



WHEELER MISSION MINISTRIES, INC.
AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
MAY 31, 2018 AND 2017

CPAs / ADVISORS



WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Wheeler Mission Ministries, Inc. and Subsidiary
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of Wheeler Mission Ministries, Inc. and Subsidiary (hereby collectively referred to as the Ministry), which comprise the consolidated statements of financial position as of May 31, 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 consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

REPORT OF INDEPENDENT AUDITORS
(Continued)

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 the Ministry as of May 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statement of program services expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Carmel, Indiana
October 24, 2018

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION MAY 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 501,135	\$ 1,104,159
Investments - capital and general operating	3,975,182	3,207,823
Accounts receivable	140,874	62,447
Contributions receivable	23,900	179,200
Inventory	193,976	181,926
Prepaid and other assets	15,486	19,958
Property and equipment, net	15,836,240	15,292,472
Endowment		
Investments	2,224,997	1,793,458
Cash	-0-	125,000
Investments - other		
Charitable gift annuities	169,971	161,069
Charitable remainder trust	<u>1,376,980</u>	<u>1,154,257</u>
	<u>\$ 24,458,741</u>	<u>\$ 23,281,769</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 301,160	\$ 299,642
Accrued payroll and other liabilities	237,358	351,086
Charitable gift annuities payable	64,178	83,277
Charitable remainder trust payable	<u>861,631</u>	<u>731,013</u>
Total liabilities	1,464,327	1,465,018
Net assets		
Unrestricted		
Undesignated	19,121,008	18,668,544
Board designated - general	500,000	500,000
Board designated - endowment	<u>546,024</u>	<u>494,701</u>
	20,167,032	19,663,245
Temporarily restricted	1,523,982	850,106
Permanently restricted	<u>1,303,400</u>	<u>1,303,400</u>
Total net assets	<u>22,994,414</u>	<u>21,816,751</u>
	<u>\$ 24,458,741</u>	<u>\$ 23,281,769</u>

See accompanying notes to consolidated financial statements.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MAY 31, 2018

(With Comparative Total for the Year Ended May 31, 2017)

	2018				2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Support and revenue					
Contributions	\$ 7,632,505	\$ 1,563,163	\$ -0-	\$ 9,195,668	\$ 8,150,486
Contributions - wills and estates	760,765	-0-	-0-	760,765	428,644
Gifts-in-kind	1,096,334	-0-	-0-	1,096,334	1,048,809
Program service revenue	1,726,130	-0-	-0-	1,726,130	1,388,919
Change in value of annuity and trust liabilities	(833)	(224,249)	-0-	(225,082)	(153,344)
Investment return					
Capital and general operating, net	212,170	-0-	-0-	212,170	182,550
Endowment and other, net	67,978	246,570	-0-	314,548	318,539
Other	31,398	-0-	-0-	31,398	37,557
Net assets released from restrictions	928,008	(928,008)	-0-	-0-	-0-
	12,454,455	657,476	-0-	13,111,931	11,402,160
Special events					
Registration fees and other support	975,355	16,400	-0-	991,755	874,666
Gift-in-kind support	1,436,441	-0-	-0-	1,436,441	1,195,988
Direct expenses of events	(361,008)	-0-	-0-	(361,008)	(320,502)
Gift-in-kind expenses	(1,436,441)	-0-	-0-	(1,436,441)	(1,195,988)
	614,347	16,400	-0-	630,747	554,164
Total support and revenue	13,068,802	673,876	-0-	13,742,678	11,956,324
Expenses					
Program services					
Men's residential center	995,055	-0-	-0-	995,055	897,901
Shelter for men	1,691,405	-0-	-0-	1,691,405	1,491,809
Center for women and children	1,191,198	-0-	-0-	1,191,198	1,168,288
Camp Hunt	930,619	-0-	-0-	930,619	885,202
Industry	1,171,735	-0-	-0-	1,171,735	853,220
Edwards residence	142,195	-0-	-0-	142,195	131,508
Thrift shop	509,741	-0-	-0-	509,741	487,552
Ministry services	884,794	-0-	-0-	884,794	848,357
Center for men (Bloomington)	604,025	-0-	-0-	604,025	537,547
Center for women and children (Bloomington)	355,308	-0-	-0-	355,308	321,823
Food services	602,936	-0-	-0-	602,936	457,587
Restored creations	63,658	-0-	-0-	63,658	42,209
	9,142,669	-0-	-0-	9,142,669	8,123,003
Supporting activities					
Management and general	640,133	-0-	-0-	640,133	413,660
Fundraising and development	2,782,213	-0-	-0-	2,782,213	2,569,639
	3,422,346	-0-	-0-	3,422,346	2,983,299
Total expenses	12,565,015	-0-	-0-	12,565,015	11,106,302
Change in net assets	503,787	673,876	-0-	1,177,663	850,022
Net assets, beginning of year	19,663,245	850,106	1,303,400	21,816,751	20,966,729
Net assets, end of year	\$ 20,167,032	\$ 1,523,982	\$ 1,303,400	\$ 22,994,414	\$ 21,816,751

