

ALLENTOWN RESCUE MISSION, INC.

FINANCIAL REPORT

June 30, 2024

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Certified Public Accountants | Business Consultants

ALLENTOWN RESCUE MISSION, INC.

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June 30, 2024 and 2023

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Certified Public Accountants | Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Allentown Rescue Mission, Inc.
Allentown, Pennsylvania

Opinion

We have audited the accompanying financial statements of Allentown Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allentown Rescue Mission, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allentown Rescue Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Allentown Rescue Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in cursive script that reads "Buckno Lisicky & Company".

Allentown, Pennsylvania
May 14, 2025

ALLENTOWN RESCUE MISSION, INC.**Statements of Financial Position****June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 521,775	\$ 396,566
Investments	10,798	-
Accounts and grants receivable	109,254	120,242
Accounts receivable, related party	474,259	332,768
Prepaid expenses	9,340	6,055
Inventory	46,916	49,220
Property and equipment, net	2,403,340	2,544,042
Investments in outside perpetual trusts	<u>602,179</u>	<u>567,223</u>
TOTAL ASSETS	<u>\$ 4,177,861</u>	<u>\$ 4,016,116</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 58,584	\$ 45,724
Liability to clients, custodial funds	60,312	36,130
Accrued retirement	15,993	32,027
Accrued expenses	50,105	46,461
Annuities payable	<u>82,034</u>	<u>181,445</u>
TOTAL LIABILITIES	<u>267,028</u>	<u>341,787</u>
NET ASSETS		
Without donor restrictions	2,301,822	2,377,772
With donor restrictions	<u>1,609,011</u>	<u>1,296,557</u>
TOTAL NET ASSETS	<u>3,910,833</u>	<u>3,674,329</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,177,861</u>	<u>\$ 4,016,116</u>

ALLENTOWN RESCUE MISSION, INC.**Statements of Activities****Years Ended June 30, 2024 and 2023**

	Year Ending June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Contributions and grants, private	\$ 2,124,495	\$ 300,729	\$ 2,425,224
Contributed nonfinancial assets	422,380	-	422,380
Grants, government	40,000	-	40,000
Clean team workforce development fees	978,263	-	978,263
Special events, net	16,377	-	16,377
Miscellaneous income	13,418	-	13,418
Net assets released from restrictions	23,231	(23,231)	-
TOTAL OPERATING REVENUE AND SUPPORT	3,618,164	277,498	3,895,662
OPERATING EXPENSES:			
Program services:			
Graduate program	374,166	-	374,166
Christian living transition program	379,603	-	379,603
Gateway center	659,001	-	659,001
Clean team workforce development	835,494	-	835,494
Supporting services:			
Management and general	689,152	-	689,152
Fundraising	469,354	-	469,354
TOTAL OPERATING EXPENSES	3,406,770	-	3,406,770
INCREASE FROM OPERATIONS	211,394	277,498	488,892
NON-OPERATING REVENUES (EXPENSES)			
Investment return	1,009	-	1,009
Change in value of outside perpetual trusts	-	34,956	34,956
Change in value of annuity payable	64,648	-	64,648
Transfers, related entity	(353,001)	-	(353,001)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(287,344)	34,956	(252,388)
CHANGE IN NET ASSETS	(75,950)	312,454	236,504
NET ASSETS, BEGINNING	2,377,772	1,296,557	3,674,329
NET ASSETS, ENDING	\$ 2,301,822	\$ 1,609,011	\$ 3,910,833

See Notes to Financial Statements.

ALLENTOWN RESCUE MISSION, INC.**Statements of Activities****Years Ended June 30, 2024 and 2023**

