GUIDING LIGHT MISSION, INC.
AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2018 and 2017

Goodlander, Swett & Rybicki
Certified Public Accountants
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GOODLANDER, SWETT & RYBICKI

CERTIFIED PUBLIC ACCOUNTANTS
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PHONE (616) 361-1896 • (616) 364-4000
FAX (616) 361-0276

INDEPENDENT AUDITORS' REPORT

Board of Directors
Guiding Light Mission, Inc.
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Guiding Light Mission, Inc. (a Michigan nonprofit corporation) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express 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 auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Guiding Light Mission, Inc. and Subsidiary as of June 30, 2018 and 2017, and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Goodlander, Swett & Rybicki
Certified Public Accountants

November 2, 2018
GUIDING LIGHT MISSION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS
Current:
- Cash on hand $ 2,052,485 $ 1,643,749
- Accounts receivable 410,803 161,578
- Board designated assets:
  - Cash 964 964
  - Investment 147,735 141,443
  - Other current assets 28,969 26,904

Total current assets 2,640,956 1,974,638

Non-current:
- Property and equipment - net 1,006,321 1,051,549

TOTAL ASSETS $ 3,647,277 $ 3,026,187

LIABILITIES AND NET ASSETS

LIABILITIES
Current:
- Accounts payable $ 132,809 $ 123,738
- Accrued wages 110,842 34,333
- Payroll tax withholding 1,435 3,973
- Accrued income taxes 32,701 -

TOTAL LIABILITIES 277,787 162,044

NET ASSETS
- Temporarily restricted 43,780 12,980

Unrestricted
- Board designated 148,699 142,407
- Other unrestricted 3,177,011 2,708,756

Total unrestricted 3,325,710 2,851,163

TOTAL NET ASSETS 3,369,490 2,864,143

TOTAL LIABILITIES AND NET ASSETS $ 3,647,277 $ 3,026,187

See Notes to Consolidated Financial Statements.
GUIDING LIGHT MISSION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Revenues, gains, and other support:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions - cash</td>
<td>$ 2,138,651</td>
<td>$ 50,000</td>
<td></td>
<td>$ 2,188,651</td>
</tr>
<tr>
<td>Contributions - in-kind</td>
<td>1,122,929</td>
<td></td>
<td></td>
<td>1,122,929</td>
</tr>
<tr>
<td>Services</td>
<td>2,849,741</td>
<td></td>
<td></td>
<td>2,849,741</td>
</tr>
<tr>
<td>Interest income</td>
<td>3,990</td>
<td></td>
<td></td>
<td>3,990</td>
</tr>
<tr>
<td>Net realized and unrealized gain (loss) on investment</td>
<td></td>
<td></td>
<td>6,292</td>
<td>6,292</td>
</tr>
<tr>
<td>Rent</td>
<td>87,566</td>
<td></td>
<td></td>
<td>87,566</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of purpose restrictions</td>
<td>19,200</td>
<td>(19,200)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL REVENUES, GAINS, AND OTHER SUPPORT** 6,222,077 30,800 6,292 6,259,169

**Expenses**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services expenses</td>
<td>4,636,722</td>
<td></td>
<td></td>
<td>4,636,722</td>
</tr>
<tr>
<td>Management and general</td>
<td>231,518</td>
<td></td>
<td></td>
<td>231,518</td>
</tr>
<tr>
<td>Fund raising</td>
<td>852,881</td>
<td></td>
<td></td>
<td>852,881</td>
</tr>
<tr>
<td>Income taxes</td>
<td>32,701</td>
<td></td>
<td></td>
<td>32,701</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES** 5,753,822 - - 5,753,822

**INCREASE (DECREASE) IN NET ASSETS**

<table>
<thead>
<tr>
<th>INCREASE (DECREASE) IN NET ASSETS</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>468,255</td>
<td>30,800</td>
<td>6,292</td>
<td>505,347</td>
</tr>
</tbody>
</table>

**NET ASSETS AT BEGINNING OF YEAR**

<table>
<thead>
<tr>
<th>NET ASSETS AT BEGINNING OF YEAR</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,708,756</td>
<td>12,980</td>
<td>142,407</td>
<td>2,864,143</td>
</tr>
</tbody>
</table>

