

HOPE GOSPEL MISSION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

**HOPE GOSPEL MISSION, INC.
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YEARS ENDED JUNE 30, 2018 AND 2017**

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hope Gospel Mission, Inc.
Eau Claire, Wisconsin

We have audited the accompanying financial statements of Hope Gospel Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 opinions 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. 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 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 opinions.

Board of Directors
Hope Gospel Mission, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Gospel Mission, Inc. as of June 30, 2018 and 2017 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
October 9, 2018

HOPE GOSPEL MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,524,311	\$ 1,093,267
Restricted Cash	31,248	29,965
Grants Receivable	800,000	-
Unconditional Promises to Give	234,509	106,766
Inventory	459,862	434,682
Prepaid Expenses	24,158	14,806
Funds Held in Escrow	13,875	17,325
Total Current Assets	3,087,963	1,696,811
PROPERTY AND EQUIPMENT, NET	2,892,073	2,664,696
NONCURRENT UNCONDITIONAL PROMISES TO GIVE	230,827	113,867
FUNDS HELD AT FOUNDATION	11,591	10,891
Total Assets	\$ 6,222,454	\$ 4,486,265
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 917,587	\$ 52,503
Accounts Payable	324,880	65,951
Accrued Liabilities	197,075	151,267
Funds Held for Others	31,248	29,965
Total Current Liabilities	1,470,790	299,686
LONG-TERM DEBT, Less Current Maturities	626,938	1,525,786
Total Liabilities	2,097,728	1,825,472
NET ASSETS		
Unrestricted	2,819,126	2,440,160
Temporarily Restricted	1,305,600	220,633
Total Net Assets	4,124,726	2,660,793
Total Liabilities and Net Assets	\$ 6,222,454	\$ 4,486,265

See accompanying Notes to the Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT						
Program Service Revenue	\$ 11,552	\$ -	\$ 11,552	\$ 5,896	\$ -	\$ 5,896
Contributions	581,273	1,544,617	2,125,890	640,017	220,633	860,650
Bargain Center Sales	2,099,500	-	2,099,500	2,018,147	-	2,018,147
Building Hope Sales	603,126	-	603,126	642,960	-	642,960
Auto Sales	44,460	-	44,460	51,959	-	51,959
Investment Income	3,671	-	3,671	3,382	-	3,382
Gain (Loss) on Disposal of Assets	121,680	-	121,680	(3,843)	-	(3,843)
Miscellaneous Income	113,733	-	113,733	91,638	-	91,638
Expiration of Time and Use Restrictions	459,650	(459,650)	-	500	(500)	-
Total Revenues and Other Support	4,038,645	1,084,967	5,123,612	3,450,656	220,133	3,670,789
EXPENSES						
Program Services	931,003	-	931,003	767,560	-	767,560
Management and General	286,049	-	286,049	286,266	-	286,266
Fundraising	422,056	-	422,056	382,709	-	382,709
Bargain Center	1,453,526	-	1,453,526	1,399,041	-	1,399,041
Building Hope	531,962	-	531,962	534,478	-	534,478
Hope Gospel Mission Auto Sales	35,083	-	35,083	38,014	-	38,014
Total Expenses	3,659,679	-	3,659,679	3,408,068	-	3,408,068
CHANGES IN NET ASSETS	378,966	1,084,967	1,463,933	42,588	220,133	262,721
Net Assets - Beginning of Year	2,440,160	220,633	2,660,793	2,397,572	500	2,398,072
NET ASSETS - END OF YEAR	\$ 2,819,126	\$ 1,305,600	\$ 4,124,726	\$ 2,440,160	\$ 220,633	\$ 2,660,793