	Year Ending June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Contributions and grants, private	\$ 2,651,190	\$ 12,603	\$ 2,663,793
Contributed nonfinancial assets	492,235	-	492,235
Grants, government	53,920	-	53,920
Clean team workforce development fees	996,668	-	996,668
Special events, net	6,165	-	6,165
Miscellaneous income	20,232	-	20,232
Net assets released from restrictions	27,742	(27,742)	-
TOTAL OPERATING REVENUE AND SUPPORT	4,248,152	(15,139)	4,233,013
OPERATING EXPENSES:			
Program services:			
Graduate program	348,865	-	348,865
Christian living transition program	359,292	-	359,292
Gateway center	694,017	-	694,017
Clean team workforce development	861,028	-	861,028
Supporting services:			
Management and general	615,675	-	615,675
Fundraising	459,637	-	459,637
TOTAL OPERATING EXPENSES	3,338,514	-	3,338,514
INCREASE (DECREASE) FROM OPERATIONS	909,638	(15,139)	894,499
NON-OPERATING REVENUES (EXPENSES)			
Gain on disposal of property and equipment	2,702	-	2,702
Change in value of outside perpetual trusts	-	10,050	10,050
Change in value of annuity payable	(30,949)	-	(30,949)
Transfers, related entity	(1,624,918)	-	(1,624,918)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,653,165)	10,050	(1,643,115)
CHANGE IN NET ASSETS	(743,527)	(5,089)	(748,616)
NET ASSETS, BEGINNING	3,121,299	1,301,646	4,422,945
NET ASSETS, ENDING	\$ 2,377,772	\$ 1,296,557	\$ 3,674,329

See Notes to Financial Statements.

ALLENTOWN RESCUE MISSION, INC.**Statements of Cash Flows****Years Ended June 30, 2024 and 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 236,504	\$ (748,616)
Adjustments to reconcile change in net assets to net cash provided by (used in) by operating activities:		
Depreciation	140,702	148,296
Gain on sale of property and equipment	-	(2,702)
Unrealized gain on investments	(1,572)	-
Change in value of outside perpetual trusts	(34,956)	(10,050)
(Increase) decrease in assets:		
Accounts and grants receivable	10,988	(5,143)
Accounts receivable, related entity	(141,491)	(332,768)
Prepaid expenses	(3,285)	4,618
Inventory	2,304	(13,622)
Increase (decrease) in liabilities:		
Accounts payable	12,860	(27,733)
Liability to clients, custodial funds	24,182	8,215
Accrued retirement	(16,034)	4,679
Accrued expenses	3,644	14,868
Annuities payable	(99,411)	(11,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	134,435	(970,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(9,226)	-
Proceeds from the sale of property and equipment	-	13,500
Purchase of property and equipment	-	(21,756)
NET CASH USED IN INVESTING ACTIVITIES	(9,226)	(8,256)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	125,209	(979,214)
CASH AND CASH EQUIVALENTS, BEGINNING	396,566	1,375,780
CASH AND CASH EQUIVALENTS, ENDING	\$ 521,775	\$ 396,566

ALLENTOWN RESCUE MISSION, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services					Supporting Activities			TOTAL
	Graduate Program	Christian Living Transition Program	Gateway Center	Clean Team Workforce Development	Total Programs	Management and General	Fund Raising	Total Supporting Activities	
Salaries and wages	\$ 105,332	\$ 157,671	\$ 300,299	\$ 591,630	\$ 1,154,932	\$ 385,062	\$ 197,437	\$ 582,499	\$ 1,737,431
Employee benefits	9,971	18,060	27,621	21,319	76,971	75,009	26,402	101,411	178,382
Payroll taxes	5,207	9,768	27,281	57,293	99,549	26,135	14,590	40,725	140,274
Professional services	-	-	239	-	239	91,439	11,202	102,641	102,880
Employee training and recruitment	24	355	270	-	649	1,604	440	2,044	2,693
Advertising	-	-	-	1,286	1,286	-	166,047	166,047	167,333
Postage	42	65	65	741	913	442	4,546	4,988	5,901
Transportation	-	691	19	48,570	49,280	-	-	-	49,280
Rent	4,649	2,149	5,014	4,433	16,245	576	203	779	17,024
Utilities	17,308	7,751	17,108	26,047	68,214	4,117	1,453	5,570	73,784
Property and liability insurance	24,549	20,776	31,864	15,974	93,153	16,743	16,699	33,442	126,595
Taxes and licenses	50	710	90	3,467	4,317	3,058	146	3,204	7,521
Repairs and maintenance	12,786	5,797	13,843	15,012	47,438	12,252	875	13,127	60,565
Building custodial	607	282	1,372	14,962	17,223	64	23	87	17,310
Food and supplies	152,881	125,709	175,351	1,190	455,131	7,332	1,023	8,355	463,486
Office expense	-	-	307	2,249	2,556	7,666	13,945	21,611	24,167
Dues, memberships and subscriptions	-	-	40	379	419	1,272	216	1,488	1,907
Telephone	1,243	1,182	2,484	-	4,909	3,976	1,215	5,191	10,100
Travel and meetings	12	1,220	187	208	1,627	3,073	215	3,288	4,915
Interest and bank charges	-	-	-	236	236	37,174	1,958	39,132	39,368
Payments to or on behalf of clients	-	8,900	20,892	2,900	32,692	-	2,281	2,281	34,973
Miscellaneous	11	5	13	150	179	-	-	-	179
TOTAL EXPENSES BEFORE DEPRECIATION	334,672	361,091	624,349	808,046	2,128,158	676,994	460,916	1,137,910	3,266,068
Depreciation	39,494	18,512	34,652	27,448	120,106	12,158	8,438	20,596	140,702
TOTAL EXPENSES	\$ 374,166	\$ 379,603	\$ 659,001	\$ 835,494	\$ 2,248,264	\$ 689,152	\$ 469,354	\$ 1,158,506	\$ 3,406,770

