SUNDAY BREAKFAST RESCUE MISSION
Financial Statements
June 30, 2019 and 2018
With Independent Auditor's Report

Sunday Breakfast Rescue Mission
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June 30, 2019 and 2018

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Sunday Breakfast Rescue Mission:

Report on the Financial Statements

We have audited the accompanying financial statements of Sunday Breakfast Rescue Mission ("the Mission") which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mission as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter Regarding Change in Accounting Principles

As discussed in Note 14 to the financial statements, in 2019, the Mission adopted Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities* (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities. Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

December 17, 2019

Sunday Breakfast Rescue Mission
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 223,788	$ 35,316
Investments	7,423	201,669
Inventory	-	116,425
Prepaid expenses	4,783	7,953
Total current assets	235,994	361,363
Split and beneficial interest in trusts	540,328	550,502
Deferred rent asset	8,225	2,093
Property and equipment		
Land	430,050	510,050
Buildings and improvements	4,359,919	4,682,147
Vehicles	131,363	131,363
Furniture, fixtures and equipment	188,700	159,600
	5,110,032	5,483,160
Less: Accumulated depreciation	(2,782,200)	(2,767,492)
Property and equipment, net	2,327,832	2,715,668
Total assets	$ 3,112,379	$ 3,629,626
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 78,181	$ 131,435
Line of credit	-	234,118
Notes payable, current portion	23,063	22,177
Other deposits	13,085	150
Total current liabilities	114,329	387,880
Long-term liabilities		
Note payable, net of current portion	260,096	284,573
Total liabilities	374,425	672,453
Net assets		
Without donor restriction		
Investment in property and equipment	2,044,673	2,174,800
Undesignated net assets	115,231	102,287
With donor restriction	578,050	680,086
Total net assets	2,737,954	2,957,173
Total liabilities and net assets	$ 3,112,379	$ 3,629,626

The Notes to Financial Statements are an integral part of these statements.

Sunday Breakfast Rescue Mission
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenues						
Contributions	$ 1,726,127	$ -	$ 1,726,127	$ 1,842,720	$ 18,856	$ 1,861,576
Bequests/wills	6,143	-	6,143	68,114	-	68,114
Gifts in kind- donations	406,263	-	406,263	799,620	-	799,620
Change in value of split interest agreements and perpetual trusts	-	(10,174)	(10,174)	-	(2,937)	(2,937)
Thrift store sales	312,983	-	312,983	560,512	-	560,512
Trust and investment income	24,940	-	24,940	36,755	-	36,755
Gain on sale of property and equipment	345,398	-	345,398	-	-	-
Other income	58,711	-	58,711	59,419	-	59,419
	2,880,565	(10,174)	2,870,391	3,367,140	15,919	3,383,059
Net assets released due to satisfaction of time and purpose restrictions	91,862	(91,862)	-	23,677	(23,677)	-
	2,972,427	(102,036)	2,870,391	3,390,817	(7,758)	3,383,059
Expenses						
Program services	2,203,634	-	2,203,634	2,640,165	-	2,640,165
Management and general	438,192	-	438,192	295,993	-	295,993
Fundraising	447,784	-	447,784	484,463	-	484,463
	3,089,610	-	3,089,610	3,420,621	-	3,420,621
Changes in net assets	(117,183)	(102,036)	(219,219)	(29,804)	(7,758)	(37,562)
Net assets - beginning of year, as previously reported	2,277,087	680,086	2,957,173	2,158,391	836,344	2,994,735
Prior period adjustment	-	-	-	148,500	(148,500)	-
Net assets - beginning of year, as restated	2,277,087	680,086	2,957,173	2,306,891	687,844	2,994,735
Net assets - end of year	$ 2,159,904	$ 578,050	$ 2,737,954	$ 2,277,087	$ 680,086	$ 2,957,173

The Notes to Financial Statements are an integral part of these statements.

