

VISALIA RESCUE MISSION
(A Non-profit Corporation)
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

M. GREEN AND COMPANY LLP
Certified Public Accountants

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M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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Board of Directors
Visalia Rescue Mission

Report on the Financial Statements

We have audited the accompanying financial statements of Visalia Rescue Mission (the Mission), a California non-profit corporation, which comprise the statement of financial position as of September 30, 2021 and the related statement 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 the Mission as of September 30, 2021, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the Mission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mission's internal control over financial reporting and compliance.

M Green and Company LLP

Visalia, California
June 15, 2022

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 388,304
Investments	29,652
Accounts receivable	11,309
Prepays	27,931
Inventory	<u>1,102,310</u>
Total current assets	<u>1,559,506</u>

NON-CURRENT ASSETS:

Deposits	47,789
Other assets	3,156
Property and equipment, at cost:	
Land	448,171
Buildings and improvements	3,457,162
Machinery and equipment	372,138
Furniture and fixtures	103,723
Vehicles	354,768
Construction in progress	529,315
Less: accumulated depreciation	<u>(1,993,385)</u>
Total non-current assets	<u>3,322,837</u>
Total assets	<u><u>\$4,882,343</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Notes payable, current portion	\$ 32,398
Accounts payable	13,154
Salaries and wages payable	101,507
Accrued paid time off	52,851
Other current liabilities	<u>134</u>
Total current liabilities	<u>200,044</u>

NON-CURRENT LIABILITIES:

Notes payable, net of current portion	<u>454,937</u>
Total non-current liabilities	<u>454,937</u>
Total liabilities	<u><u>\$ 654,981</u></u>

NET ASSETS:

Without donor restrictions:	
Undesignated	4,066,481
Board designated funds	155,331
With donor restrictions	<u>5,550</u>
Total net assets	<u>4,227,362</u>
Total liabilities and net assets	<u><u>\$4,882,343</u></u>

The accompanying notes are an integral part of these statements.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT:</u>			
Contributions, individuals	\$ 521,673	\$ -	\$ 521,673
Contributions, businesses	335,013	-	335,013
Contributions, churches	139,757	-	139,757
Contributions, special campaigns	1,045,071	-	1,045,071
Contributions, trusts and estates	11,563	-	11,563
Fundraisers, various events	111,832	95,888	207,720
Grants	58,190	63,000	121,190
	<hr/>	<hr/>	<hr/>
Total support	2,223,099	158,888	2,381,987
<u>REVENUE:</u>			
Thrift store sales	2,768,495	-	2,768,495
Interest income	605	-	605
Resident rent	18,194	-	18,194
Loss on sale of assets	(3,975)	-	(3,975)
Unrealized gain on investments	6,069	-	6,069
Other revenue	659,231	-	659,231
	<hr/>	<hr/>	<hr/>
Total revenue	3,448,619	-	3,448,619
<u>NON-MONETARY DONATIONS</u>			
	<hr/>	<hr/>	<hr/>
	3,612,758	-	3,612,758
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>			
	<hr/>	<hr/>	<hr/>
	264,461	(264,461)	-
TOTAL SUPPORT AND REVENUE			
	<hr/>	<hr/>	<hr/>
	9,548,937	(105,573)	9,443,364
<u>EXPENSES:</u>			
Program services	7,513,773	-	7,513,773
Support services	1,092,780	-	1,092,780
Fundraising expenses	342,705	-	342,705
	<hr/>	<hr/>	<hr/>
Total expenses	8,949,258	-	8,949,258
<u>CHANGE IN NET ASSETS</u>			
	<hr/>	<hr/>	<hr/>
	599,679	(105,573)	494,106
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	3,622,133	111,123	3,733,256
Net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ 4,221,812	\$ 5,550	\$ 4,227,362

The accompanying notes are an integral part of these statements.

