash equivalents consist of general checking, demand deposits, savings accounts, and short-term investments with original maturities of three months or less. The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Grants and contracts receivable

Grants and contracts receivable includes amounts owing from service agreements and government grants, and are stated at net realizable value and is unsecured. Management provides for uncollectible accounts receivables through a provision for bad debt expense and an adjustment to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. As of June 30, 2018 and 2017, the balances are considered to be fully collectible.

Inventory

The Organization maintains an inventory of food and personal items which is stated at the lower of cost or market determined by the first-in, first-out method if purchased, or at its estimated fair value if donated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

Property and equipment

Property and equipment are stated at cost or, if donated, at market value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

EVERETT GOSPEL MISSION, INC.

Notes to Financial Statement, continued

Year Ended June 30, 2018

(With comparative totals for year ended June 30, 2017)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Property and equipment, continued

Building and improvements	7 - 40 years
Furniture and equipment	3 - 10 years

Expenditures greater than \$2,500 are capitalized. Costs of repairs and maintenance and items less than \$2,500 are expensed when incurred. Depreciation expense was \$196,290 and \$198,759 for the years ended June 30, 2018 and 2017, respectively.

Debt issuance costs

Amortizable fees and costs, such as loan and transaction fees, are stated at cost as a deduction from the principal balance of the loan and are amortized on the straight-line basis over periods from seven to thirty years. Amortization expense for the years ended June 30, 2018 and 2017 was \$0 and \$642, respectively and is included in interest expense.

Rental income

Rental income for transitional housing is recognized when received.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of unrestricted activities and of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services.

Restricted and unrestricted support

Contributed support is recorded when a promise to give is made or when ownership of donated assets is transferred. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted resources whose restrictions are met in the reporting period received are recorded as unrestricted.

Donated goods and services

Donated goods and services are recorded as in-kind contributions at their estimated fair values at the date of donation. In accordance with financial accounting standards, the financial statements reflect only those donated services requiring specific expertise that the Organization would otherwise need to purchase.

The majority of the food used to feed the clients of the Organization is donated in-kind and is recorded in the financial statements at its estimated fair value of \$826,436 and \$829,304, respectively, for the years ended June 30, 2018 and 2017.

The Organization also provides clients with clothing and toiletries that are donated in-kind and recorded in the financial statements at an estimated fair value of \$625,161 and \$593,562, respectively, for the years ended June 30, 2018 and 2017

The Organization also received donated services for garbage collection and professional services totaling \$21,764 and \$23,647, respectively, in the years ended June 30, 2018 and 2017.

EVERETT GOSPEL MISSION, INC.
Notes to Financial Statement, continued
Year Ended June 30, 2018
(With comparative totals for year ended June 30, 2017)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Donated goods and services, continued

Of the donated items, the estimated amounts of donations held in inventory at year end are as follows:

	2018	2017
Donated food	\$ 39,551	39,551
Donated personal and household items	23,182	26,555
Amount included in the financial statements as inventory	\$ 62,733	66,106

Federal income taxes

The Internal Revenue Service has recognized the Organization as exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Everett Gospel Mission, Inc. accounts for tax positions in accordance with the Recognition and Initial Measurement Sections of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification. With few exceptions, Everett Gospel Mission, Inc. is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed Everett Gospel Mission, Inc.'s tax positions and determined there were no uncertain tax positions as of June 30, 2018 and 2017.

Everett Gospel Mission, Inc. recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended June 30, 2018 and 2017, Everett Gospel Mission, Inc. recognized no income tax related interest or penalties.

Reclassifications

Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the change in net assets.

Impairment of Long-Lived Assets

Everett Gospel Mission, Inc. reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended June 30, 2018 and 2017.

Date of Management's Review

Subsequent events have been evaluated through January 29, 2019, which is the date the financial statements were available to be issued.

EVERETT GOSPEL MISSION, INC.
Notes to Financial Statement, continued
Year Ended June 30, 2018
(With comparative totals for year ended June 30, 2017)

NOTE 2 – OTHER ASSETS – INTEREST IN TRUST

A perpetual trust held by a local bank was established by a donor in 1992. The split-interest agreement designated the Organization as 10% income beneficiary establishing its right to receive the greater of 10% of the annual income, or 10% of 5% of the fair market value of the trust on an annual basis. Based on the fair market value of the trust, the present value of the future benefits expected to be received by the Organization was estimated to be \$34,935 and \$34,935 for the years ended June 30, 2018 and 2017, respectively.

NOTE 3 - LINE OF CREDIT

The Organization has a revolving line of credit agreement with a Banner Bank, NA in the amount of \$150,000. The agreement carried a variable interest rate of 4.14% at June 30, 2018. The line is unsecured. There were no advances outstanding as of June 30, 2018 and 2017.