ALLENTOWN RESCUE MISSION, INC.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services					Supporting Activities			TOTAL
	Graduate Program	Christian Living Transition Program	Gateway Center	Clean Team Workforce Development	Total Programs	Management and General	Fund Raising	Total Supporting Activities	
Salaries and wages	\$ 84,162	\$ 146,247	\$ 275,810	\$ 614,260	\$ 1,120,479	\$ 350,304	\$ 191,734	\$ 542,038	\$ 1,662,517
Employee benefits	12,230	21,171	22,241	19,475	75,117	75,001	21,933	96,934	172,051
Payroll taxes	4,356	8,089	19,587	59,529	91,561	27,795	18,264	46,059	137,620
Professional services	4,101	2,499	9,539	5,819	21,958	55,715	48,750	104,465	126,423
Employee training and recruitment	-	185	90	221	496	6,819	1,282	8,101	8,597
Advertising	-	-	-	-	-	-	127,534	127,534	127,534
Postage	75	172	133	405	785	238	2,096	2,334	3,119
Transportation	5	1,515	13	39,908	41,441	-	-	-	41,441
Rent	3,955	1,663	6,193	4,433	16,244	576	203	779	17,023
Utilities	15,147	6,783	12,236	18,541	52,707	3,603	4,008	7,611	60,318
Property and liability insurance	18,445	9,962	23,504	39,701	91,612	13,338	7,447	20,785	112,397
Taxes and licenses	66	450	99	3,498	4,113	2,455	140	2,595	6,708
Repairs and maintenance	7,185	6,457	4,822	4,636	23,100	13,727	3,528	17,255	40,355
Building custodial	747	801	382	14,319	16,249	128	233	361	16,610
Food and supplies	156,215	119,779	256,989	506	533,489	5,291	2,345	7,636	541,125
Office expense	1,368	1,648	1,155	3,601	7,772	8,326	15,114	23,440	31,212
Dues, memberships and subscriptions	13	5	32	517	567	1,912	566	2,478	3,045
Telephone	934	1,659	1,050	105	3,748	8,826	1,357	10,183	13,931
Travel and meetings	-	358	18	191	567	3,106	203	3,309	3,876
Interest and bank charges	-	-	-	187	187	25,907	559	26,466	26,653
Payments to or on behalf of clients	21	9,087	22,549	2,263	33,920	14	3,618	3,632	37,552
Miscellaneous	16	6	39	23	84	27	-	27	111
TOTAL EXPENSES BEFORE DEPRECIATION	309,041	338,536	656,481	832,138	2,136,196	603,108	450,914	1,054,022	3,190,218
Depreciation	39,824	20,756	37,536	28,890	127,006	12,567	8,723	21,290	148,296
TOTAL EXPENSES	\$ 348,865	\$ 359,292	\$ 694,017	\$ 861,028	\$ 2,263,202	\$ 615,675	\$ 459,637	\$ 1,075,312	\$ 3,338,514

See Notes to Financial Statements.