Sunday Breakfast Rescue Mission
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Operating activities		
Changes in net assets	$ (219,219)	$ (37,562)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Gain on sale of property and equipment	(345,398)	-
Depreciation	187,752	188,262
Net realized and unrealized gain on investments	(2,818)	(23,407)
Increase in value of split interest agreements and perpetual trusts	10,174	2,937
Changes in operating assets and liabilities		
Inventory	116,425	(17,303)
Prepaid expenses	3,170	28,102
Deferred rent asset	(6,132)	275
Accounts payable and accrued expenses	(53,254)	(24,897)
Other deposits	12,935	(3,939)
Net cash provided by (used in) operating activities	(296,365)	112,468
Investing activities		
Purchase of property and equipment	(54,318)	(88,983)
Purchase of investments	(43,228)	(44,953)
Proceeds from sale of property and equipment	599,800	-
Proceeds from sale of investments and split and beneficial interest in trusts	240,292	38,408
Net cash provided by (used in) investing activities	742,546	(95,528)
Financing activities		
Proceeds from line of credit	443,778	446,081
Payments on line of credit	(677,896)	(540,410)
Payments on long-term debt	(23,591)	(19,905)
Net cash used in financing activities	(257,709)	(114,234)
Net increase (decrease) in cash and cash equivalents	188,472	(97,294)
Cash and cash equivalents		
Beginning of year	35,316	132,610
End of year	$ 223,788	$ 35,316
Supplemental disclosure of cash flow information		
Interest paid	$ 43,712	$ 35,498

The Notes to Financial Statements are an integral part of these statements.

Sunday Breakfast Rescue Mission
Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

	2019						2018					
	Program Services			Support Services			Program Services			Support Services		
	Homeless Services	Wayne Hall	Program Total	Management and General	Fundraising	Total	Homeless Services	Wayne Hall	Program Total	Management and General	Fundraising	Total
Salaries	$ 643,650	$ 137,046	$ 780,696	$ 171,829	$ 148,387	$ 1,100,912	$ 760,731	$ 175,553	$ 936,284	$ 117,036	$ 117,035	$ 1,170,355
Payroll taxes and fringe benefits	99,817	17,301	117,118	49,493	16,613	183,224	152,423	35,175	187,598	23,450	23,449	234,497
	743,467	154,347	897,814	221,322	165,000	1,284,136	913,154	210,728	1,123,882	140,486	140,484	1,404,852
Advertising	442	-	442	2,210	13,620	16,272	-	-	-	-	58,063	58,063
Automobile and travel	12,154	490	12,644	3,719	359	16,722	11,226	290	11,516	5,636	326	17,478
Clothing	312,983	-	312,983	-	-	312,983	560,512	-	560,512	-	-	560,512
Continuing education/conferences	3,081	-	3,081	2,399	25	5,505	142	-	142	3,661	100	3,903
Depreciation	153,020	31,802	184,822	2,241	689	187,752	154,376	30,981	185,357	2,289	616	188,262
Dues and subscriptions	2,790	-	2,790	5,566	1,416	9,772	655	-	655	3,853	225	4,733
Food	265,238	6,752	271,990	-	-	271,990	280,275	6,625	286,900	-	-	286,900
House expense	38,103	5,390	43,493	74	292	43,859	29,699	5,354	35,053	-	-	35,053
Insurance	64,451	15,002	79,453	21,612	1,638	102,703	72,122	14,912	87,034	25,941	1,614	114,589
Interest	16,330	-	16,330	27,330	52	43,712	13,821	-	13,821	21,677	-	35,498
Marketing	2,942	-	2,942	566	207,620	211,128	16,925	-	16,925	782	211,829	229,536
Miscellaneous	32,408	2	32,410	-	-	32,410	847	519	1,366	222	138	1,726
Newsletter	-	-	-	-	29,548	29,548	-	-	--	-	37,262	37,262
Office expense	20,096	359	20,455	4,452	682	25,589	25,833	599	26,432	5,761	9,100	41,293
Postage	1,599	-	1,599	3,080	20,748	25,427	117	16	133	1,755	12,097	13,985
Professional fees	6,516	2,360	8,876	130,804	594	140,274	3,931	1,920	5,851	69,330	750	75,931
Real estate taxes	17,432	971	18,403	-	-	18,403	-	971	971	-	-	971
Rent expense	2,213	199	2,412	323	351	3,086	4,366	-	4,366	547	1,096	6,009
Repairs and maintenance	71,803	11,743	83,546	47	-	83,593	56,203	4,640	60,843	-	209	61,052
Small equipment	4,846	36	4,882	399	-	5,281	7,936	885	8,821	2,958	351	12,130
Software and IT support	3,969	-	3,969	4,957	4,802	13,728	103	-	103	4,730	9,479	14,312
Telephone	14,630	4,182	18,812	7,091	348	26,251	18,717	5,055	23,772	6,365	724	30,861
Utilities	156,331	23,155	179,486	-	-	179,486	162,275	23,435	185,710	-	-	185,710
	$ 1,946,844	$ 256,790	$ 2,203,634	$ 438,192	$ 447,784	$ 3,089,610	$ 2,333,235	$ 306,930	$ 2,640,165	$ 295,993	$ 484,463	$ 3,420,621

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION AND PURPOSE OF CORPORATION

The mission of the Sunday Breakfast Rescue Mission (“the Mission”) is as follows:

“The Sunday Breakfast Rescue Mission exists to minister in the name of Jesus Christ to the spiritual and practical needs of the disadvantaged in the Philadelphia area.”

