

**KEYSTONE RESCUE**  
**MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

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**SEPTEMBER 30, 2023 AND 2022**

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# KOHANSKI

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Keystone Rescue Mission Alliance, Inc. d/b/a Keystone Mission

### Opinion

We have audited the financial statements of Keystone Rescue Mission Alliance, Inc. d/b/a Keystone Mission (the "Mission") (a non-profit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mission as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

#### CERTIFIED PUBLIC ACCOUNTANTS

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

*Kohanski & Co., PC*

Scranton, PA  
June 10, 2024

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 228,484	\$ 114,294
Restricted cash	1,000	-
Investments	1,373	1,300
Grants receivable	3,000	582,885
Inventory	-	<u>7,733</u>
Total Current Assets	233,857	706,212
CERTIFICATE-OF-DEPOSIT	250,000	250,000
PROPERTY AND EQUIPMENT, net	1,041,908	1,024,426
RIGHT OF USE ASSETS, net	<u>626,006</u>	<u>-</u>
	<b><u>\$ 2,151,771</u></b>	<b><u>\$ 1,980,638</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Demand note payable	\$ -	\$ 250,000
Current portion of lease liabilities	19,610	-
Accounts payable	1,635	31,672
Accrued payroll	46,546	29,562
Compensated absences	<u>11,360</u>	<u>14,465</u>
Total Current Liabilities	79,151	325,699
LEASE LIABILITIES, net of current portion	<u>606,721</u>	<u>-</u>
Total Liabilities	<u>685,872</u>	<u>325,699</u>
<b>NET ASSETS:</b>		
Without donor restrictions	<u>1,465,899</u>	<u>1,654,939</u>
	<b><u>\$ 2,151,771</u></b>	<b><u>\$ 1,980,638</u></b>

The accompanying notes are an integral part of these financial statements.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>			
Program Services:			
Cash contributions	\$ 937,475	\$ -	\$ 937,475
Contributions of nonfinancial assets	135,611	-	135,611
Other income	19,150	-	19,150
Interest income	<u>4,821</u>	<u>-</u>	<u>4,821</u>
Total Revenue and Support	<u>1,097,057</u>	<u>-</u>	<u>1,097,057</u>
<b>EXPENSES:</b>			
Program Services	739,574	-	739,574
Supporting Services:			
Management and general	238,077	-	238,077
Fundraising	<u>308,446</u>	<u>-</u>	<u>308,446</u>
Total Expenses	<u>1,286,097</u>	<u>-</u>	<u>1,286,097</u>
CHANGE IN NET ASSETS	(189,040)	-	(189,040)
NET ASSETS - Beginning	<u>1,654,939</u>	<u>-</u>	<u>1,654,939</u>
NET ASSETS - Ending	<u>\$ 1,465,899</u>	<u>\$ -</u>	<u>\$ 1,465,899</u>

The accompanying notes are an integral part of these financial statements.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT:</b>			
Program Services:			
Cash contributions	\$ 1,286,259	\$ -	\$ 1,286,259
Contributions of nonfinancial assets	131,189	-	131,189
Grants	73,479	-	73,479
Other income	4,352	-	4,352
Interest income	2,120	-	2,120
Loss on disposal of assets	<u>(2,015)</u>	<u>-</u>	<u>(2,015)</u>
Total Revenue and Support	<u>1,495,384</u>	<u>-</u>	<u>1,495,384</u>
<b>EXPENSES:</b>			
Program Services	844,221	-	844,221
Supporting Services:			
Management and general	133,002	-	133,002
Fundraising	<u>149,530</u>	<u>-</u>	<u>149,530</u>
Total Expenses	<u>1,126,753</u>	<u>-</u>	<u>1,126,753</u>
CHANGE IN NET ASSETS	368,631	-	368,631
NET ASSETS - Beginning	<u>1,286,308</u>	<u>-</u>	<u>1,286,308</u>
NET ASSETS - Ending	<u>\$ 1,654,939</u>	<u>\$ -</u>	<u>\$ 1,654,939</u>