**NET ASSETS AT END OF YEAR**

<table>
<thead>
<tr>
<th>NET ASSETS AT END OF YEAR</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 3,177,011</td>
<td>$ 43,780</td>
<td>$ 148,699</td>
<td>$ 3,369,490</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
GUIDING LIGHT MISSION, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Revenues, gains, and other support:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions - cash</td>
<td>$ 2,099,450</td>
<td>$ 62,500</td>
<td>$ -</td>
<td>$ 2,161,950</td>
</tr>
<tr>
<td>Contributions - in-kind</td>
<td>1,037,746</td>
<td>-</td>
<td>-</td>
<td>1,037,746</td>
</tr>
<tr>
<td>Services</td>
<td>1,396,805</td>
<td>-</td>
<td>1,396,805</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>2,028</td>
<td>-</td>
<td>-</td>
<td>2,028</td>
</tr>
<tr>
<td>Net realized and unrealized gain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(loss) on investment</td>
<td>-</td>
<td>-</td>
<td>13,068</td>
<td>13,068</td>
</tr>
<tr>
<td>Rent</td>
<td>84,304</td>
<td>-</td>
<td>-</td>
<td>84,304</td>
</tr>
<tr>
<td>Gain (loss) on asset disposal</td>
<td>46,155</td>
<td>-</td>
<td>-</td>
<td>46,155</td>
</tr>
</tbody>
</table>

Net assets released from restrictions:

| Satisfaction of purpose restrictions | 73,308 | (73,300) | (8) | - |

TOTAL REVENUES, GAINS, AND OTHER SUPPORT  
4,739,796 | (10,800) | 13,060 | 4,742,056 |

Expenses

| Program services expenses         | 3,088,421 | - | - | 3,088,421 |
| Management and general            | 320,632   | - | - | 320,632 |
| Fund raising                       | 984,401   | - | - | 984,401 |

TOTAL EXPENSES  
4,393,454 | - | - | 4,393,454 |

INCREASE (DECREASE) IN NET ASSETS  
346,342 | (10,800) | 13,060 | 348,602 |

NET ASSETS AT BEGINNING OF YEAR  
2,362,414 | 23,780 | 129,347 | 2,515,541 |

NET ASSETS AT END OF YEAR  
$ 2,708,756 | $ 12,980 | $ 142,407 | $ 2,864,143 |

See Notes to Consolidated Financial Statements.
GUIDING LIGHT MISSION, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Program</th>
<th>Management and General</th>
<th>Fund Raising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>$2,692,550</td>
<td>$123,720</td>
<td>$142,753</td>
<td>$2,959,023</td>
</tr>
<tr>
<td>Payroll taxes and</td>
<td>327,128</td>
<td>7,844</td>
<td>9,051</td>
<td>344,023</td>
</tr>
<tr>
<td>compensation insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities expenses</td>
<td>174,083</td>
<td>8,985</td>
<td>-</td>
<td>183,068</td>
</tr>
<tr>
<td>Depreciation</td>
<td>84,511</td>
<td>4,448</td>
<td>-</td>
<td>88,959</td>
</tr>
<tr>
<td>Promotion and publicity</td>
<td>1,647</td>
<td>1,647</td>
<td>653,655</td>
<td>656,949</td>
</tr>
<tr>
<td>Telephone and postage</td>
<td>16,731</td>
<td>16,731</td>
<td>3,718</td>
<td>37,180</td>
</tr>
<tr>
<td>Office expense</td>
<td>37,096</td>
<td>37,096</td>
<td>-</td>
<td>74,192</td>
</tr>
<tr>
<td>Automotive expenses</td>
<td>22,055</td>
<td>-</td>
<td>-</td>
<td>22,055</td>
</tr>
<tr>
<td>Supplies</td>
<td>341,408</td>
<td>-</td>
<td>-</td>
<td>341,408</td>
</tr>
<tr>
<td>Donations</td>
<td>899,154</td>
<td>-</td>
<td>-</td>
<td>899,154</td>
</tr>
<tr>
<td>Professional services</td>
<td>14,571</td>
<td>18,110</td>
<td>35,237</td>
<td>67,918</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>25,788</td>
<td>12,937</td>
<td>8,467</td>
<td>47,192</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$4,636,722</td>
<td>$231,518</td>
<td>$852,881</td>
<td>$5,721,121</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
GUIDING LIGHT MISSION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Section</th>
<th>Program</th>
<th>Management and General</th>
<th>Fund Raising</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>$1,500,769</td>
<td>$101,612</td>
<td>$123,386</td>
<td>$1,725,767</td>
</tr>
<tr>
<td>Payroll taxes and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>compensation insurance</td>
<td>272,643</td>
<td>31,960</td>
<td>38,808</td>
<td>343,411</td>
</tr>
<tr>
<td>Facilities expenses</td>
<td>168,461</td>
<td>8,457</td>
<td>-</td>
<td>176,918</td>
</tr>
<tr>
<td>Depreciation</td>
<td>87,160</td>
<td>4,587</td>
<td>-</td>
<td>91,747</td>
</tr>
<tr>
<td>Promotion and publicity</td>
<td>6,095</td>
<td>6,095</td>
<td>765,931</td>
<td>778,121</td>
</tr>
<tr>
<td>Telephone and postage</td>
<td>15,912</td>
<td>15,912</td>
<td>3,537</td>
<td>35,361</td>
</tr>
<tr>
<td>Office expense</td>
<td>38,192</td>
<td>38,192</td>
<td>-</td>
<td>76,384</td>
</tr>
<tr>
<td>Bad debt</td>
<td>522</td>
<td>522</td>
<td>-</td>
<td>1,044</td>
</tr>
<tr>
<td>Automotive expenses</td>
<td>20,575</td>
<td>-</td>
<td>-</td>
<td>20,575</td>
</tr>
<tr>
<td>Supplies</td>
<td>307,974</td>
<td>-</td>
<td>-</td>
<td>307,974</td>
</tr>
<tr>
<td>Donations</td>
<td>640,188</td>
<td>-</td>
<td>-</td>
<td>640,188</td>
</tr>
<tr>
<td>Professional services</td>
<td>12,125</td>
<td>103,066</td>
<td>45,639</td>
<td>160,830</td>
</tr>
<tr>
<td>Board development</td>
<td>-</td>
<td>110</td>
<td>-</td>
<td>110</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>17,805</td>
<td>10,119</td>
<td>7,100</td>
<td>35,024</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$3,088,421</strong></td>
<td><strong>$320,632</strong></td>
<td><strong>$984,401</strong></td>
<td><strong>$4,393,454</strong></td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.
GUIDING LIGHT MISSION, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Year Ended June 30, 2018 and 2017