See accompanying Notes to the Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	2018						Totals
	Program				Management and		
	Program Services	Bargain Center	Building Hope	Auto Sales	General	Fundraising	
Personnel	\$ 497,921	\$ 783,977	\$ 229,994	\$ 15,648	\$ 220,489	\$ 168,492	\$ 1,916,521
Capital Campaign Expenses	-	-	-	-	-	105,959	105,959
Insurance	55,557	76,343	29,474	2,987	16,430	11,020	191,811
Utilities	68,259	137,569	66,930	2,204	2,248	5,183	282,393
Interest	15,918	41,207	24,853	5,812	206	103	88,099
Cost of Goods Sold	-	31,027	72,985	3,186	-	-	107,198
Advertising and Promotional	138	60,703	25,959	1,615	150	720	89,285
Vouchers	-	67,534	-	-	-	-	67,534
Professional Fees	-	-	-	-	20,537	-	20,537
Bank and Credit Card Charges	89	41,735	14,638	-	133	3,383	59,978
Donor Cultivation Expense	-	-	-	-	35	76,451	76,486
Store Supplies	-	32,663	8,369	-	-	-	41,032
Program Expenses	142,711	-	-	915	6,983	369	150,978
Special Events	1,135	200	-	-	3,821	16,448	21,604
Vehicle and Travel	7,310	17,219	15,634	975	1,556	662	43,356
Repairs and Maintenance	17,483	25,624	7,654	185	2,258	1,288	54,492
Training and Conferences	12,512	9,304	1,149	-	2,796	3,904	29,665
Database and Website	10,308	10,896	4,142	-	2,095	8,853	36,294
Donor Acquisition Expense	-	-	-	-	-	14,730	14,730
Supplies	11,131	4,564	1,637	998	2,074	906	21,310
Rent Expense	18,622	51,844	-	-	-	-	70,466
Food	11,453	5,791	600	29	1,347	760	19,980
Printing and Reproduction	2,194	527	-	-	170	644	3,535
Postage and Delivery	251	81	50	25	546	440	1,393
Resident Supplies	5,846	-	-	-	-	-	5,846
Computer Equipment	4,370	-	-	-	-	-	4,370
Property Taxes	14,885	-	-	-	-	187	15,072
Miscellaneous	3,322	3,580	1,492	-	1,458	807	10,659
Total Expenses Before Depreciation	901,415	1,402,388	505,560	34,579	285,332	421,309	3,550,583
Depreciation	29,588	51,138	26,402	504	717	747	109,096
Total Expenses	\$ 931,003	\$ 1,453,526	\$ 531,962	\$ 35,083	\$ 286,049	\$ 422,056	\$ 3,659,679

See accompanying Notes to the Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017

	2017						Totals
	Program			Management and			
	Program Services	Bargain Center	Building Hope	Auto Sales	General	Fundraising	
Personnel	\$ 456,794	\$ 738,289	\$ 242,303	\$ 16,696	\$ 221,551	\$ 158,588	\$ 1,834,221
Capital Campaign Expenses	-	-	-	-	-	56,400	56,400
Insurance	82,327	92,876	29,485	3,926	22,565	33,187	264,366
Utilities	46,683	138,922	61,791	2,153	2,340	5,310	257,199
Interest	14,957	35,849	25,576	5,056	179	89	81,706
Cost of Goods Sold	-	33,633	69,972	3,115	-	-	106,720
Advertising and Promotional	1,320	51,548	18,414	35	120	95	71,532
Vouchers	-	63,538	-	-	-	-	63,538
Professional Fees	1,813	200	444	-	17,023	-	19,480
Bank and Credit Card Charges	173	42,403	15,404	38	245	2,608	60,871
Donor Cultivation Expense	-	-	-	-	1,177	50,265	51,442
Store Supplies	-	41,638	7,487	801	-	-	49,926
Program Expenses	46,202	-	-	1,579	5,094	366	53,241
Special Events	579	276	-	-	2,950	15,559	19,364
Vehicle and Travel	6,934	13,042	12,495	1,840	1,420	516	36,247
Repairs and Maintenance	14,402	35,042	13,646	143	1,625	815	65,673
Training and Conferences	8,564	4,215	1,047	-	1,589	1,755	17,170
Database and Website	10,388	6,110	2,149	-	1,115	8,245	28,007
Donor Acquisition Expense	-	-	-	-	-	42,461	42,461
Supplies	7,569	6,038	1,677	165	2,298	994	18,741
Rent Expense	3,780	39,321	-	-	-	-	43,101
Food	10,482	4,282	986	-	834	602	17,186
Printing and Reproduction	3,513	484	273	-	480	1,137	5,887
Postage and Delivery	1,046	291	111	94	138	1,281	2,961
Resident Supplies	3,188	-	-	-	-	-	3,188
Computer Equipment	1,012	-	1,275	-	1,673	553	4,513
Property Taxes	8,272	-	-	-	-	199	8,471
Miscellaneous	4,854	2,399	1,196	290	1,133	799	10,671
Total Expenses Before Depreciation	734,852	1,350,396	505,731	35,931	285,549	381,824	3,294,283
Depreciation	32,708	48,645	28,747	2,083	717	885	113,785
Total Expenses	\$ 767,560	\$ 1,399,041	\$ 534,478	\$ 38,014	\$ 286,266	\$ 382,709	\$ 3,408,068