The accompanying notes are an integral part of these financial statements.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	
<b>EXPENSES:</b>				
Salaries and wages	\$ 317,297	\$ 151,510	\$ 45,540	\$ 514,347
Employee benefits	56,394	5,160	2,665	64,219
Payroll taxes	32,505	5,265	8,305	46,075
Advertising	142	260	218,434	218,836
Client/program expenses	158,348	-	-	158,348
Occupancy	66,910	7,423	-	74,333
Depreciation	51,855	5,760	-	57,615
Office expense	26,526	6,231	22,299	55,056
Professional fees	5,436	45,630	-	51,066
Other	2,592	1,062	11,153	14,807
Conferences and meetings	2,302	8,795	50	11,147
Vehicle	10,429	-	-	10,429
Insurance	8,838	981	-	9,819
<b>Total Expenses</b>	<b><u>\$ 739,574</u></b>	<b><u>\$ 238,077</u></b>	<b><u>\$ 308,446</u></b>	<b><u>\$ 1,286,097</u></b>

The accompanying notes are an integral part of these financial statements.



**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Supporting Services			
	Program Services	Management and General	Fundraising Expenses	Total
<b>EXPENSES:</b>				
Salaries and wages	\$ 341,206	\$ 75,000	\$ 35,165	\$ 451,371
Employee benefits	36,153	11,269	8,825	56,247
Payroll taxes	39,312	9,350	7,464	56,126
Client/program expenses	190,278	-	-	190,278
Advertising	31,366	-	91,345	122,711
Professional fees	51,172	24,600	-	75,772
Office expense	56,406	550	1,200	58,156
Occupancy	33,946	3,460	-	37,406
Depreciation	26,051	4,500	-	30,551
Insurance	14,522	1,627	-	16,149
Other	13,652	607	247	14,506
Conferences and meetings	2,039	2,039	4,078	8,156
Vehicle	8,118	-	-	8,118
Fundraising	-	-	1,206	1,206
	<u>\$ 844,221</u>	<u>\$ 133,002</u>	<u>\$ 149,530</u>	<u>\$ 1,126,753</u>
Total Expenses	<u>\$ 844,221</u>	<u>\$ 133,002</u>	<u>\$ 149,530</u>	<u>\$ 1,126,753</u>

The accompanying notes are an integral part of these financial statements.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grants and contributions	\$ 1,517,360	\$ 1,046,169
Cash received from other income	19,150	4,352
Cash received from interest	4,821	2,120
Cash paid to employees for salaries and benefits	(610,762)	(543,555)
Cash paid for operating expenses	<u>(490,209)</u>	<u>(456,702)</u>
Net Cash Provided by Operating Activities	<u>440,360</u>	<u>52,384</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(73)	(1,300)
Purchases of property and equipment	<u>(75,097)</u>	<u>(500,882)</u>
Net Cash Used by Investing Activities	<u>(75,170)</u>	<u>(502,182)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in demand note payable	<u>(250,000)</u>	<u>129,605</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	115,190	(320,193)
<b>CASH AND CASH EQUIVALENTS - Beginning</b>	<u>114,294</u>	<u>434,487</u>
<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u>\$ 229,484</u>	<u>\$ 114,294</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash	\$ 228,484	\$ 114,294
Restricted cash	<u>1,000</u>	<u>-</u>
	<u>\$ 229,484</u>	<u>\$ 114,294</u>
Additions to construction-in-progress through accounts payable	<u>\$ -</u>	<u>\$ 18,563</u>

The accompanying notes are an integral part of these financial statements.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (189,040)	\$ 368,631
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,615	30,551
Loss on disposal of fixed assets	-	2,015
In-kind donation of inventory	-	(34,038)
Inventory items distributed	7,733	29,685
Changes in assets and liabilities:		
Grants receivable	579,885	(313,569)
Inventory - fundraising supplies	-	1,206
Operating lease assets and liabilities	325	-
Accounts payable	(30,037)	(52,286)
Accrued payroll	16,984	18,667
Compensated absences	(3,105)	1,522
Net Cash Provided by Operating Activities	<u>\$ 440,360</u>	<u>\$ 52,384</u>

The accompanying notes are an integral part of these financial statements.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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**NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Keystone Rescue Mission Alliance, Inc. (the "Mission"), operating in both Scranton and Wilkes-Barre, Pennsylvania, was established to care for the poor and homeless in Northeastern Pennsylvania. The Mission's purpose is to help those who are hurting, in the name of Jesus Christ. The Mission provides meals, shelter, clothing, personal hygiene items and counseling to those in need.

