ALLENTOWN RESCUE MISSION, INC.
AND
ALLENTOWN RESCUE MISSION FOUNDATION
(Not-for-Profit Corporations)

Combined Financial Statements and
Independent Auditor's Report

June 30, 2016

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103

ALLENTOWN RESCUE MISSION, INC.
AND
ALLENTOWN RESCUE MISSION FOUNDATION
(Not-for-Profit Corporations)
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C·R&Y CERTIFIED PUBLIC ACCOUNTANTS
CAMPBELL, RAPPOLD & YURASITS LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Allentown Rescue Mission, Inc. and
Allentown Rescue Mission Foundation
Allentown, PA

We have audited the accompanying financial statements of Allentown Rescue Mission, Inc. and Allentown Rescue Mission Foundation (not-for-profit corporations) which comprise the combined statement of financial position as of June 30, 2016, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the combined 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor’s 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the Allentown Rescue Mission, Inc. and Allentown Rescue Mission Foundation's 2015 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated February 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allentown Rescue Mission, Inc. and Allentown Rescue Mission Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Campbell, Rappold & Yurasits LLP

April 25, 2017

ALLENTOWN RESCUE MISSION, INC. AND
ALLENTOWN RESCUE MISSION FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2016
With Summarized Totals for June 30, 2015

-ASSETS-	Allentown Rescue Mission	Foundation	2016	2015
Cash and Cash Equivalents	$2,100,435	$ 41,971	$ 2,142,406	$2,443,477
Certificates of Deposit	-	111,596	111,596	111,484
Investments (Note 3 and 4)	-	2,196,453	2,196,453	1,580,928
Accounts Receivable, Net (Note 5)	70,892	-	70,892	72,747
Loans Receivable (Note 6)	36,858	-	36,858	45,665
Prepaid Expenses	64,519	-	64,519	41,030
Inventory	17,111	-	17,111	-
Other Asset	4,578	-	4,578	4,578
Land, Building and Equipment (Net of Accumulated Depreciation) (Note 7)	2,989,900	-	2,989,900	3,094,819
Investment in Limited Partnership	86,473	-	86,473	77,599
Investments in Outside Perpetual Trusts (Note 8)	522,215	-	522,215	569,920
Total Assets	$5,892,981	$2,350,020	$ 8,243,001	$8,042,247
-LIABILITIES AND NET ASSETS-				
Liabilities:				
Accounts Payable	$ 28,455	$ -	$ 28,455	$ 47,984
Liability to Clients - Custodial Funds	34,042	-	34,042	18,357
Accrued Retirement (Note 10)	30,773	-	30,773	23,420
Accrued Expenses	42,192	-	42,192	43,977
Annuities Payable (Note 9)	265,133	-	265,133	276,590
Total Liabilities	400,595	-	400,595	410,328
Net Assets:				
Unrestricted	3,983,105	1,596,212	5,579,317	5,320,293
Unrestricted and Designated by the Governing Board for:				
Working Capital	150,000	-	150,000	150,000
Operating Reserves	60,000	-	60,000	60,000
Emergencies	40,000	-	40,000	40,000
Endowment (Note 14)	-	753,808	753,808	753,808
Total Unrestricted	4,233,105	2,350,020	6,583,125	6,324,101
Temporarily Restricted (Note 11)	737,066	-	737,066	737,898
Permanently Restricted (Note 8)	522,215	-	522,215	569,920
Total Net Assets	5,492,386	2,350,020	7,842,406	7,631,919
Total Liabilities and Net Assets	$5,892,981	$2,350,020	$ 8,243,001	$8,042,247

See independent auditor's report and accompanying notes to the financial statements.

ALLENTOWN RESCUE MISSION, INC. AND
ALLENTOWN RESCUE MISSION FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2016
With Summarized Totals for the Year Ended June 30, 2015

