

HOPE GOSPEL MISSION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



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**HOPE GOSPEL MISSION, INC.
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YEARS ENDED JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

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, 2025 and 2024, 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, except for the effect of departure discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Gospel Mission, Inc. as of June 30, 2025 and 2024, 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 Qualified Opinion

As more fully described in Note 1 to the financial statements, Hope Gospel Mission, Inc. did not include in-kind contributions and costs of goods sold for donated items received and sold at June 30, 2025 and 2024. In our opinion, accounting principles generally accepted in the United States of America require recording of in-kind donation and cost of goods sold for donated items received and sold at stores.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hope Gospel 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 Hope Gospel Mission, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 Hope Gospel 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 Hope Gospel 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
December 18, 2025

HOPE GOSPEL MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|--|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 1,898,288 | \$ 2,225,584 |
| Restricted Cash | 10,221 | 8,541 |
| Grants and Accounts Receivable | 172,957 | - |
| ERC Receivable | 49,825 | 181,854 |
| Unconditional Promises to Give | 28,317 | 29,041 |
| Inventory | 543,245 | 619,106 |
| Prepaid Expenses | 59,945 | 44,126 |
| Other Deposits | 65,660 | 68,617 |
| Total Current Assets | 2,828,458 | 3,176,869 |
| PROPERTY AND EQUIPMENT, NET | 8,815,679 | 9,008,942 |
| INVESTMENTS | 595,104 | 548,143 |
| NONCURRENT UNCONDITIONAL PROMISES TO GIVE | 26,184 | 59,309 |
| FUNDS HELD AT FOUNDATION | 16,202 | 14,691 |
| Total Assets | \$ 12,281,627 | \$ 12,807,954 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current Maturities of Long-Term Debt | \$ 1,149,533 | \$ 249,389 |
| Accounts Payable | 105,047 | 270,718 |
| Accrued Liabilities | 281,101 | 267,745 |
| Funds Held for Others | 10,221 | 8,541 |
| Total Current Liabilities | 1,545,902 | 796,393 |
| LONG-TERM DEBT, Less Current Maturities | 877,933 | 2,032,677 |
| Total Liabilities | 2,423,835 | 2,829,070 |
| NET ASSETS | | |
| Without Donor Restrictions | 9,738,291 | 9,890,534 |
| With Donor Restrictions | 119,501 | 88,350 |
| Total Net Assets | 9,857,792 | 9,978,884 |
| Total Liabilities and Net Assets | \$ 12,281,627 | \$ 12,807,954 |

See accompanying Notes to Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | | | 2024 | | |
|---|---------------------|-------------------|---------------------|---------------------|------------------|---------------------|
| | Without Donor | With Donor | Totals | Without Donor | With Donor | Totals |
| | Restrictions | Restrictions | | Restrictions | Restrictions | |
| REVENUES AND OTHER SUPPORT | | | | | | |
| Program Service Revenue | \$ 3,736 | \$ - | \$ 3,736 | \$ 21,147 | \$ - | \$ 21,147 |
| Contributions | 1,631,878 | 65,000 | 1,696,878 | 1,654,066 | 202,542 | 1,856,608 |
| In-Kind Contributions | 52,250 | - | 52,250 | 48,402 | - | 48,402 |
| Bargain Center Sales | 3,725,359 | - | 3,725,359 | 3,637,031 | - | 3,637,031 |
| Building Hope Sales | 1,014,250 | - | 1,014,250 | 1,064,057 | - | 1,064,057 |
| Auto Sales | 45,664 | - | 45,664 | 52,169 | - | 52,169 |
| Scrap Sales | 182,538 | - | 182,538 | 184,807 | - | 184,807 |
| Investment Income (Loss) | 59,102 | - | 59,102 | 53,645 | - | 53,645 |
| Gain (Loss) on Disposal of Assets | 5,027 | - | 5,027 | 6,500 | - | 6,500 |
| Miscellaneous Income | 28,177 | - | 28,177 | 12,413 | - | 12,413 |
| Expiration of Time and Use Restrictions | 33,849 | (33,849) | - | 708,585 | (708,585) | - |
| Total Revenues and Other Support | <u>6,781,830</u> | <u>31,151</u> | <u>6,812,981</u> | <u>7,442,822</u> | <u>(506,043)</u> | <u>6,936,779</u> |
| EXPENSES | | | | | | |
| Program Services | 2,142,627 | - | 2,142,627 | 2,027,579 | - | 2,027,579 |
| Management and General | 718,917 | - | 718,917 | 860,337 | - | 860,337 |
| Fundraising | 753,521 | - | 753,521 | 608,925 | - | 608,925 |
| Bargain Center | 2,445,542 | - | 2,445,542 | 2,338,407 | - | 2,338,407 |
| Building Hope | 828,584 | - | 828,584 | 750,627 | - | 750,627 |
| Hope Gospel Mission Auto Sales | 44,882 | - | 44,882 | 41,768 | - | 41,768 |
| Total Expenses | <u>6,934,073</u> | <u>-</u> | <u>6,934,073</u> | <u>6,627,643</u> | <u>-</u> | <u>6,627,643</u> |
| CHANGES IN NET ASSETS | (152,243) | 31,151 | (121,092) | 815,179 | (506,043) | 309,136 |
| Net Assets - Beginning of Year | <u>9,890,534</u> | <u>88,350</u> | <u>9,978,884</u> | <u>9,075,355</u> | <u>594,393</u> | <u>9,669,748</u> |
| NET ASSETS - END OF YEAR | <u>\$ 9,738,291</u> | <u>\$ 119,501</u> | <u>\$ 9,857,792</u> | <u>\$ 9,890,534</u> | <u>\$ 88,350</u> | <u>\$ 9,978,884</u> |

