

**HOPE GOSPEL MISSION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

**HOPE GOSPEL MISSION, INC.  
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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, 2019 and 2018, 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, 2019 and 2018 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  
December 10, 2019

**HOPE GOSPEL MISSION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,580,227	\$ 1,524,311
Restricted Cash	22,177	31,248
Grants Receivable	25,000	800,000
Unconditional Promises to Give	173,740	234,509
Inventory	530,417	459,862
Prepaid Expenses	31,299	24,158
Funds Held in Escrow	3,875	13,875
Total Current Assets	2,366,735	3,087,963
<b>PROPERTY AND EQUIPMENT, NET</b>	7,183,550	2,892,073
<b>NONCURRENT UNCONDITIONAL PROMISES TO GIVE</b>	34,485	230,827
<b>FUNDS HELD AT FOUNDATION</b>	12,063	11,591
Total Assets	\$ 9,596,833	\$ 6,222,454
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 1,219,432	\$ 917,587
Accounts Payable	61,460	324,880
Accrued Liabilities	209,024	197,075
Funds Held for Others	22,177	31,248
Total Current Liabilities	1,512,093	1,470,790
<b>LONG-TERM DEBT, Less Current Maturities</b>	1,825,018	626,938
Total Liabilities	3,337,111	2,097,728
<b>NET ASSETS</b>		
Without Donor Restrictions	6,016,497	2,819,126
With Donor Restrictions	243,225	1,305,600
Total Net Assets	6,259,722	4,124,726
Total Liabilities and Net Assets	\$ 9,596,833	\$ 6,222,454

See accompanying Notes to Financial Statements.

**HOPE GOSPEL MISSION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<b>REVENUES AND OTHER SUPPORT</b>						
Program Service Revenue	\$ 43,659	\$ -	\$ 43,659	\$ 11,552	\$ -	\$ 11,552
Contributions	2,936,431	35,000	2,971,431	581,273	1,544,617	2,125,890
Bargain Center Sales	2,564,614	-	2,564,614	2,099,500	-	2,099,500
Building Hope Sales	599,566	-	599,566	603,126	-	603,126
Auto Sales	48,300	-	48,300	44,460	-	44,460
Investment Income	7,980	-	7,980	3,671	-	3,671
Gain (Loss) on Disposal of Assets	(6,078)	-	(6,078)	121,680	-	121,680
Miscellaneous Income	146,873	-	146,873	113,733	-	113,733
Expiration of Time and Use Restrictions	1,097,375	(1,097,375)	-	459,650	(459,650)	-
Total Revenues and Other Support	<u>7,438,720</u>	<u>(1,062,375)</u>	<u>6,376,345</u>	<u>4,038,645</u>	<u>1,084,967</u>	<u>5,123,612</u>
<b>EXPENSES</b>						
Program Services	1,249,572	-	1,249,572	931,003	-	931,003
Management and General	312,415	-	312,415	286,049	-	286,049
Fundraising	451,709	-	451,709	422,056	-	422,056
Bargain Center	1,670,712	-	1,670,712	1,453,526	-	1,453,526
Building Hope	525,196	-	525,196	531,962	-	531,962
Hope Gospel Mission Auto Sales	31,745	-	31,745	35,083	-	35,083
Total Expenses	<u>4,241,349</u>	<u>-</u>	<u>4,241,349</u>	<u>3,659,679</u>	<u>-</u>	<u>3,659,679</u>
<b>CHANGES IN NET ASSETS</b>	3,197,371	(1,062,375)	2,134,996	378,966	1,084,967	1,463,933
Net Assets - Beginning of Year	<u>2,819,126</u>	<u>1,305,600</u>	<u>4,124,726</u>	<u>2,440,160</u>	<u>220,633</u>	<u>2,660,793</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,016,497</u>	<u>\$ 243,225</u>	<u>\$ 6,259,722</u>	<u>\$ 2,819,126</u>	<u>\$ 1,305,600</u>	<u>\$ 4,124,726</u>

See accompanying Notes to Financial Statements.