See accompanying Notes to the Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,463,933	\$ 262,721
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	109,096	113,785
Gain on Disposal of Fixed Assets	(121,680)	(1,279)
Loss on Sale of Other Real Estate Owned	-	5,122
Change in Value of Holdings at Eau Claire Community Foundation	(700)	(1,085)
(Increase) Decrease in:		
Grants Receivable	(800,000)	-
Unconditional Promises to Give	(244,703)	(220,633)
Prepaid Expenses	(9,352)	535
Fund Held in Escrow	3,450	(15,450)
Inventory	(25,180)	(3,334)
Increase (Decrease) in:		
Accounts Payable	258,929	(35,586)
Accrued Liabilities	45,808	21,920
Funds Held for Others	1,283	21,719
Net Cash Provided by Operating Activities	680,884	148,435
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(639,793)	(58,194)
Proceeds on Sale of Fixed Assets	425,000	3,147
Proceeds on Sale of Other Real Estate Owned	-	209,878
Change in Restricted Cash	(1,283)	(21,719)
Net Cash Provided (Used) by Investing Activities	(216,076)	133,112
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	20,726	-
Payments on Long-Term Debt	(54,490)	(66,180)
Net Cash Used by Financing Activities	(33,764)	(66,180)
NET INCREASE IN CASH	431,044	215,367
Cash and Cash Equivalents - Beginning of Year	1,093,267	877,900
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,524,311	\$ 1,093,267
SUPPLEMENTAL INFORMATION		
Interest Paid	\$ 88,099	\$ 81,706
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Debt Refinanced	\$ 690,364	\$ -

See accompanying Notes to the Financial Statements.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hope Gospel Mission, Inc. (the Mission) is a Christian 501(c)(3) not-for-profit organization. The Mission operates shelter and rehabilitation programs for homeless men and women in Western Wisconsin. In addition, the Mission operates businesses, such as the Bargain Centers and Building Hope, to provide job skills training for residents and income to support program services. The ultimate goal of Hope Gospel Mission is to help its residents renew their lives to become productive members of society.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of Hope Gospel Mission, Inc. and changes therein are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Hope Gospel Mission, Inc. and/or by the passage of time.

Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by Hope Gospel Mission, Inc. The Mission had no permanently restricted net assets as of June 30, 2018 and 2017

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State 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 revenue and expenses during the reporting period. Actual results could vary from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and short-term investments which have an original maturity of three months or less. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Restricted Cash

Restricted cash consists of cash held for participants in Hope Gospel Mission, Inc.'s programs.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials and Inventory

Inventory consists of items purchased for resale, donated vehicles, clothing, appliances, toys, etc.

Donated inventory, materials, and supplies are recorded at fair market value when they are made available for sale. Prior to being offered for sale and included in inventory, donated items are not valued due to uncertainties concerning their value. Substantially all Hope Gospel Mission Auto Sales, Bargain Center Sales, and Building Hope sales are derived from the sale of in-kind support, which is being reported net on the face of the statement of activities.

Purchased merchandise inventory is valued at lower of cost or market; first-in, first-out.