VISALIA RESCUE MISSION
(A Non-profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services:		Support Services	Fundraising Services	Total
	Mission Programs	Thrift Store			
Salaries and wages	\$ 604,180	\$ 1,325,625	\$ 560,416	\$ 73,787	\$ 2,564,008
Special campaigns	-	-	1,200	164,432	165,632
Employee benefits	33,601	69,536	27,992	1,795	132,924
Fundraising, events	-	17	236	38,216	38,469
Utilities	86,816	92,484	31,557	571	211,428
Direct client services	1,123,837	55	2,127	-	1,126,019
Payroll tax expense	67,321	153,674	45,291	5,492	271,778
Repairs and maintenance	51,215	19,503	20,733	1,820	93,271
Office expense and supplies	30,591	46,762	75,736	13,937	167,026
Client housekeeping expense	38,725	75	3,998	-	42,798
Insurance	49,478	82,709	18,336	1,161	151,684
Vehicle expense	22,288	22,062	11,407	6,453	62,210
Outside services	78,154	46,175	134,155	14,826	273,310
Dues, subscriptions and publications	571	14,403	17,764	677	33,415
Professional fees	50	-	34,374	-	34,424
Property tax expense	2,498	-	358	-	2,856
Bank charges	242	47,623	6,499	11,076	65,440
Advertising	-	-	489	300	789
Licenses and permits	373	60	23	-	456
Miscellaneous	10,133	16,701	32,038	730	59,602
Interest expense	9,026	-	11,380	-	20,406
Conferences and travel	1,345	423	2,025	53	3,846
Lease expense	33,174	455,427	20,385	268	509,254
Cost of goods sold	-	2,743,336	884	7,111	2,751,331
Total before depreciation	2,243,618	5,136,650	1,059,403	342,705	8,782,376
Depreciation and amortization expense	100,129	33,376	33,377	-	166,882
Total expenses	<u>\$ 2,343,747</u>	<u>\$ 5,170,026</u>	<u>\$ 1,092,780</u>	<u>\$ 342,705</u>	<u>\$ 8,949,258</u>

The accompanying notes are an integral part of these statements.

VISALIA RESCUE MISSION
(A Non-profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	494,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-monetary other income		(490,325)
Depreciation and amortization		166,882
Loss on sale of assets		3,975
Unrealized gain on investments		(6,069)
Non-monetary donations		(3,612,758)
Non-monetary expenses		3,836,282
Changes in operating assets and liabilities:		
Increase in accounts receivable		(8,847)
Decrease in contributions receivable		1,310
Increase in prepaid expenses		(2,701)
Increase in other assets		(499)
Decrease in accounts payable and accrued liabilities		(91,570)
Net cash provided by operating activities		289,786

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment		(525,483)
Net cash used by investing activities		(525,483)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments made on debt		(25,319)
Net cash used by financing activities		(25,319)
Net decrease in cash and cash equivalents		(261,016)
Cash and cash equivalents, beginning of year		649,320
Cash and cash equivalents, end of year	\$	388,304

SUPPLEMENTAL DISCLOSURES:

Non-cash financing activities:

Reduction of loan balances	\$	(515,644)
Less amount forgiven on loan		490,325
Net payments made on debt	\$	(25,319)

Non-cash investing activities:

Acquisition of property and equipment	\$	(714,483)
Less amount financed		189,000
Net capital expenditures	\$	(525,483)

The accompanying notes are an integral part of these statements.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – Nature of Activities

Visalia Rescue Mission (the Mission) was organized in 1981 and incorporated on May 26, 1981. The Articles of Incorporation state:

“The purpose of this corporation shall be to establish and maintain a place of public worship, Bible study and prayer in the City of Visalia, County of Tulare and State of California; and to establish and maintain a temporary haven with shelter and food for needy children and adults.”

The initial target group was homeless families, although a transition was made to serve single men. An expansion program began approximately in 2006 and continues today. The Statement of Purpose, as updated in January 2020, states:

“Partnering with Central California to serve the poor and those in need with the love and power of the gospel of Christ, so they may become God-dependent and contributing members of their community.”