**HOPE GOSPEL MISSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	2019						Totals
	Program				Management and General		
	Program Services	Bargain Center	Building Hope	Auto Sales	General	Fundraising	
Personnel	\$ 613,936	\$ 921,969	\$ 231,520	\$ 13,762	\$ 233,532	\$ 221,837	\$ 2,236,556
Capital Campaign Expenses	-	-	-	-	-	41,678	41,678
Opening Expenses	228,050	-	-	-	-	-	228,050
Insurance	63,319	69,314	25,965	3,911	12,917	13,013	188,439
Utilities	58,530	167,127	76,393	2,348	3,252	5,869	313,519
Interest	17,230	30,554	25,435	3,164	112	56	76,551
Cost of Goods Sold	-	13,192	71,974	3,918	-	-	89,084
Advertising and Promotional Vouchers	1,151	82,575	17,018	-	91	196	101,031
Professional Fees	-	67,707	-	-	-	-	67,707
Bank and Credit Card Charges	-	-	-	-	27,691	-	29,642
Donor Cultivation Expense	-	44,543	14,184	-	111	4,580	63,418
Store Supplies	4,922	-	-	-	468	71,701	77,091
Program Expenses	-	41,713	6,709	-	-	-	48,422
Special Events	35,536	-	-	1,990	9,935	497	47,958
Vehicle and Travel	941	304	-	-	6,470	21,760	29,475
Repairs and Maintenance	8,760	28,775	8,656	697	1,923	1,522	50,333
Training and Conferences	14,097	53,456	8,399	582	2,357	787	79,678
Database and Website	23,505	10,480	1,320	-	3,723	7,769	46,797
Donor Acquisition Expense	13,601	10,166	3,415	-	1,673	10,447	39,302
Supplies	-	-	-	-	-	43,176	43,176
Rent Expense	12,214	6,584	1,210	612	2,944	1,771	25,335
Food	57,473	53,599	1,000	-	-	-	112,072
Printing and Reproduction	11,517	3,282	859	23	1,619	556	17,856
Postage and Delivery	312	1,571	521	-	233	498	3,135
Resident Supplies	393	308	155	103	195	814	1,968
Computer Equipment	3,779	-	-	-	-	69	3,848
Property Taxes	8,265	-	-	-	1,194	640	10,099
Miscellaneous	12,815	-	-	-	-	-	12,815
	-	5,179	5,682	276	1,975	1,220	14,332
<b>Total Expenses Before Depreciation</b>	<b>1,192,297</b>	<b>1,612,398</b>	<b>500,415</b>	<b>31,386</b>	<b>312,415</b>	<b>450,456</b>	<b>4,099,367</b>
Depreciation	57,275	58,314	24,781	359	-	1,253	141,982
<b>Total Expenses</b>	<b>\$ 1,249,572</b>	<b>\$ 1,670,712</b>	<b>\$ 525,196</b>	<b>\$ 31,745</b>	<b>\$ 312,415</b>	<b>\$ 451,709</b>	<b>\$ 4,241,349</b>

See accompanying Notes to Financial Statements.