ALLENTOWN RESCUE MISSION, INC.

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 1. ORGANIZATION AND PURPOSE

Allentown Rescue Mission, Inc. (the "Mission"), is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania, with a mission of "Rescue, rehabilitation and restoration for men in crisis." For those in need, the Mission will meet physical, spiritual, emotional, social, and intellectual needs to the best of its capabilities. The Mission provides a safe and disciplined environment, teaching, counseling, rehabilitation, work, and referrals so that each person in need can work to achieve self-sufficiency.

The Mission is the sole member of four limited liability companies (Allentown Rescue Mission Clean Team, LLC, Allentown Rescue Mission Workforce Development, LLC, Brighter Future of the Allentown Rescue Mission, LLC and ARM Events, LLC) the operations of which are included under the activities of the Mission.

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Descriptions of the Mission's programs are as follows:

Gateway Center

The Gateway Center (emergency shelter) is the most basic of the programs and is often the entry-point into the long-term programs. Emergency Shelter receives clients - literally - off the street, who have exhausted all support and typically have multiple and long-term problems.

The Mission provides 72 beds for homeless men; the shelter is open seven days a week.

Christian Living Transitional Program

The Christian Living and Values Transitional Program is a Christ-centered, residential program for the restoration of homeless men to God and the community. The program offers the Good News about Jesus Christ and spiritual growth opportunities, transitional housing and housing assistance, meals and clothing, life skills education, and referrals to other service providers.

Christian Living Graduate Program

The Graduate Program provides transitional housing for Christian Living Program graduates in a safe, clean, supportive environment that helps clients transition back into society. While in this program, clients receive structured support to obtain employment and permanent housing.

Clean Team Workforce Development

Clean Team Workforce Development is an innovative project of the Allentown Rescue Mission, employing men who are working their way out of homelessness. Clean Team Workforce Development is a training program, teaching men transferrable workplace

ALLENTOWN RESCUE MISSION, INC.

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

skills, such as: promptness, safety, attentiveness, cooperation, and productivity. The goal for each participant is more than getting a job; it is to be a solid entry level worker, and a valued employee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and reflect all material receivables and payables.

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

Accounts Receivable

Accounts receivable consists of miscellaneous operating receivables collectible by the Organization. Accounts receivable are stated at unpaid balances, less allowance for credit losses. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on prior collection experience, analysis of customer's ability to pay, economic conditions and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2024 and 2023, management has determined that no allowance is required.

Investments

Investments in equity securities with readily determinable fair values and all investment in debt securities are measured at fair value in the combined statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the combined statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Inventory

Inventory consist of food and other supplies. These items are stated at the lower of cost or market valued on a first-in, first-out basis. Donated food inventory is valued at an average of the national wholesale prices as determined by Feeding America.

ALLENTOWN RESCUE MISSION, INC.

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Advertising

Advertising costs are expensed as incurred and were \$167,333 and \$127,534 for the years ended June 30, 2024 and 2023, respectively.

Outside Perpetual Trusts

The Mission is a beneficiary of two perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Mission has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a donor restricted contribution at the date the trust is established. The Mission's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from the trustees. Trust assets consist of, but are not limited to, cash held for investment, real assets funds, equity securities, alternative investments, and fixed income securities. These assets are not subject to control or direction by the Mission. Distributions of income from the trusts are reported as investment income. Gains and losses, which are not distributed by the trusts, are reflected as the change in value of outside perpetual trusts in the statement of activities.

Property and Equipment

Property and equipment, other than contributed property and equipment, is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives. Such assets and lives are generally as follows:

	<u>Years</u>
Land Improvements	45
Buildings and Improvements	39-45
Equipment and Vehicles	5-7

The Organization reports gifts of land, building, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Additions and betterments of \$500 or more are capitalized while normal repair and maintenance expenditures are not capitalized because they neither add to the value of the property nor materially prolong its useful life.

Revenue and Revenue Recognition

The Organization's contract service income is recognized over time as the services are performed.