The Mission operates a homeless mission and shelter for men, women and children. Residents can receive meals and shelter. There are also rehabilitation programs and job training programs. The Mission is primarily supported through donor contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Accordingly, the Mission distinguishes between net assets with donor restrictions and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Mission. These net assets may be used at the discretion of the Mission’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. There were no net assets that were perpetual in nature at June 30, 2019 and 2018.

Revenue and Support Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged and recorded as without donor restriction or with donor restriction support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Prior to the closing of the thrift stores during fiscal year 2019, revenue from thrift store sales was recognized when the sale takes place. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with a maturity of three months or less at acquisition, excluding money market funds included in investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

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.

Property and Equipment
Property and equipment is carried at cost or if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets by the straight-line method. It is the Mission's policy to capitalize expenditures in excess of $1,000. Maintenance, repairs and minor renewals are charged to operations as incurred. Depreciation expense amounted to $187,752 and $188,262 for the years ended June 30, 2019 and 2018, respectively. The principal lives used for computing depreciation are as follows:

Description	Estimated Life (Years)
Buildings and building improvements	3-40
Vehicles	5
Furniture, fixtures and equipment	3-10

Fair Value of Financial Instruments
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 Mission'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 fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1- Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Mission has the ability to access.

Level 2- Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3- Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Valuation of Long-Lived Assets
In accordance with the provisions of accounting standards related to *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Mission reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Expenses are directly charged to the program activities other than those that benefit multiple functions. The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of Sunday Breakfast Rescue Mission. Those expenses include depreciation, rent, telephone, software and IT support, office expense, and insurance. Salaries, payroll taxes and fringe benefits are allocated based on time and effort. Depreciation and rent are allocated based on square footage, telephone, office expense and software and IT support are allocated based upon individual departmental users, and insurance is allocated based upon salaries.

Income Taxes

The Mission is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal income taxes has been recorded in the statements of activities and changes in net assets.

The Mission adopted the accounting pronouncement dealing with the uncertain tax positions as of July 1, 2011. Upon adoption of this pronouncement, the Mission had no unrecognized tax benefits. Furthermore, the Mission had no unrecognized tax benefits at June 30, 2019 and 2018. In addition, the Mission has no income tax related penalties or interest for the periods reported in these financial statements. Should the Mission incur interest and penalties, they would be recorded as management and general expenses.

Investments

Investments are reported at fair value in the accompanying statements of financial position. Realized and unrealized gains and losses are included in trust and investment income in the accompanying statements of activities and changes in net assets. Investments received by gift are initially recorded at fair value at the date of receipt. Due to the level of risk associated with certain investments, and the current world economy, it is at least reasonably possible that changes in the values of investments will occur in the near term and that those changes could materially affect the amounts reported in the financial statements.

A formal investment policy was adopted by the Mission effective in September 2010, and revised in February 2012, for any endowment fund created by donor restricted contributions. This policy consists of a long term asset allocation target of 20 percent equities and 80 percent fixed income. This policy does not apply to operational funds. The Mission considers all investments to be current, except for those investments comprising the corpus of the endowment.

Split Interest Agreements and Beneficial Interest in Perpetual Trusts

The Mission has accepted a gift subject to a split interest agreement. Under this trust agreement the Mission receives semi-annual trust income distributions. Upon the death of the last individual beneficiary, the Mission will receive a proportionate share of the remaining principal. The estimated value of the Mission’s share at the expected date of ultimate disposition has been subjected to a discount rate in order to record the asset at its present value. The net asset has been recorded as with donor restriction due to time restrictions.