See accompanying notes to consolidated financial statements.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED MAY 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Contributions	\$ 6,789,711	\$ 1,023,342	\$ 337,433	\$ 8,150,486
Contributions - wills and estates	428,644	-0-	-0-	428,644
Gifts-in-kind	1,048,809	-0-	-0-	1,048,809
Program service revenue	1,388,919	-0-	-0-	1,388,919
Change in value of annuity and trust liabilities	(766)	(152,578)	-0-	(153,344)
Investment return				
Capital and general operating, net	182,550	-0-	-0-	182,550
Endowment and other, net	73,540	244,999	-0-	318,539
Other	37,557	-0-	-0-	37,557
Net assets released from restrictions	<u>1,463,913</u>	<u>(1,463,913)</u>	<u>-0-</u>	<u>-0-</u>
	11,412,877	(348,150)	337,433	11,402,160
Special events				
Registration fees and other support	791,966	82,700	-0-	874,666
Gift-in-kind support	1,195,988	-0-	-0-	1,195,988
Direct expenses of events	(320,502)	-0-	-0-	(320,502)
Gift-in-kind expenses	<u>(1,195,988)</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,195,988)</u>
	<u>471,464</u>	<u>82,700</u>	<u>-0-</u>	<u>554,164</u>
 Total support and revenue	 11,884,341	 (265,450)	 337,433	 11,956,324
Expenses				
Program services				
Men's residential center	897,901	-0-	-0-	897,901
Shelter for men	1,491,809	-0-	-0-	1,491,809
Center for women and children	1,168,288	-0-	-0-	1,168,288
Camp Hunt	885,202	-0-	-0-	885,202
Industry	853,220	-0-	-0-	853,220
Edwards residence	131,508	-0-	-0-	131,508
Thrift shop	487,552	-0-	-0-	487,552
Ministry services	848,357	-0-	-0-	848,357
Center for men (Bloomington)	537,547	-0-	-0-	537,547
Center for women and children (Bloomington)	321,823	-0-	-0-	321,823
Food services	457,587	-0-	-0-	457,587
Restored creations	<u>42,209</u>	<u>-0-</u>	<u>-0-</u>	<u>42,209</u>
	8,123,003	-0-	-0-	8,123,003
Supporting activities				
Management and general	413,660	-0-	-0-	413,660
Fundraising and development	<u>2,569,639</u>	<u>-0-</u>	<u>-0-</u>	<u>2,569,639</u>
	<u>2,983,299</u>	<u>-0-</u>	<u>-0-</u>	<u>2,983,299</u>
 Total expenses	 <u>11,106,302</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>11,106,302</u>
 Change in net assets	 778,039	 (265,450)	 337,433	 850,022
 Net assets, beginning of year	 <u>18,885,206</u>	 <u>1,115,556</u>	 <u>965,967</u>	 <u>20,966,729</u>
 Net assets, end of year	 <u>\$ 19,663,245</u>	 <u>\$ 850,106</u>	 <u>\$ 1,303,400</u>	 <u>\$ 21,816,751</u>

See accompanying notes to consolidated financial statements.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MAY 31, 2018 (With Comparative Total for the Year Ended May 31, 2017)

	2018					2017 Total
	Program Services	Supporting Activities			Total	
		Management and General	Fundraising and Development	Total Supporting Activities		
Salaries and benefits	\$ 4,655,896	\$ 214,508	\$ 923,636	\$ 1,138,144	\$ 5,794,040	\$ 5,205,399
Gift-in-kind expenses	1,089,907	-0-	1,436,441	1,436,441	2,526,348	2,243,767
Public relations and direct mailing	186,879	4,930	1,474,518	1,479,448	1,666,327	1,611,766
Direct expenses of events	-0-	-0-	361,008	361,008	361,008	320,502
Telephone and utilities	614,321	26,884	3,115	29,999	644,320	589,106
Depreciation expense	620,261	66,407	-0-	66,407	686,668	633,260
Postage	1,008	8,717	39,636	48,353	49,361	45,147
Maintenance	273,798	27,069	26,360	53,429	327,227	269,777
Insurance	149,333	10,928	58,082	69,010	218,343	195,299
Food	149,954	-0-	-0-	-0-	149,954	137,251
Equipment repair and maintenance	136,431	6,375	19,638	26,013	162,444	181,901
Cleaning supplies	60,443	103	-0-	103	60,546	54,061
Fuel and oil	66,013	1,080	3,154	4,234	70,247	41,998
Professional services	42,547	210,490	48,798	259,288	301,835	130,126
Program materials	60,858	1,429	3,911	5,340	66,198	56,068
Office supplies	16,273	3,565	2,486	6,051	22,324	19,757
Staff travel and conferences	33,564	6,836	17,951	24,787	58,351	46,301
Industry and supplies	884,115	-0-	-0-	-0-	884,115	625,353
Grants and scholarships	56,700	-0-	-0-	-0-	56,700	39,990
Membership fees	9,971	1,384	3,613	4,997	14,968	13,429
Sales and property tax	-0-	105	-0-	105	105	2,119
Capital campaign expenses	-0-	-0-	82,468	82,468	82,468	5,000
Lockbox and bank fees	9,064	49,300	74,772	124,072	133,136	130,866
Miscellaneous	25,333	23	75	98	25,431	24,549
Total expenses	<u>9,142,669</u>	<u>640,133</u>	<u>4,579,662</u>	<u>5,219,795</u>	<u>14,362,464</u>	<u>12,622,792</u>
Less expenses netted with support and revenues on the statement of activities	<u>-0-</u>	<u>-0-</u>	<u>(1,797,449)</u>	<u>(1,797,449)</u>	<u>(1,797,449)</u>	<u>(1,516,490)</u>
Total expenses reported on the statement of activities	<u>\$ 9,142,669</u>	<u>\$ 640,133</u>	<u>\$ 2,782,213</u>	<u>\$ 3,422,346</u>	<u>\$ 12,565,015</u>	<u>\$ 11,106,302</u>