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

	2018						Totals
	Program Services	Program Bargain Center	Program Building Hope	Program Auto Sales	Management and 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 Vouchers	138	60,703	25,959	1,615	150	720	89,285
Professional Fees	-	67,534	-	-	-	-	67,534
Bank and Credit Card Charges	-	-	-	-	20,537	-	20,537
Donor Cultivation Expense	89	41,735	14,638	-	133	3,383	59,978
Store Supplies	-	-	-	-	35	76,451	76,486
Program Expenses	-	32,663	8,369	-	-	-	41,032
Special Events	142,711	-	-	915	6,983	369	150,978
Vehicle and Travel	1,135	200	-	-	3,821	16,448	21,604
Repairs and Maintenance	7,310	17,219	15,634	975	1,556	662	43,356
Training and Conferences	17,483	25,624	7,654	185	2,258	1,288	54,492
Database and Website	12,512	9,304	1,149	-	2,796	3,904	29,665
Donor Acquisition Expense	10,308	10,896	4,142	-	2,095	8,853	36,294
Supplies	-	-	-	-	-	14,730	14,730
Rent Expense	11,131	4,564	1,637	998	2,074	906	21,310
Food	18,622	51,844	-	-	-	-	70,466
Printing and Reproduction	11,453	5,791	600	29	1,347	760	19,980
Postage and Delivery	2,194	527	-	-	170	644	3,535
Resident Supplies	251	81	50	25	546	440	1,393
Computer Equipment	5,846	-	-	-	-	-	5,846
Property Taxes	4,370	-	-	-	-	-	4,370
Miscellaneous	14,885	-	-	-	-	187	15,072
	3,322	3,580	1,492	-	1,458	807	10,659
<b>Total Expenses Before Depreciation</b>	<b>901,415</b>	<b>1,402,388</b>	<b>505,560</b>	<b>34,579</b>	<b>285,332</b>	<b>421,309</b>	<b>3,550,583</b>
<b>Depreciation</b>	<b>29,588</b>	<b>51,138</b>	<b>26,402</b>	<b>504</b>	<b>717</b>	<b>747</b>	<b>109,096</b>
<b>Total Expenses</b>	<b>\$ 931,003</b>	<b>\$ 1,453,526</b>	<b>\$ 531,962</b>	<b>\$ 35,083</b>	<b>\$ 286,049</b>	<b>\$ 422,056</b>	<b>\$ 3,659,679</b>

See accompanying Notes to Financial Statements.



**HOPE GOSPEL MISSION, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,134,996	\$ 1,463,933
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	141,982	109,096
(Gain) Loss on Disposal of Fixed Assets	6,078	(121,680)
Change in Value of Holdings at Eau Claire Community Foundation	(472)	(700)
(Increase) Decrease in:		
Grants Receivable	775,000	(800,000)
Unconditional Promises to Give	257,111	(244,703)
Prepaid Expenses	(7,141)	(9,352)
Fund Held in Escrow	10,000	3,450
Inventory	(70,555)	(25,180)
Increase (Decrease) in:		
Accounts Payable	(263,420)	258,929
Accrued Liabilities	11,949	45,808
Funds Held for Others	(9,071)	1,283
Net Cash Provided by Operating Activities	2,986,457	680,884
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(931,648)	(639,793)
Proceeds on Sale of Fixed Assets	-	425,000
Change in Restricted Cash	9,071	(1,283)
Net Cash Used by Investing Activities	(922,577)	(216,076)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-Term Debt	-	20,726
Payments on Long-Term Debt	(2,007,964)	(54,490)
Net Cash Used by Financing Activities	(2,007,964)	(33,764)
<b>NET INCREASE IN CASH</b>	55,916	431,044
Cash and Cash Equivalents - Beginning of Year	1,524,311	1,093,267
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,580,227	\$ 1,524,311
<b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	\$ 76,551	\$ 88,099
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Debt Refinanced	\$ 874,311	\$ 690,364
Property Acquired with Long-Term Debt Proceeds	\$ 3,507,889	\$ -

See accompanying Notes to Financial Statements.

**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Hope Gospel Mission, Inc. (the Mission) is a Christian 501(c)(3) nonprofit 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:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Accounting 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 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 FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**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 net realizable value; 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 net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions at that time.

**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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, 2019.

**Advertising**

Hope Gospel Mission, Inc. expenses advertising costs in the period the expense is incurred. Advertising expense was \$101,031 and \$89,285 during the period ending June 30, 2019 and 2018, 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.

**Adoption of Accounting Principle**

The Mission adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities* in 2019. The adoption did not impact the Hope Gospel Mission, Inc.'s financial position as of June 30, 2019 and 2018, or the changes in its net assets for the years then ended.