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Allentown Rescue Mission	Foundation	Allentown Rescue Mission	Allentown Rescue Mission	2016	2015
Revenues, Gains and Other Support:						
Contributions	$ 2,326,625	$ (124)	$ -	$ -	$ 2,326,501	$ 2,154,608
Government Grants	32,057	-	-	-	32,057	52,212
Bequests	229,501	-	-	-	229,501	203,193
Program Fees	31,600	-	-	-	31,600	37,650
Clean Team Workforce Development Fees	516,161	-	-	-	516,161	483,773
Foundations	113,411	-	-	-	113,411	71,117
In-Kind Contributions	126,580	-	-	-	126,580	7,500
Special Events, Net (Note 13)	108,089	-	-	-	108,089	70,284
Rental Property Income	-	-	-	-	-	-
Investment Return	15,377	(50,563)	-	-	(35,186)	48,180
Loss on Disposal of Land, Building and Equipment	2,033	-	-	-	2,033	-
Miscellaneous Income	3,337	-	-	-	3,337	8,247
Change in Value of Outside Perpetual Trusts	-	-	-	(47,705)	(47,705)	(30,511)
Change in Value of Split-Interest Agreements (Note 9)	(30,493)	-	-	-	(30,493)	(26,281)
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions (Note 11)	832	-	(832)	-	-	-
Total Revenues, Gains and Other Support	3,475,110	(50,687)	(832)	(47,705)	3,375,886	3,079,972
Expenses:						
Program Services:						
Christian Living Transitional Program	439,105	-	-	-	439,105	268,831
Gateway Center	633,888	-	-	-	633,888	536,476
Graduate Program	258,927	-	-	-	258,927	-
Resource Center	-	-	-	-	-	25,314
Berean Hall	-	-	-	-	-	110,371
New Creations	-	-	-	-	-	195,402
Clean Team Workforce Development	545,152	-	-	-	545,152	487,249
Total Program Services	1,877,072	-	-	-	1,877,072	1,623,643
Supporting Services:						
Management & General	420,206	-	-	-	420,206	364,130
Fundraising	868,121	-	-	-	868,121	780,009
Total Supporting Services	1,288,327	-	-	-	1,288,327	1,144,139
Total Expenses	3,165,399	-	-	-	3,165,399	2,767,782
Change in Net Assets	309,711	(50,687)	(832)	(47,705)	210,487	312,190
Net Assets at Beginning of Year	3,923,394	2,400,707	737,898	569,920	7,631,919	7,319,729
Net Assets at End of Year	$ 4,233,105	$ 2,350,020	$ 737,066	$ 522,215	$ 7,842,406	$ 7,631,919

See independent auditor's report and accompanying notes to the financial statements.

ALLENTOWN RESCUE MISSION, INC. AND
ALLENTOWN RESCUE MISSION FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF CASH FLOWS
Year Ended June 30, 2016
With Summarized Totals for the Year Ended June 30, 2015

	Allentown Rescue Mission	Foundation	Total Year Ended June 30, 2016	Total Year Ended June 30, 2015
Cash Flows from Operating Activities:				
Change in Net Assets	$ 261,174	$ (50,687)	$ 210,487	$ 312,190
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	139,542	-	139,542	136,683
Unrealized (Gain) Loss on Investments	-	82,475	82,475	(16,699)
Gain on Disposal of Land, Building and Equipment	(2,032)	-	(2,032)	-
Contributed Investments	(21,392)	-	(21,392)	(7,851)
Change in Value of Limited Partnership	(8,874)	-	(8,874)	(2,515)
Change in Value of Outside Perpetual Trusts	47,705	-	47,705	30,511
Changes in Assets and Liabilities:				
(Increase) in Receivables, Prepaids and Other Assets	(38,745)	-	(38,745)	(62,629)
(Decrease) Increase in Payables, Accruals and Other Liabilities	(9,733)	-	(9,733)	26,621
Net Cash Provided by Operating Activities	367,645	31,788	399,433	416,311
Cash Flows from Investing Activities:				
Decrease in Loans Receivable	8,807	-	8,807	12,295
(Purchase) of Certificates of Deposit	-	(112)	(112)	(1,596)
Sale of Certificates of Deposit	-	-	-	100,065
(Purchase) of Investments	-	(698,000)	(698,000)	(1,590,000)
Sale of Investments	21,392	-	21,392	369,793
(Purchase) of Land, Building and Equipment	(35,091)	-	(35,091)	(108,239)
Proceeds from Sale of Land, Building and Equipment	2,500	-	2,500	-
Net Cash (Used) by Investing Activities	(2,392)	(698,112)	(700,504)	(1,217,682)
Cash Flows from Financing Activities:				
Repayment of Long-Term Debt	-	-	-	-
Net Cash (Used) by Financing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	365,253	(666,324)	(301,071)	(801,371)
Cash and Cash Equivalents, Beginning of Year	1,735,182	708,295	2,443,477	3,244,848
CASH AND CASH EQUIVALENTS, END OF YEAR	$2,100,435	$ 41,971	$2,142,406	$2,443,477
Noncash Donation of Marketable Securities	$ 21,392	$ -	$ 21,392	$ 7,851

See independent auditor's report and accompanying notes to the financial statements.