See accompanying notes to consolidated financial statements.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2017

	Program Services	Supporting Activities			Total
		Management and General	Fundraising and Development	Total Supporting Activities	
Salaries and benefits	\$ 4,147,340	\$ 198,004	\$ 860,055	\$ 1,058,059	\$ 5,205,399
Gift-in-kind expenses	1,047,779	-0-	1,195,988	1,195,988	2,243,767
Public relations and direct mailing	148,479	1,698	1,461,589	1,463,287	1,611,766
Direct expenses of events	-0-	-0-	320,502	320,502	320,502
Telephone and utilities	559,554	27,374	2,178	29,552	589,106
Depreciation expense	572,598	60,662	-0-	60,662	633,260
Postage	720	7,941	36,486	44,427	45,147
Maintenance	235,333	15,094	19,350	34,444	269,777
Insurance	134,141	9,304	51,854	61,158	195,299
Food	137,251	-0-	-0-	-0-	137,251
Equipment repair and maintenance	152,038	12,543	17,320	29,863	181,901
Cleaning supplies	52,577	1,484	-0-	1,484	54,061
Fuel and oil	38,269	1,079	2,650	3,729	41,998
Professional services	94,050	27,088	8,988	36,076	130,126
Program materials	51,834	-0-	4,234	4,234	56,068
Office supplies	13,037	3,089	3,631	6,720	19,757
Staff travel and conferences	31,300	3,848	11,153	15,001	46,301
Industry and supplies	625,353	-0-	-0-	-0-	625,353
Grants and scholarships	39,990	-0-	-0-	-0-	39,990
Membership fees	9,149	1,028	3,252	4,280	13,429
Sales and property tax	-0-	2,119	-0-	2,119	2,119
Capital campaign expenses	-0-	-0-	5,000	5,000	5,000
Lockbox and bank fees	7,772	41,210	81,884	123,094	130,866
Miscellaneous	24,439	95	15	110	24,549
Total expenses	8,123,003	413,660	4,086,129	4,499,789	12,622,792
Less expenses netted with support and revenues on the statement of activities	-0-	-0-	(1,516,490)	(1,516,490)	(1,516,490)
Total expenses reported on the statement of activities	<u>\$ 8,123,003</u>	<u>\$ 413,660</u>	<u>\$ 2,569,639</u>	<u>\$ 2,983,299</u>	<u>\$ 11,106,302</u>

See accompanying notes to consolidated financial statements.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS YEARS ENDED MAY 31, 2018 AND 2017

	2018	2017
Operating activities		
Change in net assets	\$ 1,177,663	\$ 850,022
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	686,668	633,260
Gain on sale of property and equipment	(11,694)	(1,565)
Realized and unrealized gains on investments, net	(282,880)	(365,163)
Change in value of annuity and trust liabilities	225,082	153,344
Proceeds from contributions restricted for purchase and renovation of buildings	(780,549)	(133,427)
Proceeds from contributions restricted for investment in endowment	(125,000)	(462,433)
Contribution related to release of charitable gift annuity liability	(12,180)	-0-
Changes in assets and liabilities		
Accounts receivable	(78,427)	16,772
Contributions receivable	155,300	233,682
Other assets	(7,578)	(45,762)
Accounts payable	60,462	(14,011)
Accrued payroll and other liabilities	(113,728)	44,789
Net cash flows from operating activities	893,139	909,508
Investing activities		
Capital expenditures	(1,291,833)	(859,007)
Proceeds from sale of property and equipment	14,147	17,650
Cash received for investment in endowment	-0-	(125,000)
Purchases of investments	(2,020,780)	(1,178,737)
Proceeds from sale of investments	998,137	709,907
Net cash flows from investing activities	(2,300,329)	(1,435,187)
Financing activities		
Proceeds from contributions restricted for purchase and renovation of buildings	780,549	133,427
Proceeds from contributions restricted for investment in endowment	125,000	462,433
Annuities and trusts payments	(101,383)	(89,454)
Net cash flows from financing activities	804,166	506,406
Net change in cash	(603,024)	(19,273)
Cash, beginning of year	1,104,159	1,123,432
Cash, end of year	\$ 501,135	\$ 1,104,159
Supplemental disclosure of noncash investing activities		
Change in accounts payable related to capital expenditures	\$ (58,944)	\$ 110,117
Cash held in endowment used for purchase of investments	\$ 125,000	\$ -0-

See accompanying notes to consolidated financial statements.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2018 AND 2017

1. NATURE OF ACTIVITIES

The accompanying consolidated financial statements include the accounts of Wheeler Mission Ministries, Inc. and its wholly owned subsidiary, Wheeler East Street Holdings, Inc. (collectively referred to as the Ministry). All significant intercompany balances and transactions have been eliminated in consolidation.

Wheeler Mission Ministries, Inc. (WMM), an Indiana not-for-profit corporation, is a non-denominational Christian organization that exists to provide Christ-centered programs and services for the homeless and those in need. The vision of the Ministry is to see every man, woman, and child served be equipped to be productive citizens who enjoy lasting success in Christ.

Services to the community are provided through seven separate facilities, each offering unique programs to the homeless and those in need in Indiana. These facilities include Men's Residential Center, Shelter for Men, Center for Women and Children, and Edwards Residence in the greater Indianapolis, Indiana area, as well as the Training Center at Camp Hunt, the Center for Men, and Center for Women and Children in Bloomington, Indiana.