See accompanying Notes to Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

| | 2025 | | | | | | Totals |
|---|---------------------|---------------------|-------------------|------------------|---------------------------|-------------------|---------------------|
| | Program | | | Auto Sales | Management and General | Fundraising | |
| | Program Services | Bargain Center | Building Hope | | | | |
| Personnel | \$ 1,364,082 | \$ 1,524,949 | \$ 398,985 | \$ 23,456 | \$ 563,864 | \$ 393,357 | \$ 4,268,693 |
| Capital Campaign Expenses | 1,442 | - | - | - | - | - | 1,442 |
| Insurance | 134,323 | 153,730 | 45,863 | 4,437 | 42,652 | 43,507 | 424,512 |
| Utilities | 97,938 | 181,067 | 114,852 | 2,499 | 9,220 | 7,798 | 413,374 |
| Interest | 29,760 | 44,970 | 16,968 | 1,899 | 67 | 34 | 93,698 |
| Cost of Goods Sold | - | 67,379 | 90,423 | 9,078 | - | - | 166,880 |
| Advertising and Promotional Vouchers | 5,068 | 61,626 | 25,885 | - | - | - | 92,579 |
| Professional Fees | 1,890 | 2,668 | 1,001 | - | 47,070 | - | 52,629 |
| Bank and Credit Card Charges | - | 85,700 | 25,427 | - | - | 9,060 | 120,187 |
| Donor Cultivation Expense | 950 | - | - | - | - | 210,666 | 211,616 |
| Gifts and Recognition | 21,382 | - | - | 59 | 13,342 | 504 | 35,287 |
| Store Supplies | - | 36,415 | 7,314 | - | - | - | 43,729 |
| Program Expenses | 9,801 | - | - | - | - | 6,659 | 16,460 |
| Special Events | - | 115 | - | - | 14,413 | 50,381 | 64,909 |
| Vehicle and Travel | 17,807 | 24,430 | 20,693 | 1,031 | 2,792 | 1,764 | 68,517 |
| Repairs and Maintenance | 39,778 | 55,841 | 17,650 | 1,081 | 4,888 | 2,965 | 122,203 |
| Training and Conferences | 32,749 | 15,039 | 550 | - | 6,972 | 5,207 | 60,517 |
| Database and Website | 27,081 | 5,490 | 1,915 | 31 | 5,257 | 15,470 | 55,244 |
| Supplies | 47,733 | 8,905 | 5,793 | 1,101 | 4,761 | 4,395 | 72,688 |
| Rent Expense | 15,600 | 18,650 | 2,200 | - | - | - | 36,450 |
| Food | 39,106 | 2,584 | 908 | - | 1,452 | 252 | 44,302 |
| Printing and Reproduction | 2,109 | 43 | - | - | - | - | 2,152 |
| Resident Supplies | 20,873 | - | - | - | - | - | 20,873 |
| Property Taxes | 5,551 | - | - | - | - | - | 5,551 |
| Miscellaneous | - | 2,740 | 2,008 | 210 | 2,167 | 1,502 | 8,627 |
| Total Expenses Before Depreciation | <u>1,915,023</u> | <u>2,357,007</u> | <u>778,435</u> | <u>44,882</u> | <u>718,917</u> | <u>753,521</u> | <u>6,567,785</u> |
| Depreciation | <u>227,604</u> | <u>88,535</u> | <u>50,149</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>366,288</u> |
| Total Expenses | <u>\$ 2,142,627</u> | <u>\$ 2,445,542</u> | <u>\$ 828,584</u> | <u>\$ 44,882</u> | <u>\$ 718,917</u> | <u>\$ 753,521</u> | <u>\$ 6,934,073</u> |