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$505,347</td>
<td>$348,602</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>88,959</td>
<td>91,747</td>
</tr>
<tr>
<td>Non-cash contributions</td>
<td>(1,122,929)</td>
<td>(882,746)</td>
</tr>
<tr>
<td>Donated program expenses</td>
<td>1,122,929</td>
<td>882,746</td>
</tr>
<tr>
<td>(Gain) Loss on sale of fixed assets</td>
<td>-</td>
<td>(46,155)</td>
</tr>
<tr>
<td>Decrease (Increase) in receivables</td>
<td>(249,225)</td>
<td>(68,305)</td>
</tr>
<tr>
<td>Decrease (Increase) in other current assets</td>
<td>(2,065)</td>
<td>46,518</td>
</tr>
<tr>
<td>Decrease (Increase) in investments</td>
<td>(6,292)</td>
<td>(13,060)</td>
</tr>
<tr>
<td>Increase (Decrease) in other current liabilities</td>
<td>115,743</td>
<td>56,127</td>
</tr>
</tbody>
</table>

NET CASH PROVIDED BY OPERATING ACTIVITIES  
452,467 415,474

<table>
<thead>
<tr>
<th>INVESTING ACTIVITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of assets</td>
<td></td>
<td>414,075</td>
</tr>
<tr>
<td>Donated house</td>
<td></td>
<td>(155,000)</td>
</tr>
<tr>
<td>Purchase of equipment and improvements</td>
<td>(43,731)</td>
<td>(144,083)</td>
</tr>
</tbody>
</table>

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES  
(43,731) 114,992

NET INCREASE IN CASH  
408,736 530,466

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR  
1,643,749 1,113,283

CASH AND CASH EQUIVALENTS AT END OF YEAR  
$2,052,485 $1,643,749

Cash paid for interest  
$ - $ -

See Notes to Consolidated Financial Statements.
NOTE A – ORGANIZATION

Guiding Light Mission, Inc. and Subsidiary (collectively the “Organization”), located in Grand Rapids, Michigan, is comprised of a not-for-profit organization and its wholly owned for-profit subsidiary. Through the guiding light of God’s Spirit, Guiding Light Mission partners with individuals to fulfill their God-given potential through rescue, recovery, and re-engagement in community.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The consolidated financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations. As such, the consolidated financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

Consolidating Policies: Included in the consolidated financial statements are the financial position and financial results of a wholly owned subsidiary. The Job Post is a for-profit subsidiary established to recruit, engage, and retain talent through hiring opportunities.

Cash and Cash Equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable: Certain donors have specified that their payment obligations will be satisfied over a predetermined payment schedule over the next several months. Management feels that all amounts recorded as accounts receivable at the end of the current fiscal year are fully collectible. Therefore, no reserve for uncollectible accounts is required.

Investments: Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment: Property and equipment are stated at cost. Donated items are recorded at fair market value at the date of gift. Expenditures for additions and improvements are capitalized. Expenditures for repairs and maintenance are expensed as incurred. Depreciation is computed over the estimated useful lives of the assets by the straight line method.
NOTE B – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition: Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor imposed restrictions that are fulfilled in the same period they are received are recorded as unrestricted support.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of goods and services which are used in providing program services are included in program service expense. 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 these 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.

Estimates: The preparation of the 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Risk: The Organization’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization places its cash with high quality financial institutions. At times, cash balances may be in excess of the F.D.I.C. insurance limit. The Organization performs periodic evaluations of the relative credit standing of the financial institutions and limits the amount of credit exposure with any institution.