WMM offers a long-term residential treatment program for addiction recovery that is offered to men at the Training Center at Camp Hunt (orientation at Men's Residential Center) and to women at the Edwards Residence (orientation at Center for Women and Children).

In addition to the seven service centers, WMM owns and operates a thrift shop on the south side of Indianapolis and a pallet manufacturing shop at the Training Center on the Camp Hunt campus in Bloomington. The Wheeler Mission Thrift Store sells used clothing and household items, along with providing no-cost items to individuals and families in need and employment opportunities and training to program participants. Wheeler Pallet and Industry manufactures pallets and provides employment opportunities and training to program participants.

WMM is a member of the Association of Gospel Rescue Missions, the Evangelical Council for Financial Accountability, and the National Society of Fund Raising Executives.

WMM receives the majority of its support from individuals, churches, businesses, civic organizations, and foundations within the Indianapolis metropolitan area.

Wheeler East Street Holdings, Inc. (ESH), an Indiana public benefit corporation, serves as a holding company for one property that WMM utilizes to operate various programs. ESH received its initial start-up funding from WMM. WMM also provides ongoing operational support to ESH.

During the year ended May 31, 2017, WMM formed Drumstick Dash, LLC (DD) a single member limited liability company. DD was formed to house the activities of the annual Drumstick Dash event. DD had no assets or liabilities as of May 31, 2018 and 2017, and incurred no income or expense during the years then ended.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by the Ministry's donors, as follows:

Unrestricted net assets – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Ministry, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets – Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Ministry's unspent contributions are classified in this class if the donor limited their use. In addition, earnings on donor restricted endowment funds are classified as temporarily restricted until those amounts are appropriated for expenditure.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated statement of activities by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of property and equipment (or the contribution of those assets directly) are reported as temporarily restricted until the donated or acquired assets are placed in service, unless the donor provides more specific directions about the period of its use.

Permanently restricted net assets – Permanently restricted net assets are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Ministry. Included in this classification are endowment funds, which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested for the purpose of producing present and future income.

Estimates

The preparation of consolidated 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, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2018 AND 2017

Cash

For purposes of the consolidated statement of cash flows, cash excludes cash held by various fund managers and included in investments, and also excludes endowment cash.

Accounts Receivable

Accounts receivable are recorded at net invoice amounts and consist primarily of billings for the Ministry's enterprise operations at the Training Center on the Camp Hunt campus, which include the production and sales of wood pallets and other wood products. The Ministry's policy for determining when receivables are past due is on a case by case basis. Management estimates an allowance for uncollectible accounts receivable based on an evaluation of current economic conditions, historical trends, and other factors unique to the Ministry's customer base. No late fees or finance charges are assessed. Amounts are considered uncollectible at the time management believes all collection efforts have been exhausted. Management has determined that no allowance for doubtful accounts receivable is necessary at May 31, 2018 and 2017.

Contributions Receivable

Contributions receivable of \$23,900 and \$179,200 at May 31, 2018 and 2017, respectively, consist of amounts that have been unconditionally promised to the Ministry. All contributions receivable are due within one year of the consolidated statement of financial position date.

Management estimates an allowance for uncollectible contributions receivable based on current economic conditions, historical trends, and current and past experience with their donor base. Management has determined that no allowance for uncollectible contributions is necessary at May 31, 2018 and 2017.

Inventory

Inventory consists of thrift store goods donated for resale and lumber used to build pallets. Purchased items of inventory are valued at the lower of cost or net realizable value with cost being determined using the first-in, first-out (FIFO) basis. Donated goods received by the Ministry that are to be distributed or sold in the thrift stores are valued at one-twelfth of the current year's sales, which approximates fair value.

Property and Equipment

Property and equipment are capitalized at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred.

Gifts of buildings and equipment are recorded as support at their estimated fair value at the date of the gift. Such gifts are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or stipulated how long those long-lived assets must be used. Absent explicit donor restrictions on use or how long the donated assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired

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assets are placed in service. The Ministry reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Buildings and improvements	5 – 40 years
Equipment	3 – 20 years
Vehicles	3 – 10 years

Impairment of Long-Lived Assets

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended May 31, 2018 and 2017, there was no impairment loss recognized for long-lived assets.

Investments and Investment Return

Investments having a readily determinable market value are carried at fair value.

Investment return includes interest, dividends, and realized and unrealized gains and losses. Changes in unrealized appreciation or depreciation of investments are recorded in the period in which such changes occur. Interest and dividend income are recorded when earned. Realized gains and losses are recorded based on the cost of the specific securities sold. Investment return is recognized as unrestricted or temporarily restricted revenues based on the existence or absence of donor-imposed restrictions.

Split-Interest Agreements

Charitable Gift Annuities

The Ministry administers (through a third party administrator) various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries over a specified term (usually the designated beneficiary's lifetime). At the end of the specified term, the remaining assets are available for the unrestricted use of the Ministry. The portion of the charitable gift annuities attributable to the present value of future benefits to be received by the Ministry is recorded in the consolidated statement of activities as temporarily restricted contributions in the period the gift is received. There were no such contributions during the years ended May 31, 2018 and 2017. During the year ended May 31, 2018, liability for future payments under one of the charitable gift annuities administered ceased upon the death of the annuity's beneficiary. A contribution for the release of the liability related to the present value of estimated future payments of \$12,180 was recognized as contribution income during the year then ended.