See accompanying Notes to Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

| | 2024 | | | | | | Totals |
|---|---------------------|------------------------------|-----------------------------|------------------|---------------------------|-------------------|---------------------|
| | Program Services | Program Bargain Center | Program Building Hope | Auto Sales | Management and General | Fundraising | |
| Personnel | \$1,283,013 | \$1,466,439 | \$317,325 | \$ 23,301 | \$ 685,649 | \$ 255,407 | \$ 4,031,134 |
| Capital Campaign Expenses | - | - | - | - | - | 13,994 | 13,994 |
| Insurance | 112,824 | 129,482 | 43,990 | 3,910 | 40,499 | 28,609 | 359,314 |
| Utilities | 90,941 | 200,232 | 111,130 | 1,190 | 8,530 | 6,943 | 418,966 |
| Interest | 8,150 | 37,319 | 17,925 | 2,030 | 72 | 36 | 65,532 |
| Cost of Goods Sold | - | 4,927 | 119,030 | - | - | - | 123,957 |
| Advertising and Promotional Vouchers | 9,598 | 83,530 | 16,009 | - | - | - | 109,137 |
| Professional Fees | - | 83,120 | - | - | - | - | 83,120 |
| Bank and Credit Card Charges | 1,792 | 2,908 | 895 | - | 73,185 | - | 78,780 |
| Donor Cultivation Expense | - | 84,760 | 27,705 | - | 102 | 10,008 | 122,575 |
| Gifts and Recognition | 503 | - | - | - | - | 219,336 | 219,839 |
| Store Supplies | 32,436 | - | - | 5,000 | 17,574 | 225 | 55,235 |
| Program Expenses | - | 37,218 | 6,481 | - | - | - | 43,699 |
| Special Events | 8,605 | - | - | - | - | - | 8,605 |
| Vehicle and Travel | - | 556 | - | - | 15,651 | 44,401 | 60,608 |
| Repairs and Maintenance | 20,665 | 20,073 | 32,126 | 240 | 2,620 | 1,442 | 77,166 |
| Training and Conferences | 24,600 | 30,988 | 6,510 | 3,729 | 3,404 | 3,827 | 73,058 |
| Database and Website | 50,389 | 27,657 | 2,327 | - | 2,598 | 2,237 | 85,208 |
| Supplies | 25,452 | 7,674 | 1,647 | 30 | 3,695 | 13,553 | 52,051 |
| Rent Expense | 95,814 | 12,891 | 2,361 | 2,338 | 5,069 | 4,616 | 123,089 |
| Food | - | 15,300 | 2,675 | - | - | - | 17,975 |
| Printing and Reproduction | 34,424 | 2,317 | 1,076 | - | 1,331 | 731 | 39,879 |
| Resident Supplies | 2,851 | 1,109 | 84 | - | 358 | 3,560 | 7,962 |
| Property Taxes | 20,852 | - | - | - | - | - | 20,852 |
| Miscellaneous | 5,078 | - | - | - | - | - | 5,078 |
| | - | 1,368 | 2,547 | - | - | - | 3,915 |
| Total Expenses Before Depreciation | <u>1,827,987</u> | <u>2,249,868</u> | <u>711,843</u> | <u>41,768</u> | <u>860,337</u> | <u>608,925</u> | <u>6,300,728</u> |
| Depreciation | 199,592 | 88,539 | 38,784 | - | - | - | 326,915 |
| Total Expenses | <u>\$ 2,027,579</u> | <u>\$ 2,338,407</u> | <u>\$ 750,627</u> | <u>\$ 41,768</u> | <u>\$ 860,337</u> | <u>\$ 608,925</u> | <u>\$ 6,627,643</u> |

See accompanying Notes to Financial Statements.