NOTE 4 – NOTES PAYABLE

The Organization had the following notes payable as of June 30:

	2018	2017
Mortgage payable to Banner Bank, payable at \$6,467 per month, including interest of 2.50% over an independent index and maturing on June 21, 2026. Interest rate at June 30, 2018 and 2017 was 4.14%. Secured by deed of trust on and assignment of rents from the Women's Mission and Harrison House property.	\$ 1,133,214	1,162,070
Note payable to State of Washington Department of Commerce. Note carries 0% interest and is due in full September 9, 2026.	11,302	-
Total long-term debt principal	1,144,516	1,162,070
Less current portion	(30,639)	(29,381)
Less unamortized loan fees	(5,138)	(5,780)
Total long term debt, net of current portion and loan fees	\$ 1,108,739	1,126,909

Maturities of long-term debt are as follows for the years ending June 30:

2019	\$ 30,639
2020	31,824
2021	33,311
2022	34,737
2023	33,211
Thereafter	980,794
	\$ 1,144,516

EVERETT GOSPEL MISSION, INC.
Notes to Financial Statement, continued
Year Ended June 30, 2018
(With comparative totals for year ended June 30, 2017)

NOTE 5 – TEMPORARILY RESTRICTED FUNDS

Balances of and transactions affecting temporarily restricted funds were as follows:

<u>Grantor/Purpose/Secured by/Released in:</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Current Year</u> <u>Revenues/</u> <u>Contributions</u>	<u>Less</u> <u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>June 30, 2018</u>
Washington State/homeless shelter/ Men's Mission/2020	\$ 250,000	-	-	250,000
Snohomish County/homeless shelter/ Men's Mission/2020	165,000	-	-	165,000
Washington State/transitional housing/ Harrison House/2026	11,302	-	(11,302)	-
City of Everett/community housing improvement programs/Women's Mission/2026	52,844	-	-	52,844
City of Everett/affordable housing/ Men's Mission/2026	25,374	-	-	25,374
Snohomish County/non profit public facilities/ Men's Mission/2026	45,944	-	-	45,944
City of Everett/homeless shelter/ Men's Mission/2019	37,204	-	-	37,204
City of Everett/community housing improvement program/Men's Mission/2026	33,341	-	-	33,341
City of Everett/community housing improvement program/Women's Mission/2027	<u>29,633</u>	<u>-</u>	<u>-</u>	<u>29,633</u>
Subtotal grants	650,642	-	(11,302)	639,340
<u>Grants Receivable</u>				
HENS	64,140	34,458	(64,140)	34,458
O&M	-	933	-	933
Child nutrition grant	<u>685</u>	<u>267</u>	<u>(685)</u>	<u>267</u>
Subtotal grants receivable	64,825	35,658	(64,825)	35,658
<u>Capital Campaign</u>				
Campaign donations received	<u>217,847</u>	<u>47,000</u>	<u>(65,300)</u>	<u>199,547</u>
Subtotal campaign	<u>217,847</u>	<u>47,000</u>	<u>(65,300)</u>	<u>199,547</u>
Total temporarily restricted net assets	<u>\$ 933,314</u>	<u>82,658</u>	<u>(141,427)</u>	<u>874,545</u>

Several of the preceding grants have mortgages recorded by the State of Washington, Snohomish County, and the City of Everett, but are not required to be repaid provided that the housing remains available for the intended use in accordance with the agreements made for each grant. As long as these requirements are met and the mortgages have not otherwise become due and payable by reason of default under the mortgages or regulatory agreements, the mortgages shall be discharged on the maturity dates. It is unlikely that the mortgages will be repaid, and as such, they have been classified as temporarily restricted net assets on the Statement of Financial Position.

EVERETT GOSPEL MISSION, INC.
Notes to Financial Statement, continued
Year Ended June 30, 2018
(With comparative totals for year ended June 30, 2017)

NOTE 6 – RETIREMENT PLAN

The Organization has adopted a 403(b) Plan that covers eligible employees. Personnel who have been employed for more than one year receive a contribution of 3% of their salary. In addition, employees also receive a 100% match of elective contributions up to 3% of their salary. Contributions made for the years ended June 30, 2018 and 2017 were \$34,390 and \$35,923, respectively.

NOTE 7 – LEASE COMMITMENTS

Operating Leases

In August 2017, the Organization entered into a 5 year copier lease. Under the terms of this lease, the Organization is obligated to pay a monthly rental fee of \$537 plus tax. Rent expense was \$7,629 for the year ended June 30, 2018. Future payments under this lease are as follows for the year ending June 30:

2019	\$	6,445
2020		6,445
2021		6,445
2022		6,445
2023		1,074
	\$	<u>26,854</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2018 and 2017, respectively, the Organization received \$35,195 and \$24,395 in contributions from members of the Board of Directors.

NOTE 9 – ECONOMIC CONCENTRATIONS AND CONTINGENCIES

One donor supplied 28% and 31% of the Organization's in-kind food during the years ended June 30, 2018 and 2017, respectively.

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

NOTE 11 – CONDITIONAL PROMISE TO GIVE

In fiscal year 2017, the Organization received a three-year grant which included a conditional promise to give from the donor. The Organization is required to raise certain matching funds as a condition of this promise to give. \$17,000 is available under the conditional promise to give if matching funds are raised.