ALLENTOWN RESCUE MISSION, INC.

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

The Organization provides grounds maintenance, interior demolition and cleanup, and other labor related services in Allentown, Pennsylvania, to residential and commercial entities, including fixed fee and hourly rate contracts. For fixed fee contracts, the Organization is entitled to payment for its performance to date if the contracts are cancelled for any reason other than the Organization's nonperformance. As a result, contract revenue is recognized over time as services are rendered. Progress towards completion of the contracts is measured by the percentage of hours incurred to date to estimated total hours to complete the services due to management's belief that total hours are the best available measure of progress on contracts. For hourly rate contracts, revenue is recognized in the amount invoiced as that amount corresponds directly to the value of the Organization's performance to date.

Revenues from contracts with customers disaggregated based upon the timing of the transfer of services is as follows:

	2024	2023
Services transferred over time	<u>\$ 978,263</u>	<u>\$ 996,668</u>

The beginning and ending contract asset balances were as follows:

	2024	2023	2022
Accounts receivable	<u>\$ 104,486</u>	<u>\$ 115,458</u>	<u>\$ 109,044</u>

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There are no conditional contributions for the years ended June 30, 2024 and 2023.

A portion the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$40,000 and \$53,920 for the years ended June 30, 2024 and 2023. The Organization has no refundable advances related to these grants as of June 30, 2024 and 2023.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special event revenue equal to the fair value of direct benefit to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Allocation of Expenses by Function

The Organization's method for allocating expenses among the functional reporting classifications which cannot be specifically identified as program services or supporting activities are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

Cash Equivalents

For purpose of the Statement of Cash Flows, the Organization considers certificates of deposit and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Operating vs Non-Operating Revenues and Expenses

The Organization's operating revenues and expenses on the Statement of Activities is based on the Organization's operating budget. All other revenues and expenses are reported as non-operating.

Income Taxes

The Organization is a nonprofit organization incorporated in the Commonwealth of Pennsylvania and exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Organization follows the accounting guidance as codified in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes - Uncertainty in Income Taxes. FASB ASC 740 clarifies the accounting for uncertainties in income taxes recognized in the Organization's financial statements. The standard prescribes a recognition threshold of more likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also provides guidance on derecognition, classification, interest and penalties and disclosure.

The Organization has no material unrecognized tax benefits or accrued interest or penalties. The Organization has filed tax returns in the U.S. and Commonwealth of Pennsylvania. The years ended June 30, 2022, 2023 and 2024 are open for examination by taxing authorities generally for three years after filing.

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 14, 2025, the date the financial statements were available to be issued.

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023****NOTE 3. LIQUIDITY AND AVAILABLE RESOURCES**

Looking forward, financial assets available for general expenditure within one year of the statement of financial position date comprise of the following at June 30, 2024 and 2023:

Financial assets available to fund general operations within one year:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 521,775	\$ 396,566
Accounts and grants receivable	109,254	120,242
Accounts receivable, related entity	474,259	332,768
Investments	<u>10,798</u>	<u>-</u>
	1,116,086	849,576
Less those unavailable for general expenditures within one year due to:		
Financial assets subject to donor restrictions for specified purpose	<u>(1,006,832)</u>	<u>(729,334)</u>
	<u>\$ 109,254</u>	<u>\$ 120,242</u>

As part of the Organization's liquidity management strategy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4. INVESTMENTS

The Mission has the following investments, stated at fair value, as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Stocks	<u>\$ 10,798</u>	<u>\$ -</u>

Investment return and its classification in the statements of activities is as follows:

For the Year Ended June 30, 2024

Interest and dividend income	\$ 427
Unrealized gain on investments	<u>582</u>
	<u>\$ 1,009</u>

For the Year Ended June 30, 2023

Interest and dividend income	\$ -
Unrealized loss on investments	<u>-</u>
	<u>\$ -</u>

NOTE 4. FAIR VALUE MEASUREMENTS

The Organization adopted FASB ASC 820-10, Fair Value Measurements and Disclosures, as it pertains to its financial assets and liabilities. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on assumptions that market participants at the measurement date, based on assumptions that market participants would use, including consideration for non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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;
- 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 Organization has an investment in a Limited Partnership and Outside Perpetual Trusts classified as Level 3 assets.