The Mission conducts its affairs under the management of an elected Board of Directors, a contracted executive director, various paid staff and unpaid resident trainees and volunteers. The Mission is supported primarily through contributions from the public and sales from the thrift stores.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Mission reports information regarding its financial position and activities into two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions and performing administrative functions.

Net Assets with Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Revenue Recognition

The Mission recognizes revenue from thrift store sales at a single point in time when ownership, risks and rewards transfer, which typically occurs upon transfer of goods to the customer.

Support received is recorded as net assets without donor restriction or net assets with donor restrictions support, depending on the existence and/or nature of any restrictions.

All support with donor restrictions is reported as an increase in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Furthermore, it is the policy of the Mission to show restricted support whose restrictions are met in the same reporting period as support without donor restrictions.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (continued)

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Mission maintains a general checking account for operations. The Mission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amounts reported in the statements of financial position approximate fair value because of the short-term maturities of those instruments.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains are reported on the statement of activities.

Accounts Receivable

The Mission considers all accounts receivable collectible, accordingly no allowance for doubtful accounts is required.

Inventory

Inventory consists mainly of donated household furniture, fixtures, vehicles and clothing that are later sold to the public. Inventories are recorded at estimated fair value in the period received, on a first-in first-out basis (FIFO).

Property and Equipment

Property and equipment that are purchased are shown at cost. Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the asset for a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets. The Mission capitalizes assets with a value of \$3,000 or more.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the Mission's programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program, support and fundraising services benefited. The expenses allocated on the basis of estimates of time and effort.

Advertising Costs

The Mission expenses advertising costs as the advertising expenses is incurred.

New Accounting Principles

The following is a summary of the upcoming FASB Standards that may have an impact on the Mission's future reporting:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The new guidance is effective for fiscal years beginning after December 15, 2021.

In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*. The amendments in this Update affect narrow aspects of the guidance issued in the amendments in Update 2016-02. The new guidance is effective for fiscal years beginning after December 15, 2021.

In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. The amendments in this Update provide entities with an additional (and optional) transition method to adopt new leases standard. The amendments in this Update also provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the single component when certain conditions are met. The new guidance is effective for fiscal years beginning after December 15, 2021.

In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The amendments in this Update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The new guidance is effective for fiscal years beginning after December 15, 2021.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 – Summary of Significant Accounting Policies (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update apply to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The amendments in this Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021.

In October 2020, the FASB issued ASU 2020-10, *Codification Improvements*. This Update contains amendments that improve the consistency of the Codification by including all disclosure guidance in the appropriate Disclosure Section (Section 50). The new guidance is effective for fiscal years beginning after December 15, 2021.

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842)*. The amendments in this Update address stakeholders' concerns by amending the lease classification requirements for lessors to align them with practice under Topic 840. Lessors should classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if certain criteria is met. The new guidance is effective for fiscal years beginning after December 15, 2021.

NOTE 3 – Income Taxes

The Mission is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes.

NOTE 4 – Concentration of Credit Risk

The Mission maintains cash and cash equivalents with one bank located in California. Federally insured limits are \$250,000 for this account. All cash deposits were federally insured on September 30, 2021.

NOTE 5 – Fair Value

Accounting principles generally accepted in the United States of America require disclosure of an estimate of fair value of certain financial instruments. The Mission's significant financial instruments are cash and other short-term assets. For these financial instruments, carrying values approximate fair value.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – Investments

The Mission's investment consists of 47 shares of Smucker, Inc., held at Morgan Stanley. The Smucker, Inc. shares were donated to the Mission in December 1999 with a fair value of \$975; fair value at September 30, 2021 was \$5,641, providing an unrealized gain of \$4,666, from the original date of donation. There is also a mutual fund with a fair value of \$4,122, and a money market account with a fair market value of \$8,524 at September 30, 2021. On October 5, 2007, mutual funds held by Ameriprise Financial were donated with a fair value of \$5,000. Fair value at September 30, 2021 was \$11,365. Values are based on unadjusted, quoted prices in active markets as of the measurement date, which fall under Level 1 of the Fair Value Hierarchy.