HOPE GOSPEL MISSION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (121,092) | \$ 309,136 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 366,288 | 326,915 |
| Gain on Sale of Fixed Assets | (5,027) | (6,500) |
| Realized and Unrealized Losses on Investments | (26,233) | (27,835) |
| Change in Value of Holdings at Eau Claire Community Foundation | (1,511) | (1,397) |
| (Increase) Decrease in: | | |
| Grants Receivable | (172,957) | 7,500 |
| Unconditional Promises to Give | 33,849 | 449,758 |
| Prepaid Expenses | (15,819) | (9,369) |
| Other Deposits | 2,957 | (1,748) |
| Inventory | 75,861 | (40,702) |
| ERC Receivable | 132,029 | - |
| Increase (Decrease) in: | | |
| Accounts Payable | (165,671) | 156,699 |
| Accrued Liabilities | 13,356 | 12,170 |
| Funds Held for Others | 1,680 | (10,479) |
| Net Cash Provided by Operating Activities | 117,710 | 1,164,148 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (173,025) | (1,499,114) |
| Proceeds on Sale of Fixed Assets | 5,027 | 6,500 |
| Purchase of Investments | (226,712) | (88,606) |
| Proceeds on Sale of Investments | 205,984 | 73,419 |
| Net Cash Used by Investing Activities | (188,726) | (1,507,801) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-Term Debt | - | 454,879 |
| Payments on Long-Term Debt | (254,600) | (85,076) |
| Net Cash Provided (Used) by Financing Activities | (254,600) | 369,803 |
| CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (325,616) | 26,150 |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | 2,234,125 | 2,207,975 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR | \$ 1,908,509 | \$ 2,234,125 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest Paid | \$ 93,698 | \$ 65,532 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | | |
| Cash and Cash Equivalents | \$ 1,898,288 | 2,225,584 |
| Restricted Cash | 10,221 | 8,541 |
| Total Cash, Cash Equivalents, and Restricted Cash | \$ 1,908,509 | \$ 2,234,125 |

See accompanying Notes to Financial Statements.

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 and needy 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 the Mission 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 (GAAP) 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 (FDIC) 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 the Mission's programs.

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Mission measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Mission may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the Mission has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Mission's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

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.

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Inventory

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

Donated inventory items are recorded at sales price when they are sold. 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 on the statement of activities at the sales price. This is a departure from GAAP for not recording an in-kind donation and cost of goods sold.

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 \$5,000 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 to 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.

Funds Held for Others

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

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recorded as revenue when received or promised (pledged) unconditionally, at their fair value. Gifts received with donor stipulations that limit the use of the donated assets are reported as donor-restricted support. The Mission recognizes income from legacies and bequests when an unassailable right to the gift has been established by the court and the proceeds are measurable in amount. When a donor restriction expires, that is, when a time restriction ends or purpose restricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Program revenues are recorded as revenue when the service is provided.

Sales revenue and cost of sales from thrift store are reported net of discounts, estimated returns, and sales taxes. Revenue is recognized when the goods are exchanged for payment.

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 (IRC) and Wisconsin Statute. It has been classified as an organization that is not a private foundation under the IRC 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, 2025.

**HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Hope Gospel Mission, Inc. expenses advertising costs in the period the expense is incurred. Advertising expense was \$92,579 and \$109,137 during the years ended June 30, 2025 and 2024, 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 December 18, 2025, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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:

| | 2025 | 2024 |
|--|--------------|--------------|
| Cash and Cash Equivalents | \$ 1,898,288 | \$ 2,225,584 |
| Operating Investments | 595,104 | 548,143 |
| Grants and Accounts Receivable | 172,957 | - |
| Unconditional Promises to Give | 28,317 | 29,041 |
| Total Financial Assets Available to Meet General Expenditures Within One Year | \$ 2,694,666 | \$ 2,802,768 |

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

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

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

| | <u>Amount</u> |
|-------------------------------------|-------------------------|
| Within One Year | \$ 36,917 |
| In One to Five Years | 18,600 |
| Total | <u>55,517</u> |
| Less: Discount to Net Present Value | (1,016) |
| Total | <u><u>\$ 54,501</u></u> |

As of June 30, 2025, promises to give were discounted to present value at 3.68%.