Property and Equipment and Depreciation

Capital expenditures of \$1,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	7-50 years
Equipment	7 years
Vehicles	5 years

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired assets are placed in service as specified by the donor. The Mission reclassifies temporarily restricted net assets to unrestricted net assets at that time.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held for Others

Funds held for others consist of resident funds held by the Mission and are included in restricted cash.

Donated Services

Donated services meeting the requirements for recognition (i.e., requiring a specialized skill or creating or enhancing nonfinancial assets) are reflected in the statement of activities. The value of these services is determined objectively using the market value for similar services. In addition, the Mission receives a significant amount of donated services from unpaid volunteers who assist with various activities. These services are not recognized in the financial statements.

Presentation of Sales Taxes

The Mission collects sales taxes from nonexempt customers and remits these taxes to various state and local governments. The Mission's accounting policy is to exclude the tax collected and remitted to the state and local governments from both revenues and expenses.

Income Taxes

The Mission has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Wisconsin Statute. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

The Mission has evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2018.

Advertising

Hope Gospel Mission, Inc. expenses advertising costs in the period the expense is incurred. Advertising expense was \$89,285 and \$71,532 during the period ending June 30, 2018 and 2017, respectively.

Functional Expense Allocation

Functional expenses are allocated between program services, management and general, fundraising, Hope Bargain Center, Building Hope, and Auto Sales based on an analysis of the accounts and management judgment.

Subsequent Events

In preparing these financial statements, the Mission has evaluated events and transactions for potential recognition or disclosure through October 9, 2018, the date the financial statements were available to be issued.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 INVENTORY

Inventory consists of the following at June 30, 2018 and 2017:

	2018	2017
New Items Purchased for Resale	\$ 54,592	\$ 69,796
Donated Items	348,230	291,547
Unprocessed Items	57,040	73,339
Total	<u>\$ 459,862</u>	<u>\$ 434,682</u>

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Promises to give are for building the House of Hope. Estimated collection of promises to give is as follows:

Within One Year	\$ 234,509
In One to Five Years	230,827
Total	<u>\$ 465,336</u>

As of June 30, 2018 promises to give were discounted to present value at 1.58%. No discount was recorded as of June 30, 2017 since the discounts were not material.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation as follows:

	2018	2017
Land	\$ 678,297	\$ 497,833
Building and Improvements	2,125,046	2,552,076
Vehicles	248,052	220,385
Equipment	238,922	284,284
Construction in Progress	427,986	64,681
	3,718,303	3,619,259
Less: Accumulated Depreciation	<u>(826,230)</u>	<u>(954,563)</u>
Total Property and Equipment	<u>\$ 2,892,073</u>	<u>\$ 2,664,696</u>

The Mission has entered into a contract with Royal Construction for the construction of the new shelter on Mercantile Drive in Eau Claire, Wisconsin for an estimated total of \$3,131,498. Work began on the project in 2018. The Mission incurred total costs of \$268,421 as of June 30, 2018.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5 FUNDS HELD AT EAU CLAIRE COMMUNITY FOUNDATION

The Mission has transferred money to the Eau Claire Community Foundation (Foundation) to be held in a fund titled Hope Gospel Mission Endowment Fund. The funds are property of the Foundation. Distributions from the fund can only be made with the approval of the Foundation's Board of Trustees.

The investment at Eau Claire Community Foundation is measured at fair value on a recurring basis using the percentage of the Hope Gospel Mission Endowment Fund's contributions compared to the total pool of investments held at the Foundation. The investments held at the Eau Claire Community Foundation are readily marketable.