**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Mission has evaluated events and transactions for potential recognition or disclosure through December 10, 2019, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILTY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$	1,580,227	
Grants Receivable		25,000	
Unconditional Promises to Give		173,740	
Less: Purpose Restricted Net Assets		<u>(208,740)</u>	
Total Financial Assets Available to Meet General Expenditures Within One Year	\$	<u>1,778,967</u>	

As part of their liquidity management plan, the Mission invests cash in short-term investments, certificates of deposits, and money market funds.

**NOTE 3 INVENTORY**

Inventory consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
New Items Purchased for Resale	\$ 54,596	\$ 54,592
Donated Items	413,113	348,230
Unprocessed Items	<u>62,708</u>	<u>57,040</u>
Total	<u>\$ 530,417</u>	<u>\$ 459,862</u>

**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 4 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	\$ 173,740
In One to Five Years	34,485
Total	<u>\$ 208,225</u>

As of June 30, 2019 and 2018 promises to give were discounted to present value at 2.63% and 1.58%, respectively.

**NOTE 5 PROPERTY AND EQUIPMENT**

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

	2019	2018
Land	\$ 909,047	\$ 678,297
Building and Improvements	5,654,649	2,125,046
Vehicles	242,535	248,052
Equipment	318,001	238,922
Construction in Progress	921,668	427,986
	<u>8,045,900</u>	<u>3,718,303</u>
Less: Accumulated Depreciation	(862,350)	(826,230)
Total Property and Equipment	<u>\$ 7,183,550</u>	<u>\$ 2,892,073</u>

**NOTE 6 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.

**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 7      LONG-TERM DEBT**

Long-term debt consists of the following at June 30, 2019 and 2018:

	2019	2018
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.	\$        627,536	\$        661,975
Mortgage Payable to Northwestern Bank due in monthly principal installments of \$5,817 plus interest at 5% through December 2023, secured by the Building Hope and Learning Center Buildings.	861,312	-
Mortgage Payable to Northwestern Bank due December 28, 2019 including interest at 5% secured by the Frank Street property.	950,000	-
Land Contract Payable due in monthly interest only installments of \$1,333 through December 2021, when the loan is due in full, secured by the Menomonie Bargain Center Building.	400,000	-
Construction Loan Payable to Wells Fargo Bank due December 6, 2019, including interest at the prime rate plus .5% secured by the House of Hope.	205,602	-
Mortgage Payable to Wells Fargo Bank due in monthly principal installments of \$2,175 plus interest at 3.95% was refinanced with Northwestern Bank in 2019.	-	882,550
Less Current Maturities	3,044,450 (1,219,432)	1,544,525 (917,587)
Net Long-Term Debt	\$        1,825,018	\$        626,938

**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 7 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	\$	1,219,432
2020		66,809
2021		469,929
2022		73,196
2023		786,867
Thereafter		428,217
	\$	3,044,450

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2019 and 2018 are as follows:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Donations for Women and Children's Center	\$ -	\$ 32,000
Chaplain Services	10,000	-
Subject to Time Restrictions:		
Grant Receivable	25,000	800,000
Unconditional Promises to Give	208,225	473,600
Total	233,225	1,273,600
Total Net Assets with Donor Restrictions	\$ 243,225	\$ 1,305,600



**HOPE GOSPEL MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 9 LEASING ARRANGEMENTS**

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

Year Ending June 30,	
2019	\$ 28,793
2020	28,793
2021	28,793
2022	28,793
2023	28,793
Thereafter	75,904
	\$ 219,869

Total rental expense \$111,072 and \$70,466 for the years ending June 30, 2019 and 2018, respectively.

**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 \$21,250 and \$17,846 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 11 VOUCHERS**

Included in contributions income and expense for the years ended June 30, 2019 and 2018, are \$67,707 and \$67,534, respectively, for vouchers given directly to needy individuals in the Western Wisconsin area for clothing and furniture at the Bargain Center.