**Basis of Accounting**

The financial statements of the Mission have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, all significant prepaids, payables, and other accruals are reflected.

**Basis of Presentation**

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

**Net Assets without Donor Restrictions**

These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in raising contributions, and performing administrative functions. Contributions that are restricted by the donor are also reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

**Net Assets with Donor Restrictions**

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

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES  
(CONT'D)

Basis of Presentation (Cont'd)

Net Assets with Donor Restrictions (Cont'd)

When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Mission's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Mission has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions of Nonfinancial Assets

The Mission records the fair-value of donated contributions and services when those gifts are received.

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Mission with specific assistance programs, campaign solicitations, and various committee assignments.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES  
(CONT'D)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Mission considers all unrestricted highly liquid investments with an initial maturity of three months or less to be a cash equivalent.

Inventory

The Mission received donations of clothing which were used to support its mission of aiding the poor and homeless. As of October 1, 2022, the Mission discontinued its program to distribute donated items. Minimal amounts of clothing items are kept on hand for emergency situations but are not maintained in inventory.

Grants Receivable

Grants receivable are reported at amounts management expects to collect on balances outstanding. Accounts are charged to bad debt expense when considered uncollectible based on a periodic review of individual accounts.

Certificates-of-Deposit

Investments in certificates-of-deposit with original maturities over three months are carried at fair-value. The Mission reports investment income and gains and losses on investments as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Property and Equipment

Property and equipment are recorded at cost, and are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and building improvements	10-30
Equipment and vehicles	5

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES  
(CONT'D)

Property and Equipment (Cont'd)

Repairs and minor equipment are charged against current operations when incurred. Management has set the capitalization threshold for reporting property and equipment at \$1,000. Contributed property and equipment are recorded at fair-value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Construction-in-progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Leases

The Mission determines if an arrangement is a lease at inception. All leases, with an initial term greater than 12 months, are recorded on the statement of financial position. Lease term includes options to extend the lease when it is reasonably certain that the Mission will exercise that option.

Operating lease right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Mission's incremental borrowing rate. Operating lease cost is recognized on a straight-line basis over the lease term as occupancy expense in the statement of activities.

Income Taxes

The Mission is a not-for-profit corporation that is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. No provision for Federal or state income tax is required.

In accordance with Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, management evaluated the Mission's tax position and concluded that the Mission had taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance. With few exceptions, the Mission is no longer subject to income tax examination by Federal or state authorities for years ending before September 30, 2020.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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NOTE 1: NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES  
(CONT'D)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Instruments and Credit Risk

The Mission manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Mission has not experienced losses in any of these accounts.

Recently Implemented Accounting Standards

In 2023, the Mission adopted Accounting Standards Update No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. As a result of implementing ASU No. 2016-02, the Mission recognized a right-of-use asset and lease liability totaling \$627,905 in its statement of financial position as of August 27, 2023, the commencement date of the lease. The adoption did not have a significant effect on amounts reported in the statement of activities for the year ended September 30, 2023.

Reclassifications

Certain items in the September 30, 2022 financial statements have been reclassified to conform to the September 30, 2023 reporting format.

Subsequent Events

Management has evaluated subsequent events through June 10, 2024, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended September 30, 2023.