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Assets held in trust total \$169,971 and \$161,069 at May 31, 2018 and 2017, respectively, and primarily consist of mutual funds and are reported at their fair value as charitable gift annuity investments in the consolidated statements of financial position. The present value of the estimated future payments to beneficiaries amounts to \$64,178 and \$83,277 at May 31, 2018 and 2017, respectively. The fair value (Level 2 in the fair value hierarchy – see Note 4) of the estimated future payments to beneficiaries is based on the present value of the future payments and was calculated using a discount rate of 3.2% (2.6% at May 31, 2017) and the applicable mortality tables.

Charitable Remainder Trust

The Ministry, serving as the trustee, administers (through a third party administrator) a charitable remainder trust. The trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (the designated beneficiaries' lifetimes). At the end of the trust's term, the remaining assets are available for the Ministry's use. The portion of the charitable remainder trust attributable to the present value of future benefits to be received by the Ministry is reported in the consolidated statement of activities as temporarily restricted contributions in the period the contributions are made to the trust. During the years ended May 31, 2018 and 2017, contributions in the amount of \$200,000 and \$100,000, respectively, were made to the charitable remainder trust.

Assets held in trust total \$1,376,980 and \$1,154,257 at May 31, 2018 and 2017, respectively, and primarily consist of mutual funds and are reported at their fair value as charitable remainder trust investments in the consolidated statements of financial position. On an annual basis, the Ministry revalues the liability for distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments to beneficiaries amounted to \$861,631 and \$731,013 at May 31, 2018 and 2017, respectively. The fair value (Level 2 in the fair value hierarchy – see Note 4) of the estimated future payments is calculated using a discount rate of 3.2% (2.6% at May 31, 2017) and the applicable mortality tables.

Support and Revenue Recognition

Contributions, which include unconditional promises to give, are recognized in the period the contribution is received, the promise is made, or ownership of other assets is transferred to the Ministry.

Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All donor-restricted support is reported as an increase in temporarily or permanently restricted net 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 consolidated statement of activities as net assets released from restrictions.

Program service revenues are recorded as revenue in the year to which they relate.

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Gifts-In-Kind Contributions

Donated goods used in the operations of the Ministry are recorded at their estimated "thrift store" fair market value on the date the gifts are received. Donated goods that are used for special events are recorded at their estimated fair market value on the date the gifts are received, which includes discounting their value based on quantities donated. All other donated goods received by the Ministry are channeled to the thrift store and recorded as revenue when sold. Donated goods contributed to the Ministry in excess of requirements for the Ministry's internal programs are distributed to other relief organizations within the Indianapolis area.

Functional Allocation of Expenses

The costs of providing the programs and services of the Ministry have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting activities benefited based on estimates of time and usage by personnel and programs and the benefits derived. Although the method used was appropriate, other methods could produce different results.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Ministry generally does not conduct its fundraising activities in conjunction with its other activities. In a case in which it does, such costs have been allocated between fundraising and development, program services or management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Income Taxes

WMM and ESH are exempt from Federal and state income taxes on related income under Section 501(c)(3) of the United States Internal Revenue Code and related state law.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Ministry and recognize a tax liability if the Ministry has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management believes that as of May 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Ministry is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Ministry is generally exempt from income taxes. However, WMM and ESH are required to file Federal Form 990 – Return of Organization Exempt from Income Tax and a corresponding state return, which are informational returns only. WMM and ESH have filed their federal and state income tax returns for periods through May 31, 2017. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

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Subsequent Events

The Ministry evaluates events or transactions occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through October 24, 2018, which is the date the consolidated financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at May 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,947,970	\$ 1,947,970
Buildings and improvements	19,214,022	17,327,614
Equipment	2,303,197	1,948,037
Vehicles	510,510	620,427
Construction in process	<u>136,686</u>	<u>1,224,310</u>
	24,112,385	23,068,358
Accumulated depreciation	<u>(8,276,145)</u>	<u>(7,775,886)</u>
	<u>\$ 15,836,240</u>	<u>\$ 15,292,472</u>

The Ministry has entered into several contractual agreements as of May 31, 2018 relating to construction at certain locations. The total contractual commitment related to the executed but uncompleted contracts amounts to approximately \$800,000 at May 31, 2018.

Land and buildings aggregating a total cost of \$5,894,082 have been partially funded through grants from the Federal Home Loan Bank of Indianapolis (FHLBI) for the development of affordable housing. The Ministry is subject to various reporting requirements in addition to meeting certain occupancy and low-income housing requirements, as defined in the grants, for a retention period of fifteen years beginning after project completion. If the Ministry does not fulfill the compliance requirements over the fifteen year retention period under the grants, it could be liable to repay a portion of the funding. Management believes the likelihood of not fulfilling its requirements under the FHLBI grants is remote. The retention period of FHLBI grants aggregating \$375,000 and \$500,000 end during March 2023 and January 2031, respectively.

4. INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the

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lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Ministry 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 asset or liability'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 May 31, 2018 and 2017.

- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Ministry are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Ministry are deemed to be actively traded.
- *Exchange traded funds*: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Ministry 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 different fair value measurements at the reporting date.