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 June 30, 2024 and 2023.

Outside Perpetual Trusts: Measured based on quoted market prices of the underlying securities and other relevant information generated by market transactions, divided by the Mission's share based on its pro-rata share of distributable income of the Trusts.

Stocks: Measured based on quoted market prices of the underlying securities and other relevant information generated by market transactions on the date of valuation.

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

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023**

at the reporting date. There were no transfers between Level 1, Level 2 and Level 3 investments in 2024 and 2023. Transfers would be recognized at the end of the reporting period.

The following table sets forth by level, within the fair value hierarchy, the Organizations' assets at fair value as of June 30, 2024 and 2023:

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Stocks	\$ 10,798	\$ -	\$ -	\$ 10,798
Outside Perpetual Trusts	-	-	602,179	602,179
	<u>\$ 10,798</u>	<u>\$ -</u>	<u>\$ 602,179</u>	<u>\$ 612,977</u>

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Outside Perpetual Trusts	\$ -	\$ -	\$ 567,223	\$ 567,223
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567,223</u>	<u>\$ 567,223</u>

See Note 7 for a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2024 and 2023.

NOTE 5. ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2024 and 2023:

	2024	2023
Clean Team service fees	\$ 104,486	\$ 115,458
Grants receivable	4,768	3,429
Other receivables	-	1,355
	<u>\$ 109,254</u>	<u>\$ 120,242</u>

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023****NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Land and buildings	\$ 4,294,139	\$ 4,294,139
Furniture and equipment	791,853	791,853
Vehicles	<u>106,390</u>	<u>106,390</u>
	5,192,382	5,192,382
Less: accumulated depreciation	<u>(2,789,042)</u>	<u>(2,648,340)</u>
	<u>\$ 2,403,340</u>	<u>\$ 2,544,042</u>

Depreciation expense was \$140,702 and \$148,296 for the years ended June 30, 2024 and 2023, respectively.

NOTE 7. OUTSIDE PERPETUAL TRUSTS

Allentown Rescue Mission, Inc. has two perpetual trusts that provide for annual distributions of income to the Organization as beneficiary. The trusts at June 30, 2024 and 2023 are as follows:

	<u>% Interest</u>	<u>2024</u>	<u>2023</u>
Trust under agreement of Beuhler Memorial Fund Trust	5%	\$ 186,207	\$ 173,056
Trust under agreement of Charles and Mayme Smith	50%	<u>415,972</u>	<u>394,167</u>
		<u>\$ 602,179</u>	<u>\$ 567,223</u>

Investments of the trusts, at fair value, consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash held for investment	\$ 19,085	\$ 18,962
Real asset funds	11,274	20,987
Equity securities	341,596	314,447
Fixed income securities	<u>230,224</u>	<u>212,827</u>
	<u>\$ 602,179</u>	<u>\$ 567,223</u>

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023**

Changes in the trusts consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Unrealized gains	<u>\$ 34,956</u>	<u>\$ 10,050</u>

NOTE 8. DONATED MATERIALS AND SERVICES

The Mission receives various donated materials such as food, clothing, supplies and equipment. The Mission's policy related to gifts-in-kind is to utilize the assets given to carry out the purpose of the Organization. Thus, the fair market value of contributed materials is reported as support and expense in the period which they were received. If an asset is provided that does not allow the Mission to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Mission also receives donated medical and other services for individuals in need of care. Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. The table below summarizes the fair market value of contributed materials and services:

	<u>2024</u>	<u>2023</u>
Donated equipment	\$ -	\$ 746
Donated food and supplies	211,151	318,840
Donated clothing	140,800	129,200
Donated services	<u>70,429</u>	<u>43,449</u>
	<u>\$ 422,380</u>	<u>\$ 492,235</u>

All contributed assets and services are used in the program services of the Mission.

Time has been donated by volunteers and board members of the Organization; however, such services are typically not recorded.