ALLENTOWN RESCUE MISSION, INC. AND
ALLENTOWN RESCUE MISSION FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016
With Summarized Totals for the Year Ended June 30, 2015

	Program Services						
	Christian Living Transitional Program	Gateway Center	Graduate Program	Resource Center	Berean Hall	New Creations	Clean Team Workforce Development
Salaries and Casual Labor	$ 188,522	$331,097	$120,229	$ -	$ -	$ -	$ 350,231
Employee Benefits	41,104	68,758	28,114	-	-	-	26,027
Payroll Taxes	13,917	24,657	8,852	-	-	-	47,704
Total Salaries and Related Expenses	243,543	424,512	157,195	-	-	-	423,962
Professional Services	5,467	4,417	1,474	-	-	-	5,034
Employee Training and Recruitment	354	253	146	-	-	-	7
Advertising	-	27,809	-	-	-	-	29,261
Fundraising Materials and Printing	521	-	-	-	-	-	-
Postage	40	2	1	-	-	-	201
Transportation	2,090	603	350	-	-	-	10,882
Rent	5,107	5,278	3,064	-	-	-	1,362
Utilities	18,921	19,517	11,332	-	-	-	5,037
Property and Liability Insurance	9,536	17,969	14,875	-	-	-	23,742
Taxes and Licenses	756	6,099	826	-	-	-	1,839
Repairs and Maintenance	13,633	16,660	8,044	-	-	-	13,559
Building Custodial	672	4,637	403	-	-	-	179
Food and Supplies	92,598	52,909	16,522	-	-	-	310
Office Expense	3,613	4,345	1,723	-	-	-	7,823
Dues, Memberships & Subscriptions	15	15	9	-	-	-	4
Telephone	4,982	4,006	2,273	-	-	-	3,432
Travel and Meetings	241	201	126	-	-	-	2,188
Interest and Bank Charges	-	-	-	-	-	-	-
Payments to or On Behalf of Clients	14,884	4,250	52	-	-	-	3,978
Miscellaneous	104	560	6	-	-	-	375
Total Expenses Before Depreciation	417,077	594,042	218,421	-	-	-	533,175
Depreciation and Amortization	22,028	39,846	40,506	-	-	-	11,977
TOTAL EXPENSES FOR 2016	$ 439,105	$633,888	$258,927	$ -	$ -	$ -	$ 545,152
TOTAL EXPENSES FOR 2015	$ 268,831	$536,476	$ -	$ 25,314	$110,371	$195,402	$ 487,249

See independent auditor's report and accompanying notes to the financial statements.

	Supporting Activities			Total Year Ended June 30,	
Total	Management and General	Fund Raising	Total	2016	2015
$ 990,079	$ 210,392	$ 152,532	$ 362,924	$1,353,003	$1,118,613
164,003	67,948	23,766	91,714	255,717	180,173
95,130	15,364	11,105	26,469	121,599	99,687
1,249,212	293,704	187,403	481,107	1,730,319	1,398,473
16,392	46,461	70,071	116,532	132,924	190,470
760	1,026	481	1,507	2,267	3,211
57,070	-	45,687	45,687	102,757	81,752
521	446	376,972	377,418	377,939	400,988
244	1,254	154,984	156,238	156,482	143,290
13,925	2,335	58	2,393	16,318	19,474
14,811	1,702	511	2,213	17,024	17,024
54,807	6,296	1,889	8,185	62,992	69,632
66,122	(721)	6,137	5,416	71,538	84,126
9,520	988	1,257	2,245	11,765	3,646
51,896	5,044	1,385	6,429	58,325	60,404
5,891	224	67	291	6,182	2,866
162,339	319	2,118	2,437	164,776	50,097
17,504	12,039	6,083	18,122	35,626	31,531
43	3,606	301	3,907	3,950	4,363
14,693	4,278	1,971	6,249	20,942	19,359
2,756	7,122	1,021	8,143	10,899	7,654
-	20,807	-	20,807	20,807	19,054
23,164	5	-	5	23,169	19,659
1,045	(2,520)	331	(2,189)	(1,144)	4,026
1,762,715	404,415	858,727	1,263,142	3,025,857	2,631,099
114,357	15,791	9,394	25,185	139,542	136,683
$ 1,877,072	$ 420,206	$ 868,121	$1,288,327	$3,165,399	
$ 1,623,643	$ 364,130	$ 780,009	$1,144,139		$2,767,782

1. Nature of Organization

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

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

The Allentown Rescue Mission Foundation (the “Foundation”) is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania for the sole purpose of providing funds to support the programs, services and capital needs of the Allentown Rescue Mission, Inc.