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The following tables set forth the Ministry's investment portfolio as of May 31:

	2018				
	Capital and General Operating	Endowment	Other		Total
			Annuity	Trust	
LEVEL 1					
Mutual funds					
Equity					
Large cap growth	\$ -0-	\$ 391,259	\$ 29,855	\$ 241,852	\$ 662,966
Large cap value	-0-	439,474	33,631	272,777	745,882
Large cap blended	-0-	310,134	23,872	193,372	527,378
Midcap growth	-0-	88,277	6,732	54,560	149,569
Midcap value	-0-	44,280	3,391	27,466	75,137
Midcap blended	-0-	152,214	11,586	93,871	257,671
Small cap growth	-0-	134,557	10,258	83,109	227,924
Small cap value	-0-	44,174	3,399	27,539	75,112
International	-0-	166,890	12,642	102,413	281,945
Fixed income					
Ultrashort bond	1,702,143	-0-	-0-	-0-	1,702,143
Inflation-protected bond	-0-	224,181	17,342	140,481	382,004
Other bond	101,680	225,469	17,263	139,508	483,920
Exchange traded funds					
Large cap growth	215,835	-0-	-0-	-0-	215,835
Large cap value	408,694	-0-	-0-	-0-	408,694
Large cap blended	384,491	-0-	-0-	-0-	384,491
Midcap blended	162,822	-0-	-0-	-0-	162,822
Small cap blended	167,854	-0-	-0-	-0-	167,854
Fixed income	283,667	-0-	-0-	-0-	283,667
International	296,319	-0-	-0-	-0-	296,319
Total fair value	3,723,505	2,220,909	169,971	1,376,948	7,491,333
Cash	251,677	4,088	-0-	32	255,797
Total investments	\$ 3,975,182	\$ 2,224,997	\$ 169,971	\$ 1,376,980	\$ 7,747,130

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	2017				
	Capital and General Operating	Endowment	Other		Total
			Annuity	Trust	
LEVEL 1					
Mutual funds					
Equity					
Large cap growth	\$ -0-	\$ 250,287	\$ 33,644	\$ 239,132	\$ 523,063
Large cap value	-0-	243,431	32,113	228,236	503,780
Large cap blended	-0-	227,403	30,807	221,950	480,160
Midcap growth	-0-	96,041	13,582	95,023	204,646
Midcap blended	-0-	50,749	7,039	49,326	107,114
Small cap growth	-0-	75,260	10,536	71,065	156,861
Small cap value	-0-	24,054	3,402	21,883	49,339
Fixed income					
Ultrashort bond	1,512,245	130,080	15,476	-0-	1,657,801
Inflation-protected bond	-0-	110,557	-0-	113,914	224,471
Other bond		103,964	14,470	113,728	232,162
Exchange traded funds					
Large cap growth	307,136	26,420	-0-	-0-	333,556
Large cap value	311,147	26,764	-0-	-0-	337,911
Large cap blended	296,902	25,539	-0-	-0-	322,441
Midcap blended	139,007	11,956	-0-	-0-	150,963
Small cap blended	137,334	11,813	-0-	-0-	149,147
Fixed income	311,963	26,835	-0-	-0-	338,798
International	181,396	15,603	-0-	-0-	196,999
Total fair value	3,197,130	1,456,756	161,069	1,154,257	5,969,212
Cash	10,693	336,702	-0-	-0-	347,395
Total investments	<u>\$ 3,207,823</u>	<u>\$ 1,793,458</u>	<u>\$ 161,069</u>	<u>\$ 1,154,257</u>	<u>\$ 6,316,607</u>

The Ministry's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers among levels within the hierarchy at May 31, 2018 and 2017.

The Ministry's investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

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The following schedules summarize investment return and its classification in the consolidated statements of activities for the years ended May 31:

	2018		
	Unrestricted	Temporarily Restricted	Total
Capital and general operating			
Interest and dividend income	\$ 49,326	\$ -0-	\$ 49,326
Realized and unrealized gains, net	175,111	-0-	175,111
Investment service fees	<u>(12,267)</u>	<u>-0-</u>	<u>(12,267)</u>
Investment return, net	<u>\$ 212,170</u>	<u>\$ -0-</u>	<u>\$ 212,170</u>
Endowment and other			
Interest and dividend income	\$ 44,960	\$ 170,370	\$ 215,330
Realized and unrealized gains, net	27,410	80,359	107,769
Investment service fees	<u>(4,392)</u>	<u>(4,159)</u>	<u>(8,551)</u>
Investment return, net	<u>\$ 67,978</u>	<u>\$ 246,570</u>	<u>\$ 314,548</u>
	2017		
	Unrestricted	Temporarily Restricted	Total
Capital and general operating			
Interest and dividend income	\$ 41,756	\$ -0-	\$ 41,756
Realized and unrealized gains, net	149,638	-0-	149,638
Investment service fees	<u>(8,844)</u>	<u>-0-</u>	<u>(8,844)</u>
Investment return, net	<u>\$ 182,550</u>	<u>\$ -0-</u>	<u>\$ 182,550</u>
Endowment and other			
Interest and dividend income	\$ 26,797	\$ 81,900	\$ 108,697
Realized and unrealized gains, net	50,549	164,976	215,525
Investment service fees	<u>(3,806)</u>	<u>(1,877)</u>	<u>(5,683)</u>
Investment return, net	<u>\$ 73,540</u>	<u>\$ 244,999</u>	<u>\$ 318,539</u>

5. LINE OF CREDIT AGREEMENT

The Ministry has a \$500,000 revolving line of credit facility available with a bank through October 24, 2018, at which time it is subject to renewal. Borrowings under this facility are secured by substantially all assets of the Ministry, and bear interest at the prime rate less 1.00% (3.75% at May 31, 2018). There were no borrowings on this facility as of May 31, 2018 and 2017.