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2018 and 2017:

	2018	2017
Mortgage Payable to Wells Fargo Bank due in monthly installments of \$7,069 including interest at 6.38% through July 14, 2018, secured by Bargain Center Real Estate. This loan was refinanced during the year.	\$ -	\$ 669,639
Mortgage Payable to Wells Fargo Bank due in monthly installments of \$5,203 including interest at 4.25% through August 15, 2024, secured by Bargain Center Real Estate.	661,975	-
Mortgage Payable to Wells Fargo Bank due in monthly principal installments of \$2,175 plus interest at 3.95% through December 2018, secured by the Building Hope and Learning Center Buildings.	882,550	908,650
Less Current Maturities	1,544,525 (917,587)	1,578,289 (52,503)
Net Long-Term Debt	\$ 626,938	\$ 1,525,786

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 LONG-TERM DEBT (CONTINUED)

Future scheduled maturities based on refinancing of long-term debt subsequent to yearend are as follows:

Year Ending June 30,		
2019	\$	917,587
2020		36,555
2021		38,139
2022		39,792
2019		41,517
Thereafter		470,935
	\$	1,544,525

NOTE 7 LINE OF CREDIT

The Mission also has a \$100,000 bank line of credit which matures on December 31, 2018. Amounts borrowed under this agreement bear interest at the bank's prime rate plus .7%, which was 5.7% at June 30, 2018. There was no outstanding balance on the line of credit as of June 30, 2018.

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018 and 2017 are as follows:

	2018	2017
Donations for Women and Children's Center	\$ 32,000	\$ -
Affordable Housing Grant Receivable	800,000	-
Unconditional Promises to Give	473,600	220,633
	\$ 1,305,600	\$ 220,633

NOTE 9 LEASING ARRANGEMENTS

The Mission has a lease for parking lot space through October 2018 at \$315 per month.

The Mission has a lease at 121 Eau Claire St, in Mondovi, Wisconsin for a Bargain Center for \$2,333 a month from September 2016 through March of 2026.

The Mission has a lease at 8 South Farwell St, in Eau Claire, Wisconsin for the shelter for \$2,474 a month from January 2018 through December 31, 2018.

The Mission has a lease at 1230 N Broadway, in Menomonie, Wisconsin for a Bargain Center for \$2,341 a month from February 2018 through December 2018.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 9 LEASING ARRANGEMENTS (CONTINUED)

The future minimum lease payments required of the Mission for operating leases are as follows:

Year Ending June 30,		
2019	\$	58,403
2020		28,253
2021		28,253
2022		28,253
2023		28,253
Thereafter		78,604
	\$	250,019

Total rental expense \$70,466 and \$43,101 for the years ending June 30, 2018 and 2017, respectively.

The Mission has an accepted offer on a property for the women and children’s shelter and intends to close on the property in December 2018. Until closing the Mission has a lease to rent the property from its current owner for \$8,116 a month beginning in September 2018 through August 2023. Upon purchase of the property in December 2018 the lease will be null in void. The monthly lease amount for this property is not included in the future minimum payments above accordingly.

NOTE 10 RETIREMENT PLAN

The Mission offers qualified staff employees the opportunity for participation in a contributory retirement plan. The Mission matches employees’ contributions up to 3% of their regular salary. The Mission’s contribution was \$17,846 and \$15,204 for the years ended June 30, 2018 and 2017, respectively.

NOTE 11 VOUCHERS

Included in contributions income and expense for the years ended June 30, 2018 and 2017, are \$67,534 and \$63,538, respectively, for vouchers given directly to needy individuals in the Western Wisconsin area for clothing and furniture at the Bargain Center.

HOPE GOSPEL MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Mission has been approved for financing from a local bank up to \$2,728,000 to be used in the creation of the creation of the men's or women's shelter. As of June 30, 2018 there was no amounts borrowed on this loan.

The Mission has also been approved for an \$800,000 grant from the Affordable Housing Program through Wells Fargo (California) and has four years to request the funds. As of June 30, 2018, the full amount has been requested and not yet received.

The Mission received a grant of \$275,000 for improvements to the men's shelter and purchase of women's shelter from the Federal Home Loan Bank of Chicago for the Affordable Housing Program in 2005. The grantor can recapture these funds if shelters are sold or do not provide number of beds agreed to in the grant for a period of 15 years. During 2018, the Mission was required to repay \$97,272 of the grant due to selling the men's shelter before the above time frame had expired and did so before year-end.