The Mission also received three gifts of beneficial interests in trusts that are held by others. Under the terms of these trusts, the Mission has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. At the time of the receipt, a gift is recorded based on the fair value of the assets contributed to the trust (or the portion thereof that benefits the Mission). Annual distributions from the trust are reported as investment income and classified as with or without donor restrictions based upon donor designations. The beneficial interests in perpetual trusts are reported at fair value, with the change in fair value reported as an increase or decrease in net assets with donor restrictions that are perpetual in nature. Given the nature of the promises, as well as the inability to compute the present value of the perpetual income stream of the trusts, the Mission has recorded its proportionate share of the total fair market value of the principal trust assets upon which its income distributions are based as net assets with donor restrictions that are perpetual in nature.

The change in value of split interest agreements and perpetual trusts for the years ended June 30, 2019 and 2018 were decreases amounting to $(10,174) and $(2,937), respectively. Income from distributions from the trusts amounted to $9,816 and $23,453, for the years ended June 30, 2019 and 2018, respectively.

Inventory
Inventory consists principally of donated goods for sale in the Mission's retail thrift stores and is recorded at estimated fair value.

Donated Services and Materials
A significant number of volunteers have donated a substantial amount of time to the Mission's program services, management and fundraising campaigns. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. The Mission receives a significant amount of food donations from food banks, organizations and individuals. The Mission recognizes the estimated fair value of the food donations in their financial statements by using a value per meal served and subtracting out the costs of food purchases. In addition, the Thrift Store programs receive substantial donations of materials and clothing that are recognized at estimated fair value.

Advertising Expense
The Mission follows the policy of charging the costs of advertising to expense when the advertisements are first displayed for the Mission's programs. Advertising expense for the years ended June 30, 2019 and 2018 was $16,272 and $58,063, respectively.

Reclassification
Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net assets.

3. INVESTMENTS

Investments at June 30, consisted of the following:

	2019		2018	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Money market	$ 7,423	$ 7,423	$ 15,067	$ 15,067
Mutual funds	-	-	173,160	186,602
	$ 7,423	$ 7,423	$ 188,227	$ 201,669

4. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Mission to concentrations of credit risk consist of cash and cash equivalents. In an attempt to limit its credit risk, the Mission places all interest bearing funds with high credit quality financial institutions. This limits the exposure to credit risk.

5. DEFERRED RENT ASSET

The Mission leases space on their roof for a cellular tower to AT&T under a lease that was amended in March 2019 to extend through 2025 with automatic renewal for up to 4 additional 5 year terms. Monthly payments began at $1,861 and escalate to $2,993 over the lease term. Rental income is recognized on a straight-line basis and amounted to $26,714 and $20,194 for the years ended June 30, 2019 and 2018, respectively. The cumulative difference between rental income recognized and rental payments received resulted in a deferred rent asset of $8,225 and $2,093 at June 30, 2019 and 2018, respectively.

Future minimum rent payments for the years ended June 30, are as follows:

	Amount
2020	$ 22,928
2021	23,388
2022	23,856
2023	24,332
2024	24,824
Thereafter	542,112
	$ 661,440

6. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Mission's financial assets and liquidity resources as of June 30, 2019, reduced by the amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or donor restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions, detailed in Note 9. In addition to financial assets available to meet general expenditures over the next 12 months, the Mission has two revolving commercial lines of credit with banks, detailed in Note 7.

Financial Assets	
Cash and cash equivalents	$ 223,788
Split and beneficial interest in trusts	540,328
Deferred rent asset	8,225
Investments	7,423
	779,764
Less amounts not available to be used within one year	
Net assets with donor restrictions	578,050
	578,050
Financial assets available to meet general expenditures over the next 12 months	$ 201,714

7. LINE OF CREDIT

The Mission has a $200,000 revolving commercial line of credit from TD Bank that is renewed on an annual basis. The line is secured by a first mortgage on the real estate located at 302 13th Street, Philadelphia, Pennsylvania. The interest rate is the prime rate as published by the *Wall Street Journal* on the applicable date plus 2.5 percent, with a minimum rate of 4 percent. For the years ended June 30, 2019 and 2018, the outstanding balance on the line was $-0- and $123,805, respectively.

The Mission also has available a $250,000 revolving commercial line of credit from Citizen Bank that is renewed on an annual basis. The line is secured by a first mortgage on the real estate located at 5200-5208 Wayne Avenue, Philadelphia, Pennsylvania. The interest rate is the prime rate as published by the *Wall Street Journal* on the applicable date plus 1 percent. For the years ended June 30, 2019 and 2018, the outstanding balances on the line were $-0- and $110,313, respectively.