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

Allentown Rescue Mission, Inc. and Allentown Rescue Mission Foundation are collectively referred to as the "Organization" for purposes of these financial statements.

Descriptions of the Mission’s programs are as follows:

Gateway Center

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

The Mission provides 66 beds for homeless men; the shelter is open seven days a week.

Christian Living Transitional Program

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

1. Nature of Organization (Continued)

Christian Living Graduate Program

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

Resource Center, Berean Hall and New Creations

As of July 1, 2015, these programs of the Mission were merged into the Christian Living and Graduate Programs.

Clean Team Workforce Development

Clean Team Workforce Development is an innovative project of the Allentown Rescue Mission, employing men who are working their way out of homelessness. Clean Team Workforce Development is a training program, teaching men transferrable workplace skills, such as: promptness, safety, attentiveness, cooperation and productivity. The goal for each participant is more than getting a job; it's to be a solid entry level worker, and a valued employee.

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of the Allentown Rescue Mission, Inc. and the Allentown Rescue Mission Foundation. Inter-organization transactions have been eliminated.

Basis of Accounting

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

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Organization classifies resources for accounting and report purposes into three net asset categories according to externally (donor) imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted net assets include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the Organization's charitable mission are included in this category.

Temporarily Restricted Assets

Temporarily restricted net assets include gifts, grants and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purpose.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts and pledges which are required by donor-imposed restrictions to be invested in perpetuity and only income be made available for operations in accordance with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable related to amounts due from various organizations for program services. All amounts are current and management has determined that all amounts are collectible; accordingly, no allowance for doubtful accounts is recorded.

2. Summary of Significant Accounting Policies (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investment in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Inventory

Purchased food is valued at cost. Donated food inventory is valued at an average of the national wholesale prices as determined by Feeding America.

As of June 30, 2016 donated food inventory, consisting of approximately 10,065 pounds at an average value of $1.70/lb totaled, $17,111.

Property and Equipment

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

Such assets and lives are generally as follows:

	Years
Land Improvements	45
Building and Improvements	39 - 45
Equipment	5 - 7
Vehicles	5

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

2. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions received, including unconditional promises, are recognized as support in the period received and are measured at their fair values. Depending on the form of the benefits received, contributions are either recorded by the Organization as revenues or assets, or as decreases in liabilities or expenses. Contributions with donor-imposed restrictions are recorded as restricted support, while contributions without donor-imposed restrictions are recorded as unrestricted support. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Conditional promises are recorded when donor stipulations are substantially met.

The Mission receives indications of intent to support programs that are commitments to provide monthly, quarterly, or annual gifts of a specified amount. These commitments are open-ended and subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Time has been donated by volunteers and board members of the Organization; however, such services are typically not recorded.

The Mission received in-kind donation for medical services for individuals in need of care. The value of donated services totaled $65,378 and $0 for the years ended June 30, 2016 and 2015, respectively. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

Allocation of Expenses by Function

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

Cash Equivalents

For purpose of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of Deposit are not considered to be cash equivalents if their maturity date is greater than three months even though their callable date is three months or less.

2. Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Concentration of Risk

As of June 30, 2016, the Organization had approximately $1,610,000 of cash balances which exceed federally insured limits. They historically have not experienced any credit related losses.

Reclassifications

It is the Organization's policy to reclassify, where appropriate, prior year financial statements to conform to the current year presentation.

Taxes on Income

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

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

The Organization has no material unrecognized tax benefits or accrued interest or penalties. The Organization has filed tax returns in the U.S. and Commonwealth of Pennsylvania. The years ended June 30, 2014, 2015, and 2016 are open for examination by taxing authorities generally for three years after filing.

3. Investments

The Foundation has investments at year end as follows:

	6/30/2016		6/30/2015	
	Cost	Market	Cost	Market
Wheaton Bond Fund	$ 917,000	$ 931,033	$ 635,000	$ 625,012
Wheaton Stock Fund	1,371,000	1,265,420	955,000	955,916
Total Investments	$ 2,288,000	$ 2,196,453	$ 1,590,000	$ 1,580,928

3. Investments (Continued)

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

	Mission	Foundation	For the Years Ended June 30, 2016 Total	For the Years Ended June 30, 2015 Total
Interest and Dividend Income	$15,377	$ 42,334	$ 57,711	$ 33,695
Investment Management Fees	-	(9,780)	(9,780)	(2,214)
Realized Gain (Loss) on Investments	-	(642)	(642)	88,637
Unrealized Gain (Loss) on Investments	-	(82,475)	(82,475)	(71,938)
Investment Return	$15,377	$ (50,563)	$ (35,186)	$ 48,180

4. Fair Value Measurements

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

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Organization has an investment in a Limited Partnership and Outside Perpetual Trusts classified as Level 3 assets.