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023****NOTE 9. ANNUITIES PAYABLE**

Charitable gift annuities and charitable remainder annuity trust consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Charitable Gift Annuity created in 2001 requiring quarterly payments of \$7,187 to the donor for his lifetime. Deceased June, 2024.	\$ -	\$ 97,392
Charitable Gift Annuity created in 2008 requiring quarterly payments of \$3,300 to the donor for his lifetime.	<u>82,034</u>	<u>84,053</u>
	<u>\$ 82,034</u>	<u>\$ 181,445</u>

On an annual basis, the Mission revalues the liabilities/assets of the split-interest agreements based on applicable mortality tables and discount rates, which vary from 6.6% to 7.2%.

NOTE 10. RETIREMENT PLAN

The Mission offers a 401(k) profit sharing plan whereby they contribute 6% of eligible wages to the plan annually. The Organization also offers a 401(k) plan whereby they will match up to 3% of eligible wages. Retirement expense was \$57,313 and \$73,886, for the years ended June 30, 2024 and 2023, respectively. In addition, a tax deferred annuity plan is available to staff members.

NOTE 11. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions is comprised of amounts for the following purposes as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ (351,518)	\$ (416,270)
Board-designated for specified purpose:		
Working capital	150,000	150,000
Operating reserve	60,000	60,000
Emergencies	40,000	40,000
Investment in property	<u>2,403,340</u>	<u>2,544,042</u>
	<u>\$ 2,301,822</u>	<u>\$ 2,377,772</u>

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023****NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions, including assets that were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors, is comprised of amounts for the following purposes as of June 30, 2024 and 2023:

	2024	2023
<i>Subject to purpose:</i>		
Car program	\$ 20,000	\$ 20,000
Van purchase	3,140	3,140
Financial Literacy Program	2,500	2,500
Vocational training	11,999	8,717
Medical care for the underprivileged	690,464	694,977
Capital project	263,729	-
Food purchases	15,000	-
	<u>1,006,832</u>	<u>729,334</u>
<i>Perpetual in nature:</i>		
Outside perpetual trust	602,179	567,223
	<u>602,179</u>	<u>567,223</u>
	<u>\$ 1,609,011</u>	<u>\$ 1,296,557</u>

Net assets which were released from donor restrictions for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
<i>Satisfaction of purpose restriction:</i>		
Vocation training	\$ 11,218	\$ 7,800
Equipment purchase	-	12,603
Medical care for the underprivileged	4,513	7,339
Food purchases	7,500	-
	<u>\$ 23,231</u>	<u>\$ 27,742</u>

ALLENTOWN RESCUE MISSION, INC.**Notes to Financial Statements****Years Ended June 30, 2024 and 2023****NOTE 13. SPECIAL EVENTS**

Revenue and related expenses of the Organization's major fundraising events are as follows:

<u>June 30, 2024</u>	<u>Event</u> <u>Contributions</u>	<u>Cost of</u> <u>Direct Benefits</u>	<u>Net Revenue</u>
Other events	<u>\$ 23,555</u>	<u>\$ (7,178)</u>	<u>\$ 16,377</u>
 <u>June 30, 2023</u>	 <u>Event</u> <u>Contributions</u>	 <u>Cost of</u> <u>Direct Benefits</u>	 <u>Net Revenue</u>
Other events	<u>\$ 18,937</u>	<u>\$ (12,772)</u>	<u>\$ 6,165</u>

NOTE 14. RELATED PARTY TRANSACTIONS

The Organization receives funding and transfers funds to a related entity that holds those funds for investment. For the years ended June 30, 2024 and 2023, the Organization transferred funds in the amount of \$827,260 and \$1,624,918, respectively.

Additionally, the Organization has amounts receivable related to fund transfers in the amount of \$0 and \$332,768 as of June 30, 2024 and 2023, respectively.

NOTE 15. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in limited financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, bank balances are in excess of FDIC limits. The Organization has not experienced any losses as a result of these uninsured cash balances.

NOTE 16. SUBSEQUENT EVENT

On August 19, 2024, the Organization filed a certificate of amendment with the Pennsylvania Bureau of Corporations and Charitable Organizations, changing the name of a disregarded subsidiary, Allentown Rescue Mission Clean Team, LLC. The name was amended to Clean Team Workforce, LLC.