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6. NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at May 31:

	<u>2018</u>	<u>2017</u>
Purpose restriction:		
Center for Women and Children	\$ 74,230	\$ 35,016
Camp Dormitory	202,372	-0-
Capital campaign	224,013	-0-
Restored creations	-0-	25,712
Other programs	108,545	56,577
Time restriction:		
Charitable remainder trusts	515,349	423,244
Drumstick Dash	23,900	54,200
Other	-0-	10,000
Endowment return:		
Programs	<u>375,573</u>	<u>245,357</u>
	<u>\$ 1,523,982</u>	<u>\$ 850,106</u>

Permanently Restricted Net Assets

Permanently restricted net assets are restricted for investment in perpetuity, with the income expendable as described below at May 31:

	<u>2018</u>	<u>2017</u>
Contributions receivable:		
Support of director of food service position	\$ -0-	\$ 125,000
Endowment:		
Support of director of food service position	500,000	375,000
Spiritual work	12,509	12,509
Operations	20,658	20,658
Center for Women and Children or Training		
Center at Camp Hunt	<u>770,233</u>	<u>770,233</u>
Total endowment	<u>1,303,400</u>	<u>1,178,400</u>
	<u>\$ 1,303,400</u>	<u>\$ 1,303,400</u>

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Net Assets Released from Restrictions

Net assets were released from donor-imposed restrictions as follows during the years ended May 31:

	<u>2018</u>	<u>2017</u>
Purpose restriction:		
Center for Women and Children	\$ 224,361	\$ 157,937
Camp Dormitory	22,628	-0-
Training Center at Camp Hunt	-0-	42,911
Shelter for Men	-0-	17,678
Provide shelter, food, and medical assistance under various other programs	446,396	500,555
Restored creations	25,762	41,212
Director of food service	-0-	26,548
Capital gifts	151,907	594,023
Time restriction:		
Contributions receivable	-0-	34,549
Drumstick Dash	46,700	48,500
Other	10,254	-0-
	<u>\$ 928,008</u>	<u>\$ 1,463,913</u>

7. ENDOWMENT

The Ministry's endowment consists of donor restricted and board designated funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Ministry classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those

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amounts are appropriated for expenditure by the Ministry in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Ministry considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Ministry and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Ministry
- (7) The investment policies of the Ministry

Funds with Deficiencies

From time to time, due to unfavorable market fluctuations, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the Ministry to retain as a fund of perpetual duration. There were no deficiencies of this nature at May 31, 2018 and 2017.

Return Objectives and Risk Parameters

The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment investments are invested in a manner that is intended to protect the purchasing power of the original investment and to maximize the total return of the Ministry within reasonable and prudent levels of risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry, as it relates to its endowment investments, targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Ministry has a policy of appropriating for distributions each year up to 3% of the net asset value of the endowment as calculated on May 31 of the preceding fiscal year. Appropriations in excess of 3% of the net asset value of the endowment or appropriations that would cause deterioration of the corpus of the endowment require an affirmative vote of 75% of the entire of Board of Directors then serving. In establishing this policy, the Ministry intends to maintain

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the corpus of the permanently restricted portion of the gift. This is consistent with the Ministry's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The composition of cash and investments functioning as endowment is as follows at May 31:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted endowment funds	\$ -0-	\$ 375,573	\$ 1,303,400	\$ 1,678,973
Board designated endowment funds	546,024	-0-	-0-	546,024
	<u>\$ 546,024</u>	<u>\$ 375,573</u>	<u>\$ 1,303,400</u>	<u>\$ 2,224,997</u>

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted endowment funds	\$ -0-	\$ 245,357	\$ 1,178,400	\$ 1,423,757
Board designated endowment funds	494,701	-0-	-0-	494,701
	<u>\$ 494,701</u>	<u>\$ 245,357</u>	<u>\$ 1,178,400</u>	<u>\$ 1,918,458</u>

The change in cash and investments functioning as endowment is as follows for the years ended May 31:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 494,701	\$ 245,357	\$ 1,178,400	\$ 1,918,458
Deposits	-0-	-0-	125,000	125,000
Investment return, net	51,323	130,216	-0-	181,539
Endowment net assets, end of year	<u>\$ 546,024</u>	<u>\$ 375,573</u>	<u>\$ 1,303,400</u>	<u>\$ 2,224,997</u>

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	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 439,577	\$ 142,762	\$ 715,967	\$ 1,298,306
Deposits	-0-	-0-	462,433	462,433
Investment return, net	55,124	102,595	-0-	157,719
Endowment net assets, end of year	<u>\$ 494,701</u>	<u>\$ 245,357</u>	<u>\$ 1,178,400</u>	<u>\$ 1,918,458</u>

8. EMPLOYEE BENEFITS

Retirement Plan

The Ministry offers a voluntary 403(b) program open to all employees upon hire, which acts as the investment vehicle holding any employee contributions. This vehicle holds all of the Ministry's contributions made on behalf of employees, both matched and unmatched. To receive the Ministry's contributions, employees must meet the age and length of service requirements. It is the Ministry's policy to make contributions to the plan as provided annually by the Board of Directors. Contribution expense under this plan was \$205,470 and \$181,723 for the years ended May 31, 2018 and 2017, respectively.

Flexible Benefit Plan

The Ministry offers a flexible benefit plan through a Health Saving Account (HSA). The plan offers medical expense reimbursements for certain employees grandfathered into the plan. Employees can make voluntary contributions to the plan for medical expense reimbursements. The Ministry contributed \$26,430 and \$33,500 to the plan during the years ended May 31, 2018 and 2017, respectively.