4. Fair Value Measurements (Continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

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

Investment in Limited Partnership: Valued at the Organization's investment in the Partnership and their share of the Partnership annual income or loss.

Wheaton Stock Fund and Wheaton Bond Fund: Valued by the Funds custodian at market prices obtained from recognized automated pricing services, records of any exchange, standard financial periodicals, or any newspaper of general circulation, subject to review and approval by the trustee. Pricing services utilized by the custodian include FT active data, Standard & Poor's and Bloomberg. In those instance where there are no readily obtainable fair values from any of these sources, investments are valued on the basis of estimated fair values obtained from bankers, brokers, dealers or other qualified appraisers.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, with the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between Level, 1, Level 2 and Level 3 investments in 2016 and 2015.

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organizations' assets at fair value as of June 30, 2016 and 2015:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Wheaton Stock Fund	$ -	$ 1,265,420	$ -	$ 1,265,420
Wheaton Bond Fund	-	931,033	-	931,033
Outside Perpetual Trusts	-	-	522,215	522,215
Investment in Limited Partnership	-	-	86,473	75,084
Total Assets at Fair Value	$ -	$ 2,196,453	$ 608,688	$ 2,793,752

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Wheaton Stock Fund	$ -	$ 955,916	$ -	$ 955,916
Wheaton Bond Fund	-	625,012	-	625,012
Outside Perpetual Trusts	-	-	569,920	569,920
Investment in Limited Partnership	-	-	77,599	77,599
Total Assets at Fair Value	$ -	$ 1,580,928	$ 647,519	$ 2,228,447

4. Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2016 and 2015.

Year ended June 30, 2016:

	Investment in Limited Partnership	Outside Perpetual Trusts	Total
Balance, Beginning of Year	$ 77,599	$ 569,920	$ 647,519
Share of Partnership Income	9,726	-	9,726
Unrealized (Losses)	-	(47,705)	(47,705)
Withdrawals and Distributions	(852)	-	(852)
Balance, End of Year	$ 86,473	$ 522,215	$ 608,688

Year ended June 30, 2015:

	Investment in Limited Partnership	Outside Perpetual Trusts	Total
Balance, Beginning of Year	$ 75,084	$ 600,431	$ 675,515
Share of Partnership Income	8,668	-	8,668
Unrealized Gains (Losses)	-	(30,511)	(30,511)
Withdrawals and Distributions	(6,153)	-	(6,153)
Balance, End of Year	$ 77,599	$ 569,920	$ 647,519

5. Accounts Receivable

Accounts receivable consist of:

	6/30/16	6/30/15
Government Grants	$ 13,803	$ 30,549
Clean Team Work Force Development Fees	54,016	38,905
Other	3,073	3,293
	$ 70,892	$ 72,747

6. Loans Receivable

In December of 2013, the Organization sold real property and issued a mortgage to the buyer for $61,900, bearing 3.5% interest rate. The loan is due in 60 equal monthly payments of $1,119 plus interest beginning January 2014 and is secured by the real property in Allentown, PA. The loan receivable balance was $36,858, and $45,655, for the years ending June 30, 2016 and 2015, respectively.

7. Land, Building and Equipment

Land, building and equipment consist of the following:

	6/30/16	6/30/15
Land and Buildings	$3,997,634	$3,992,245
Furniture and Equipment	489,691	462,495
Vehicles	113,029	131,032
	4,600,354	4,585,772
Less: Accumulated Depreciation	(1,610,454)	(1,490,953)
	$2,989,900	$3,094,819

Depreciation charged to expense was $139,542 and $136,683 for the years ended June 30, 2016 and 2015, respectively.