NOTE 7 – Line of Credit

On November 13, 2014, the Mission opened a \$400,000 secured line of credit with Bank of the Sierra to be drawn down as needed. Collateral consists of real property located in Tulare County. The annual percentage rate on the outstanding balance is based on the prime rate published in the Wall Street Journal Western Edition plus 1%. On January 9, 2018, the Mission renegotiated their line of credit for a \$500,000 line of credit to be drawn as needed. The annual percentage rate on the outstanding balance is based on the prime rate published in the Wall Street Journal Western Edition plus 1%, never to be more than 10.5%. The interest rate on September 30, 2021 was 5.50%. The outstanding balance on September 30, 2021, was \$0. The line of credit matured on November 13, 2021. Bank of the Sierra granted extensions through May 14, 2022. The Mission renewed the line of credit by the extension deadline.

NOTE 8 – Notes Payable

Notes payable at September 30, 2021, consisted of the following:

On November 13, 2014, the Mission entered into a note payable with Bank of the Sierra in the original amount of \$460,000, payable in monthly installments of \$3,780, including interest of 2.26 percentage points over the Index Rate. The interest rate was 7.01% as of September 30, 2021. All unpaid principal is due November 13, 2029 or on demand, however the note is not expected to be called in the near future. Collateral consists of two real properties located in Tulare County, valued at a cost of \$1,440,826, with accumulated depreciation of \$367,693 at September 30, 2021.	\$ 299,965
On March 24, 2021 the Mission entered into a note payable with Lance Mouw in the original amount of \$189,000, payable in monthly installments of \$797 commencing May 1, 2021 with interest of 3%. All unpaid principal and interest is due April 1, 2026. Collateral consists of real property located in Tulare County, valued at a cost of \$189,000.	<u>187,370</u>
Total notes payable	487,335
Less current portion	<u>(32,398)</u>
Long-term portion	<u><u>\$ 454,937</u></u>

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – Notes Payable (continued)

Annual required principal payments on these notes, are as follows:

<u>Year ending September 30,</u>	
2022	\$ 32,398
2023	34,578
2024	36,908
2025	39,401
2026	208,212
Thereafter	<u>135,838</u>
Total	<u><u>\$ 487,335</u></u>

NOTE 9 – Net Assets

The Mission's net assets at September 30, 2021, consisted of the following:

Net assets without donor restrictions:

Designated by the Board	\$ 155,331
Undesignated	<u>4,066,481</u>
Total net assets without donor restrictions	<u><u>4,221,812</u></u>

Net assets with donor restrictions:

Subject to expenditure for specified purpose:

Thrift and Program (Men's and Women's)	2,226
Capital expense	3,183
Other	<u>141</u>
Total net assets with donor restrictions	<u><u>5,550</u></u>

Total net assets	<u><u>\$ 4,227,362</u></u>
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As of September 30, 2021, the Mission had \$155,331, in board designated funds for capital improvement reserves.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – Lease Commitments

Operating Leases

The lease for the thrift store located in Visalia, California, requires monthly rent payments starting at \$13,303, with annual increases, plus Common Area Maintenance (CAM) fees through the expiration date of August 31, 2023.

The lease for the warehouse located in Visalia, California requires monthly rent payments of \$5,000 through the expiration date of September 30, 2020. The lease was renewed on the same terms expiring September 30, 2023.

The lease for the boutique store located in Visalia, California requires monthly rent payments starting at \$5,151, with annual increases, through the expiration date of March 31, 2020. The lease was renewed with monthly rent payments starting at \$5,306, with annual increases, through the expiration date of March 31, 2025.