Health Insurance

The Ministry provides its regular full-time employees with medical health insurance. Regular full-time employees may choose to have their eligible family members covered under the health care plan as well. Participants are eligible to purchase coverage through the Ministry for dependents at their own expense by payroll deduction. For employees hired after June 1, 1992, the cost is paid for by the employee. Participants should refer to the benefits booklet for a more complete description of the benefit provisions. Contribution expense under this plan was \$468,131 and \$428,038 for the years ended May 31, 2018 and 2017, respectively.

9. CONCENTRATIONS

The Ministry maintains its cash (including cash held in the investment portfolio) in accounts which generally exceed federally insured limits. The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MAY 31, 2018 AND 2017

All of the Ministry's investments are managed by one investment management firm. The Ministry was invested in one mutual fund that comprised approximately 13% of total investment at May 31, 2018 and a separate mutual fund that comprised of approximately 26% of total investments at May 31, 2017.

At May 31, 2017, the Ministry had an amount due from one donor representing 70% of contributions receivable.

SUPPLEMENTARY INFORMATION

WHEELER MISSION MINISTRIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF PROGRAM SERVICES EXPENSES

YEAR ENDED MAY 31, 2018

(With Comparative Total for the Year Ended May 31, 2017)

	2018													2017 Total
	Men's Residential Center	Shelter for Men	Center for Women and Children	Camp Hunt	Industry	Edwards Residence	Thrift Shop	Ministry Services	Center for Men (Bloomington)	Center for Women and Children (Bloomington)	Food Services	Restored Creations	Total Program Services	
Salaries and benefits	\$ 529,751	\$ 805,415	\$ 685,561	\$ 390,427	\$ 173,089	\$ 96,549	\$ 352,318	\$ 819,569	\$ 181,660	\$ 207,469	\$ 391,357	\$ 22,731	\$ 4,655,896	\$ 4,147,340
Gift-in-kind expenses	135,565	509,438	106,996	116,116	-0-	687	-0-	-0-	142,345	78,760	-0-	-0-	1,089,907	1,047,779
Public relations and direct mailing	-0-	-0-	-0-	497	-0-	-0-	2,514	-0-	182,523	94	-0-	1,251	186,879	148,479
Telephone and utilities	124,625	107,571	89,956	167,390	13,337	12,006	35,320	2,984	33,535	23,025	-0-	4,572	614,321	559,554
Depreciation expense	99,195	169,079	157,846	85,544	42,157	3,628	37,567	-0-	14,084	11,161	-0-	-0-	620,261	572,598
Postage	324	-0-	-0-	-0-	-0-	45	-0-	79	548	12	-0-	-0-	1,008	720
Maintenance	41,419	37,553	48,964	50,018	13,603	5,244	31,896	5,050	14,398	9,097	13,935	2,621	273,798	235,333
Insurance	16,420	19,213	20,850	15,360	19,083	4,245	10,613	20,106	7,917	5,017	10,509	-0-	149,333	134,141
Food	-0-	3,541	-0-	2,216	-0-	1,114	-0-	-0-	-0-	4,431	138,652	-0-	149,954	137,251
Equipment repair and maintenance	11,087	7,468	15,033	18,496	22,205	3,706	4,622	14,525	9,896	6,644	22,238	511	136,431	152,038
Cleaning supplies	4,972	10,350	10,457	9,842	-0-	434	946	-0-	6,928	4,907	11,607	-0-	60,443	52,577
Fuel and oil	2,507	1,476	1,650	16,605	20,797	3,012	6,903	2,578	3,360	41	7,084	-0-	66,013	38,269
Professional services	1,873	2,497	15,402	2,288	3,122	354	13,368	-0-	1,180	645	1,685	133	42,547	94,050
Program materials	5,468	6,778	21,840	8,722	-0-	4,748	4,748	3,980	1,023	2,771	-0-	780	60,858	51,834
Office supplies	1,332	1,424	3,001	2,411	513	365	500	2,769	1,801	292	535	1,330	16,273	13,037
Staff travel and conferences	4,216	3,930	11,773	690	-0-	1,576	1,000	6,792	-0-	516	3,035	36	33,564	31,300
Industry and supplies	-0-	-0-	-0-	-0-	862,887	-0-	-0-	-0-	-0-	-0-	-0-	21,228	884,115	625,353
Grants and scholarships	10,050	-0-	-0-	42,250	-0-	4,400	-0-	-0-	-0-	-0-	-0-	-0-	56,700	39,990
Membership fees	1,373	1,172	1,291	1,238	942	82	-0-	2,632	302	218	686	35	9,971	9,149
Lockbox and bank fees	-0-	-0-	-0-	-0-	-0-	-0-	6,493	-0-	2,129	-0-	-0-	442	9,064	7,772
Miscellaneous	4,878	4,500	578	509	-0-	-0-	933	3,730	396	208	1,613	7,988	25,333	24,439
	<u>\$ 995,055</u>	<u>\$ 1,691,405</u>	<u>\$ 1,191,198</u>	<u>\$ 930,619</u>	<u>\$ 1,171,735</u>	<u>\$ 142,195</u>	<u>\$ 509,741</u>	<u>\$ 884,794</u>	<u>\$ 604,025</u>	<u>\$ 355,308</u>	<u>\$ 602,936</u>	<u>\$ 63,658</u>	<u>\$ 9,142,669</u>	<u>\$ 8,123,003</u>

See report of independent auditors on pages 1 and 2.