8. Outside Perpetual Trusts

Allentown Rescue Mission, Inc. has two perpetual trusts that provide for annual distributions of income to the Organization as beneficiary. The trusts at June 30, 2016 and 2015 are as follows:

		Share of Net Assets	
Trust	% Interest	6/30/2016	6/30/2015
Trust under agreement of Beuhler Memorial Fund Trust	5%	$ 132,462	$ 144,959
Trust under agreement of Charles and Mayme Smith	50%	389,753	424,961
		$ 522,215	$ 569,920

Investments of the trusts at June 30, 2016 consist of:

	Cost	Market
Cash Held for Investment	$ 25,202	$ 25,202
Real Asset Funds	50,144	56,019
Equity Securities	246,755	270,044
Complimentary Strategies	46,480	58,161
Fixed Income Securities	110,007	112,789
	$478,588	$522,215

9. Annuities Payable

Charitable gift annuities and charitable remainder annuity trust consist of the following:

	Liability to Donors Under Charitable Gift Annuities June 30,	
Unrestricted:	2016	2015
Charitable Gift Annuity Created in 2002 Requiring Quarterly Payments of $2,187 to the Donor for his Lifetime	$ 48,515	$ 51,204
Charitable Gift Annuity Created in 2001 Requiring Quarterly Payments of $5,000 to the Donor for his Lifetime	104,281	109,673
Charitable Gift Annuity Created in 2006 Requiring Quarterly Payments of $433 to the Donor for his Lifetime	-	-
Charitable Gift Annuity Created in 2008 Requiring Quarterly Payments of $3,300 to the Donor for his Lifetime	112,337	115,713
Total	$ 265,133	$ 276,590

On an annual basis, the Mission revalues the liabilities/asset of the split-interest agreements based on applicable mortality tables and discount rates, which vary from 4% to 6.6%.

10. Retirement Plan

The Mission offers a 401(k) profit sharing plan whereby they contribute 6% of eligible wages to the plan annually. The Organization also offers a 401(k) plan whereby they will match up to 3% of eligible wages. Retirement expense was $77,219 and $64,463, for 2016 and 2015, respectively. In addition, a tax deferred annuity plan is available to staff members.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	June 30, 2016	June 30, 2015
Car Program	$ 20,000	$ 20,000
Purchase of a Van	3,140	3,140
Financial Literacy	2,500	2,500
Medical Care for the Needy and Underprivileged	711,426	712,258
	$ 737,066	$ 737,898

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors:

	June 30, 2016	June 30, 2015
Medical Care for the Needy and Underprivileged	$ 832	$ 1,448
	$ 832	$ 1,448

12. Operating Leases

The Organization is obligated under various leases for equipment rentals, accounted for as operating leases. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2016:

Year Ending June 30,	
2017	$ 6,141
2018	5,362
2019	1,366
	$ 12,869

Rent expense under these operating leases for the years ended June 30, 2016 and 2015 was $6,141.

13. Special Events

Special events revenues and expenses were as follows:

	2016	2015
Revenue	$146,883	$ 93,200
Expense	(38,794)	(22,916)
Net	$108,089	$ 70,284

14. Board Designated Endowment

The Organization's endowment consists of a $753,808 board designated endowment. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2016 and 2015, the Board of Directors had designated endowment funds of $753,808 that are classified and reported as unrestricted net assets.

Return Objectives and Risk Parameters

The board designated endowment funds of the Organization are invested within the pool of investments held by the Foundation. Per the board designation, the Organization maintains a balance of $753,808 of the investment pool for endowment purposes. Accordingly, no gain or loss has been recognized in the Changes in Endowment Net Assets schedule. The Board of the Foundation has adopted an investment policy whereby it seeks to achieve a "satisfactory" total rate of return on invested funds. The satisfactory total rate of return will vary over time as a function of the overall economic and investment market environment.

Endowment net asset composition by type of fund is as follows:

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board Designated Endowment Funds	$ 753,808	$ -	$ -	$753,808

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board Designated Endowment Funds	$ 753,808	$ -	$ -	$753,808

14. Board Designated Endowment (Continued)

Changes in endowment net assets, all of which are unrestricted, for the fiscal years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Endowment Net Assets, Beginning of Year	$ 753,808	$ 753,808
Contributions	-	-
Investment Income	-	-
Net Appreciation (Depreciation)	-	-
Endowment Net Assets, End of Year	$ 753,808	$ 753,808

15. Advertising

Advertising costs are expensed as incurred and were $102,758 and $81,752 for the years ended June 30, 2016 and 2015, respectively.

16. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 25, 2017, the date the financial statements were available to be issued.

17. Summarized Totals for Year Ended June 30, 2015

The financial statements include certain prior-year summarized comparative information in total, but not by function or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2015, from which summarized information was derived.