8. LONG-TERM DEBT

The Mission's obligations under notes payable consist of the following:

	2019	2018
Note payable to individual secured by real estate at 32 West Lincoln Highway, Penndel, Pennsylvania. Monthly payments of $2,640 consisting of principal and interest at 5 percent, matures February 1, 2031.	$ 278,107	$ 296,810
Loan payable to Lafferty Chevrolet Company secured by 2015 Chevrolet Silverado truck. Monthly payments of $431 consisting of principal and interest at 3.89 percent, matures July 10, 2020.	5,052	9,940
	283,159	306,750
Less: Current portion of notes payable	23,063	22,177
	$ 260,096	$ 284,573

Future scheduled maturities of notes payable are as follows:

	Amount
2020	$ 23,063
2021	19,291
2022	20,094
2023	21,122
2024	21,122
Thereafter	178,467
	$ 283,159

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30,:

	2019	2018
Subject to expenditure for a specified purpose		
Beneficial interest in perpetual trusts	$ 261,880	$ 260,696
Homeless Services	-	80,082
Wayne Hall	37,722	49,502
	299,602	390,280
Subject to passage of time - no purpose limitations		
Split interest agreements - time restricted	278,448	289,806
Total net assets with donor restrictions	$ 578,050	$ 680,086

Components of net assets with donor restrictions released from restriction at June 30, 2019 and 2018, consisted of the following:

	2019	2018
Homeless Services	$ 80,082	$ -
Wayne Hall	11,779	23,677
	$ 91,861	$ 23,677

10. DECREASES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

As defined by Accounting Standards Update “ASU” 2014-15; substantial doubt about an entity’s ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). Sunday Breakfast Rescue Mission has incurred operating losses in the past which has resulted in a deficiency in the change in net assets without donor restrictions in the amount of $117,183 and $29,804 for the years ended June 30, 2019 and 2018, respectively. Management and the Board have addressed this situation continuously. For fiscal year ended June 30, 2019, Sunday Breakfast Rescue Mission reduced expenses, closed thrift stores, discontinued outreach programs, reduced the total number of employees, and is in the process of identifying new contribution streams from individuals, corporations, and foundations. The Mission had significant one time, nonrecurring, transactions including the sale of property and equipment and liquidation of investments. The Mission had fewer contributions from major gift donors and through bequests during the year ended June 30, 2019, however, Sunday Breakfast Rescue Mission has embarked on new revenue streams utilizing current staff which would generate additional increases to net assets without donor restrictions. The Mission’s Management and Board are closely monitoring this situation and are committed to generating an operational surplus, thus eliminating this deficiency. Management believes that these actions will enable the Mission to continue as a going concern through December 17, 2020, which is one year from the date these financial statements were available to be issued.

11. PRIOR PERIOD ADJUSTMENT

The financial statements of Sunday Breakfast Rescue Mission have been restated to correct an error made in prior years. The error relates to the treatment of a contribution as a permanently restricted endowment fund. During the year ended June 30, 2019, the Mission researched the origins of the restriction on this contribution and found no evidence of a restriction. The Board of Trustees resolved to release this restriction. This prior period adjustment had no effect on the total balance of net assets, only a shift between net assets with donor restrictions and net assets without donor restrictions in the amount of $148,500. However, it did have an effect on the classification of the investments in the amount of $148,500 from noncurrent to current assets at June 30, 2018.

12. IN-KIND DONATIONS

For the years ended June 30, 2019 and 2018, the Mission received the following in-kind donations at estimated fair value:

	2019	2018
Materials and clothing	$ 196,559	$ 577,815
Food, other goods and services	209,704	221,805
	$ 406,263	$ 799,620

13. FAIR VALUE MEASUREMENTS

The Mission uses fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. For additional information on how the Mission measures fair value refer to Note 2.

The following table presents the Mission's fair value hierarchy for those investments measured at fair value on a recurring basis for the years ended June 30, 2019 and 2018.

	2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 7,423	$ -	$ -	$ 7,423
Split and beneficial interests in trusts	-	-	540,328	540,328
	$ 7,423	$ -	$ 540,328	$ 547,751

	2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 201,669	$ -	$ -	$ 201,669
Split and beneficial interests in trusts	-	-	550,502	550,502
	$ 201,669	$ -	$ 550,502	$ 752,171

The Mission is beneficiary to an irrevocable residual trust (split interest agreement) and certain perpetual trusts. The Mission's beneficial interest in these trusts range from 8.33 percent to 50 percent and includes annual distributions. The split interest agreement trust funds and one of the perpetual trusts are held in pooled funds invested with Wells Fargo and consist of fixed income and equity mutual funds. The remaining two perpetual trust funds are held at PNC and consist of fixed income and equity mutual funds. The irrevocable trust is further valued by discounting the net present value of the balance of the funds based upon the life expectancy of the donor. Net present value was discounted at 6 percent. All trust funds are measured at fair value in the statements of financial position.