The lease for the boutique store extension located in Visalia, California requires monthly rent payments of \$5,202, plus monthly fees of \$1,092 for NNN charges, through the expiration date of March 31, 2020. The lease was renewed with monthly rent payments starting at \$5,202, with annual increases, plus monthly fees of \$990 for NNN charges through the expiration date of March 31, 2025.

The lease for the Shelter of Hope located in Visalia, California requires monthly rent payments of \$2,100 through the expiration date of August 2021. The lease expiration date was extended on the same terms through March 1, 2022. Upon expiration, the Mission did not renew this lease.

The lease for the warming center located in Visalia, California requires monthly rent payments of \$2,000 through the expiration date of September 30, 2024.

On October 3, 2018, the Mission entered into a 60-month lease agreement with Wells Fargo Equipment Finance, for a forklift. The Mission agreed to pay monthly payments in the amount of \$249 through November 1, 2023. After this period, the term of the lease will be extended for subsequent full month periods at the regular lease payment. Upon expiration of the initial lease term, or any subsequent renewal term(s), the Mission shall return all equipment to the lessor.

The Mission will receive no sublease revenue nor pay any contingent rents associated with these leases. Rent expenses under these operating leases for the year ended September 30, 2021 was \$476,295.

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – Lease Commitments (continued)

Future minimum lease payments required under the operating leases as of September 30, 2021, are as follows:

Mooney thrift store	\$ 327,798
Warehouse	120,000
Boutique store	218,622
Chic Boutique Store	252,948
Warming center	66,000
Equipment	<u>5,478</u>
Present value of future minimum lease payments	<u><u>\$ 990,846</u></u>

As of September 30, 2021, the total remaining operating lease payments under the non-cancelable leases, are as follows:

2022	\$ 397,204
2023	389,564
2024	166,662
2025	<u>37,416</u>
Total	<u><u>\$ 990,846</u></u>

**VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 – Non-Monetary Transactions

Management has estimated that the value of all goods donated to the Mission throughout the year is equal to the revenues realized by the sale of these goods. Donated services are provided by volunteers that serve in the various programs of the Mission. Those programs include administration, House of Hope, kitchen, men's and women's facility, Shelter of Hope, thrift store, Community Center, Medical Clinic and warehouse. All other non-monetary donations are valued at fair value at the time of donation.

The non-monetary donations for the year ended September 30, 2021, are as follows:

Other food donations	\$ 1,098,207
Inventory	2,508,701
Other donation items	<u>5,850</u>
Total non-monetary donations	<u><u>\$ 3,612,758</u></u>

NOTE 12 – Liquidity and Availability of Resources

The Mission receives support from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Mission must maintain sufficient resources to meet those responsibilities to its donors, therefore, financial assets may not be available for general expenditure within one year. In the event of an unanticipated liquidity need, the Mission could also draw upon \$500,000 of available line of credit, as described in Note 7.

As part of the Mission's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically savings accounts. The Mission has reserves on hand to fill unexpected liquidity needs that may arise in addition to general expenditures.

The following table reflects the Mission's financial assets as of September 30, 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for capital, operating and other reserves that could be drawn upon if the Board approves that action.

Financial assets:	
Cash and cash equivalents	\$ 388,304
Investments	29,652
Accounts receivable	<u>11,309</u>
Total financial assets	<u>429,265</u>
Contractual or donor-imposed restrictions:	
Board designations: Capital Reserves	<u>(155,331)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 273,934</u></u>

VISALIA RESCUE MISSION
(A Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 13 – Commitment and Contingencies

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 14 – Subsequent Events

Management has evaluated subsequent events through June 15, 2022, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.



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M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Visalia Rescue Mission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Visalia Rescue Mission (the Mission), a California non-profit Corporation, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mission's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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- KRYSTAL PARREIRA, CPA, MSA
- GINILU VANDERWALL, CPA
- KRISTI WEAVER, CPA

Compliance and Other Matters

As part of obtaining reasonable assurance about the Mission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

M Green and Company LLP

Visalia, California
June 15, 2022