The Organization receives a substantial amount of its revenue from various individuals, churches and organizations. A significant reduction in the level of this support, if it were to occur, may affect the Organization’s programs and activities.

Contributed Services: A number of individuals volunteer their time for the Organization’s program services and general operations. The contributed services are not specialized in nature, and are not reported as revenue and expenses in the accompanying financial statements. These services do not meet the criteria for recognition as donated services.
NOTE C – TAX STATUS

Guiding Light Mission, Inc. is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Guiding Light Mission, Inc.’s Subsidiary is a for-profit entity owned 100% by Guiding Light Mission Inc. and files a consolidated Form 990 with Guiding Light Mission, Inc. The Subsidiary’s income is reported as unrelated business taxable income on the Form 990-T that is filed with the Internal Revenue Service. Total taxes due with the Form 990-T were $32,701 and $-0- for the years ended June 30, 2018 and 2017, respectively.

The Organization does not believe it has taken any uncertain tax positions and no asset or liability has been recorded for an uncertain tax position.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 60,000</td>
<td>$ 60,000</td>
</tr>
<tr>
<td>Building and improvements</td>
<td>1,726,401</td>
<td>1,692,767</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>77,176</td>
<td>77,176</td>
</tr>
<tr>
<td>Automotive and other equipment</td>
<td>176,376</td>
<td>166,279</td>
</tr>
<tr>
<td></td>
<td>2,039,953</td>
<td>1,996,222</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(1,033,632)</td>
<td>(944,673)</td>
</tr>
<tr>
<td></td>
<td>$ 1,006,321</td>
<td>$ 1,051,549</td>
</tr>
</tbody>
</table>

NOTE E – BANK LINE OF CREDIT

The Organization has a $200,000 unsecured line of credit with a bank. This line of credit arrangement bears interest at 0.50% over the prime rate (5.00% at June 30, 2018), subject to a minimum interest rate of 4.00%. This line of credit arrangement has a maturity date of February 16, 2019. There were no borrowings under this line of credit arrangement as of June 30, 2018.
NOTE F – BOARD DESIGNATED FUND

Guiding Light Mission, Inc. has established a Board designated fund. The terms of the fund require the principal and the income earned by the fund to be used for the Organization’s maintenance, expansion, and upkeep of its physical properties, providing seed money for new programs for no longer than five years per program and giving to missions. Fund monies are not to be used for the ordinary operating expenses of the Organization. No transfers were made from the Board designated fund to the Organization’s operating fund during the years ended June 30, 2018 and 2017. However, the fund savings account incurred bank fees that were expensed through operating expenses.

NOTE G – RETIREMENT PLAN

The Organization maintains a retirement plan for eligible employees. The plan is a SIMPLE IRA which permits employee compensation deferral as well as employer contributions. Contributions to the plan by the Organization were $7,719 and $7,029 for the years ended June 30, 2018 and 2017, respectively.

NOTE H – NON-CASH DONATIONS

Donated goods received are comprised primarily of food. Relatively small amounts of donated goods are received in the form of clothing and other incidental items as well as donated services.

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisting of cash contributed for various purposes are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GED program, Alcohol &amp; Addiction, Back to Work programs,</td>
<td>$ 43,780</td>
<td>$ 12,980</td>
</tr>
<tr>
<td>Property renovation, and Laundry room remodel</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>=============</td>
<td>=============</td>
</tr>
</tbody>
</table>

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NOTE J – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 - Unobservable inputs for the assets or liabilities. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization measures fair value for their investments using level 1 inputs.

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents, receivables and payables: The carrying amounts reported in the Consolidated Statements of Financial Position approximate fair value because of the short maturities of those instruments.

Investments: The fair values of investment securities are based on quoted market prices for those or similar investments.

Management has determined that the carrying value of all financial instruments approximates the fair value as of June 30, 2018 and 2017.

NOTE K – PRIOR PERIOD RECLASSIFICATION

Funds classified as permanently restricted endowment funds for the years ended June 30, 2017 and prior have been reclassified as Board designated funds for the years ended June 30, 2018 and 2017, respectively, as part of these financial statements. Management has confirmed through discussions with former Board of Director members that the funds held within this investment category do not constitute a permanently restricted endowment, but instead comprise a Board designated fund. This reclassification has been made to the presentation of the financial statements for the years ended June 30, 2018 and 2017, respectively.
NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 2, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE M – UPCOMING ACCOUNTING PRONOUNCEMENT

ASU 2016-14-Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities was issued by the FASB in August 2016 and will be effective for the Organization’s 2019 fiscal year. The ASU will require revisions to the Organization’s net asset classification and disclosure, endowment fund accounting and disclosure, expense reporting and disclosure, and will require additional disclosures about liquidity and availability of financial assets.