The change in Level 3 assets for the years ended June 30, 2019 and 2018 are as follows:

	Split Interest	Beneficial Interest in Perpetual Trusts	Total
Beginning balance, July 1, 2018	$ 260,696	$ 289,806	$ 550,502
Increase (decrease) in value of split and beneficial interests in trusts	1,184	(11,358)	(10,174)
Ending balance, June 30, 2019	$ 261,880	$ 278,448	$ 540,328

	Split Interest	Beneficial Interest in Perpetual Trusts	Total
Beginning balance, July 1, 2017	$ 266,818	$ 286,621	$ 553,439
Increase (decrease) in value of split and beneficial interests in trusts	(6,122)	3,185	(2,937)
Ending balance, June 30, 2018	$ 260,696	$ 289,806	$ 550,502

14. NEW ACCOUNTING PRONOUNCEMENT ADOPTED IN CURRENT YEAR

During the year ended June 30, 2019, the Mission adopted Accounting Standards Update (“ASU”) No. 2016-14 – Not-For-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-For-Profit Entities. This guidance is intended to improve the net asset classification requirement and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and expenses by both their natural and functional classifications.

A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of June 30, 2018 follows:

	ASU 2016-14 Classifications		
Net Assets Classifications	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented:			
Unrestricted, as restated (See Note 11)	$ 2,277,087	$ -	$ 2,277,087
Temporarily restricted	-	419,684	419,684
Permanently restricted, as restated (See Note 11)	-	260,402	260,402
	$ 2,277,087	$ 680,086	$ 2,957,173

15. NEW ACCOUNTING PRONOUNCEMENT ISSUED NOT YET EFFECTIVE

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02 *Leases* (*Topic 842*), which supersedes existing lease accounting standards. Together with subsequent amendments, this created Accounting Standards Codification Topic 842 (“ASC 842”). ASC 842 expands disclosure requirements for lessors. ASC 842 is effective for annual reporting periods beginning after December 15, 2020. Early adoption is permitted. Sunday Breakfast Rescue Mission does not expect the adoption of ASC 842 to have a significant impact on its results of operations, financial position or cash flows.

ASU 2016-18, *Statement of Cash Flows*, (Topic 230) was issued by FASB in November 2016 and is effective for the fiscal year beginning after December 15, 2018. This guidance requires restricted cash to be included within cash and cash equivalents when explaining the total change in cash for the period within the statement of cash flows. Upon adoption, the Mission anticipates including its cash equivalents (money market funds) currently included in investments on the statement of cash flows in cash and cash equivalents rather than in purchases and sales of investments.

In June 2018, the FASB issued ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance assists not-for-profit entities in determining whether to account for a transfer of assets as a contribution or an exchange transaction. This update also clarifies that a contribution is conditional if the agreement includes both a barrier (as defined) and a right of return or release. The standard is effective for transactions in which the entity serves as a resource recipient for annual periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019, and as a resource provider for annual periods beginning after December 15, 2019, and interim periods beginning after December 15, 2020. The standard is expected to affect the Mission as a resource recipient in fiscal year 2020. Under the new standard, these grants will be treated as contribution income unless the grantor receives a commensurate value for the amount paid.

ASU 2014-09, Revenue from Contracts with Customers (Topic 606) was issued by the FASB in May 2014 and is effective for the fiscal year beginning after December 15, 2018 with early adoption permitted. The new revenue accounting standard requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Mission expects to be entitled in exchange for those goods or services. The new standard supersedes all U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires significant additional disclosures. The new requirements have not been adopted in these financial statements. Management is currently assessing the impact of this pronouncement on prospective financial statements. However, upon adoption, the Mission does not expect this pronouncement to have a material effect on the financial statements.

16. SUBSEQUENT EVENTS

The Mission has evaluated subsequent events occurring after the statement of financial position date through the date of December 17, 2019 which is the date the financial statements were available to be issued. Based on this evaluation, the Mission has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.