NOTE 4 INVENTORY

Inventory consists of the following at June 30:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|--------------------------|--------------------------|
| New Items Purchased for Resale | \$ 41,504 | \$ 22,187 |
| Donated Items | 301,455 | 317,046 |
| Unprocessed Items | 200,286 | 279,873 |
| Total | <u><u>\$ 543,245</u></u> | <u><u>\$ 619,106</u></u> |

NOTE 5 PROPERTY AND EQUIPMENT

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

| | <u>2025</u> | <u>2024</u> |
|--------------------------------|----------------------------|----------------------------|
| Land | \$ 1,249,852 | \$ 1,249,852 |
| Building and Improvements | 8,890,528 | 8,880,541 |
| Vehicles | 527,957 | 452,442 |
| Equipment | 634,986 | 568,772 |
| Total | <u>11,303,323</u> | <u>11,151,607</u> |
| Less: Accumulated Depreciation | <u>(2,487,644)</u> | <u>(2,142,665)</u> |
| Total Property and Equipment | <u><u>\$ 8,815,679</u></u> | <u><u>\$ 9,008,942</u></u> |

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 INVESTMENTS

The Mission carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

| | 2025 | | |
|---|-------------------|-------------------|------------------------|
| | Fair Value | Original Value | Unrealized Gain (Loss) |
| Funds Held at Eau Claire Community Foundation | \$ 16,202 | \$ 10,000 ** | \$ - |
| Mutual Funds - Equities | 227,929 | 166,198 | 61,731 |
| Mutual Funds - Fixed | 313,245 | 332,277 | (19,032) |
| Alternative Investments | 53,930 | 9,930 | 44,000 |
| Total | <u>\$ 611,306</u> | <u>\$ 518,405</u> | <u>\$ 86,699</u> |

| | 2024 | | |
|---|-------------------|-------------------|------------------|
| | Fair Value | Original Value | Unrealized Gain |
| Funds Held at Eau Claire Community Foundation | \$ 14,691 | \$ 10,000 ** | \$ - |
| Mutual Funds - Equities | 191,014 | 166,198 | 24,816 |
| Mutual Funds - Fixed | 327,946 | 332,277 | (4,331) |
| Alternative Investments | 29,183 | 9,930 | 19,253 |
| Total | <u>\$ 562,834</u> | <u>\$ 518,405</u> | <u>\$ 39,738</u> |

NOTE 7 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.

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 FAIR VALUE MEASUREMENTS

The Mission uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Mission measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Mission measured at fair value on a recurring basis as of June 30:

| | 2025 | | | |
|--------------------------|-------------------|-------------------|------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Funds Held at Eau Claire | | | | |
| Community Foundation | \$ - | \$ - | \$ 16,202 | \$ 16,202 |
| Mutual Funds - Equity | 227,929 | - | - | 227,929 |
| Mutual Funds - Fixed | - | 313,245 | - | 313,245 |
| Alternative Investments | - | 53,930 | - | 53,930 |
| Total | <u>\$ 227,929</u> | <u>\$ 367,175</u> | <u>\$ 16,202</u> | <u>\$ 611,306</u> |
| | | | | |
| | 2024 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Funds Held at Eau Claire | | | | |
| Community Foundation | \$ - | \$ - | \$ 14,691 | \$ 14,691 |
| Mutual Funds - Equity | 191,014 | - | - | 191,014 |
| Mutual Funds - Fixed | - | 327,946 | - | 327,946 |
| Alternative Investments | - | 29,183 | - | 29,183 |
| Total | <u>\$ 191,014</u> | <u>\$ 357,129</u> | <u>\$ 14,691</u> | <u>\$ 562,834</u> |

The investment at Eau Claire Community Foundation is measured on a recurring basis using the percentage of the Hope Gospel Mission 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. There were no purchases, issuances, or transfers in or out of Level 3 funds during the years ended June 30, 2025 and 2024.

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 LONG-TERM DEBT

Long-term debt consists of the following at June 30:

| <u>Description</u> | <u>2025</u> | <u>2024</u> |
|---|--------------------------|----------------------------|
| Mortgage Payable to Northwestern Bank due in monthly installments of \$4,275 including interest at 3.5% through January 21, 2026, secured by Bargain Center Real Estate. | \$ 452,133 | \$ 486,634 |
| Mortgage Payable to Northwestern Bank due in monthly installments of \$5,189 including interest at 3.5% through January 2026, secured by the Building Hope and Learning Center Buildings. | 670,308 | 708,061 |
| Loan Payable to Citizens Community Federal National Association due in monthly principal installments plus interest. The rate and payments change every five years. Beginning in January, 2022 monthly payments are \$2,228 including interest at 3%. In January, 2027 monthly payments are \$2,235 including interest based on the five-year Federal Home Loan Bank of Chicago, plus a margin of 1.630%. The final payment of \$2,234 including interest based on the five-year Federal Home Loan Bank of Chicago, plus a margin of 1.630% is due in December, 2041. | 346,527 | 362,492 |
| Loan Payable to Northwestern Bank due in monthly interest only installments accruing interest at 7.5% through July 2027 when the loan is due in full. Secured by the Security Instrument for the Mondovi Bargain | 264,552 | 270,000 |
| Loan Payable to Northwestern Bank due in monthly interest only installments accruing interest at 3.75% through July 2024 when the loan is due in full. Secured by the Security Instrument for the Merchantile property. This was refinanced and is now due July 2027 with monthly installments of \$2,437 accruing interest at 7.5%. | 293,946 | 454,879 |
| Total Long-Term Debt | <u>2,027,466</u> | <u>2,282,066</u> |
| Less: Current Maturities | <u>(1,149,533)</u> | <u>(249,389)</u> |
| Long-Term Debt, Net of Current Maturities | <u><u>\$ 877,933</u></u> | <u><u>\$ 2,032,677</u></u> |