**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 228,484	\$ 114,294
Investments	<u>1,373</u>	<u>1,300</u>
	<u>\$ 229,857</u>	<u>\$ 115,594</u>

In addition to financial assets available to meet general expenditures over the year, the Mission operates on a balanced budget and anticipates covering its general expenditures by collecting contributions and in-kind donations.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30,:

	<u>2023</u>	<u>2022</u>
Building and building improvements	\$ 1,188,590	\$ 1,113,493
Equipment	55,263	55,263
Vehicles	<u>77,741</u>	<u>77,741</u>
	1,321,594	1,246,497
Less: accumulated depreciation	<u>(279,686)</u>	<u>(222,071)</u>
Property and equipment, net	<u>\$ 1,041,908</u>	<u>\$ 1,024,426</u>

Depreciation expense was \$57,615 and \$30,551 for the years ended September 30, 2023 and 2022, respectively.

NOTE 4: DEMAND NOTE PAYABLE

The Mission has a \$250,000 line-of-credit with interest payable monthly at 9.5%. Borrowings on the line-of-credit were used for renovations to the Wilkes-Barre Transformation Center. There was no balance outstanding as of September 30, 2023. The outstanding balance was \$250,000 at September 30, 2022.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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**NOTE 5: COMPENSATED ABSENCES**

All employees who routinely work at least 20 hours per week are eligible for paid time-off ("PTO"). The purpose of PTO is to provide employees with flexible paid time off that can be used for personal or family illness, or during inclement weather. PTO must be used in the year it is earned. With proper notice, employees are eligible for payment of a maximum of 50% of unused PTO. Terminated employees are not eligible for compensation of PTO.

**NOTE 6: CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets recognized within the statement of activities for the years ended September 30 included:

	<u>2023</u>	<u>2022</u>
Clothing donations	\$ 46,958	\$ 29,685
Food and grocery donations	<u>88,653</u>	<u>101,504</u>
	<u>\$ 135,611</u>	<u>\$ 131,189</u>

The Mission recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Mission received donated food and grocery items from a local food bank, area restaurants, and from the general public for use in preparing breakfasts and lunches for clients. The value of items received from the food bank is recorded using values provided by the food bank in monthly statements to the Mission. All other food and grocery donations are valued at \$1.93 and \$1.92 per pound for the years ended September 30, 2023 and 2022, respectively. Per pound values are established by Feeding America, a national food bank, in its Annual Product Valuation Survey.

Donated items of clothing are recorded at an average per pound value. Average values are based on several published sources including Goodwill and the Salvation Army.

**NOTE 7: OPERATING LEASES**

The Mission leases their Wilkes-Barre Innovation Center under a long-term non-cancelable operating lease agreement. The lease contains a renewal option which is reasonably certain to be exercised, and increases in future minimum rental payments which have been factored in to the calculation of the lease liability.

**KEYSTONE RESCUE MISSION ALLIANCE, INC.**  
**d/b/a KEYSTONE MISSION**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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NOTE 7: OPERATING LEASES (CONT'D)

The Mission's discount rate used in the calculation of the present value was 6.93%, (BSBY plus 175 basis points) at the lease implementation date.

Total lease costs for the year ended September 30, 2023 were \$5,200.

Future minimum lease payments under the lease as of September 30, 2023 are as follows:

<u>Year ended</u> <u>September 30,</u>	<u>Amount</u>
2024	\$ 62,400
2025	62,400
2026	62,400
2027	62,400
2028	62,400
2029-2033	312,867
2034-2038	364,000
2039-2043	<u>66,733</u>
Total lease payments	1,055,600
Less: interest	<u>(429,269)</u>
Present Value of Lease Liabilities	<u>\$ 626,331</u>

NOTE 8: FUNCTIONALIZED EXPENSES

The Mission reports expenses based on a percentage of usage between program services, and management and general. Fundraising expenses are tracked separately.

NOTE 9: CONTINGENCIES AND COMMITMENTS

FHLB Affordable Housing Subsidy

The Mission was awarded a \$583,204 Affordable Housing Program subsidy from the Federal Home Loan Bank of Pittsburgh ("FHLB") for the renovation of their Wilkes-Barre Transformation Center. Throughout the project, the Mission will receive disbursements for eligible construction costs incurred. After completion, FHLB's member bank will place a mortgage and lien on the property for the amount of the subsidy disbursed to the Mission. Repayment of the subsidy will not be required as long as the Mission maintains the property as a Transformation Center for fifteen years, after which time the lien will be removed.