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 LONG-TERM DEBT (CONTINUED)

Future scheduled maturities are as follows:

| <u>Year Ending June 30.</u> | <u>Amount</u> |
|-----------------------------|----------------------------|
| 2026 | \$ 1,149,533 |
| 2027 | 31,839 |
| 2028 | 550,861 |
| 2029 | 18,149 |
| 2030 | 18,701 |
| Thereafter | 258,383 |
| Total | <u><u>\$ 2,027,466</u></u> |

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows as of June 30:

| | <u>2025</u> | <u>2024</u> |
|---|--------------------------|-------------------------|
| Subject to Expenditure for Specified Purpose: | | |
| Day Resource Center | \$ 65,000 | \$ - |
| Subject to Time Restrictions: | | |
| Unconditional Promises to Give | 54,501 | 88,350 |
| Total | <u>54,501</u> | <u>88,350</u> |
| Total Net Assets with Donor Restrictions | <u><u>\$ 119,501</u></u> | <u><u>\$ 88,350</u></u> |

NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions are as follows as of June 30:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------------|--------------------------|
| Subject to Time Restrictions: | | |
| Pledges for Campaigns | \$ 33,849 | \$ 708,585 |
| Total Net Assets Released from Restrictions | <u><u>\$ 33,849</u></u> | <u><u>\$ 708,585</u></u> |

NOTE 12 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 \$42,763 and \$40,236 for the years ended June 30, 2025 and 2024, respectively.

**HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 13 VOUCHERS

Included in contributions income and expense for the years ended June 30, 2025 and 2024, are \$64,666 and \$83,120, respectively, for vouchers given directly to needy individuals in the Western Wisconsin area for clothing and furniture at the Bargain Center and Building Hope.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Federal Home Loan Bank Affordable Housing Program

In November 2018, the Mission received funding from Wells Fargo Financial National Bank as part of the Federal Home Loan Bank Affordable Housing Program to be used to build the men's shelter. This funding is contingent on maintaining the property for housing services for 15 years. If the property is not maintained for housing as specified in the grant, the Mission will be required to return of the funding in the amount of \$800,000.

NOTE 15 CONTRIBUTED NONFINANCIAL ASSETS

For the years ending June 30, contributed nonfinancial assets recognized within the statements of activities included:

| | 2025 | 2024 |
|----------------------------------|-----------|-----------|
| Residents and Community Dinners | \$ 1,275 | \$ 3,697 |
| Annual Banquet | 8,050 | 9,290 |
| Donated Goods and Services | 42,925 | 35,415 |
| Total Donated Goods and Services | \$ 52,250 | \$ 48,402 |

The Mission recognized nonfinancial assets within revenues and other support. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed inventory is sold in the Hope Gospel Mission Bargain Center and Building Hope stores or as scrap and the proceeds are used to support general operations of the mission. Contributed vehicles are sold and proceeds are used to support general operations of the mission or vehicles are given to program participants upon completion of the program.

Additionally, the Mission receives a significant amount of contributed time that does not meet the recognition criteria for contributed professional services. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying statements of activities.

HOPE GOSPEL MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 16 EMPLOYER RETENTION CREDIT

The Organization is eligible for the Employer Retention Credit (ERC) under the CARES Act. The receivable for the ERC at June 30, 2025 is \$49,825 which represents refunds due on the Adjusted Employer's Quarterly Federal Tax Return for quarters ended March 2020 and June 2020. Revenue was recorded on the statement of activities for \$181,854 for the year ended June 30, 2023.

Eligibility and usage of funds in compliance with the program based on dollar threshold and other factors are subject to review. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.



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