



**HOSPITAL SISTERS  
MISSION OUTREACH CORPORATION**

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

June 30, 2019  
(with summarized information for 2018)



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**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Officers and Members of the  
Hospital Sisters Mission Outreach Corporation

We have audited the accompanying financial statements of Hospital Sisters Mission Outreach Corporation, which comprise the Statement of Financial Position as of June 30, 2019, and the related Statements of Activities and Cash Flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Hospital Sisters Mission Outreach Corporation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Hospital Sisters Mission Outreach Corporation's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sikich LLP*

Springfield, Illinois  
August 9, 2019

## **FINANCIAL STATEMENTS**

# HOSPITAL SISTERS MISSION OUTREACH CORPORATION

## STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Summarized Financial Information for June 30, 2018)

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 477,460	\$ 518,330
Accounts receivable	26,480	53,537
Inventory	4,642,381	6,093,286
Other assets	1,879	1,861
Certificates of deposit	390,751	509,585
Investments	396,143	-
Total current assets	<u>5,935,094</u>	<u>7,176,599</u>
<b>EQUIPMENT</b>		
Equipment, net of accumulated depreciation of \$117,815 and \$140,783	<u>10,205</u>	<u>11,437</u>
Total assets	<u>\$ 5,945,299</u>	<u>\$ 7,188,036</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	<u>\$ 18,173</u>	<u>\$ 14,428</u>
Total liabilities	<u>18,173</u>	<u>14,428</u>
<b>NET ASSETS</b>		
Without donor restriction	5,738,968	6,891,785
With donor restriction	<u>188,158</u>	<u>281,823</u>
Total net assets	<u>5,927,126</u>	<u>7,173,608</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,945,299</u>	<u>\$ 7,188,036</u>

The accompanying Notes to these Financial Statements are an integral part of this statement.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019  
(With Summarized Financial Information for the Year Ended June 30, 2018)

	Without Donor Restriction	With Donor Restriction	Total	
			2019	2018
<b>REVENUE</b>				
Medical equipment and supply donations	\$ 5,148,045	\$ -	\$ 5,148,045	\$ 6,214,486
In-kind contributions - services, supplies and space	193,022	-	193,022	211,949
Membership contributions	392,675	-	392,675	253,519
Donations	577,443	5,850	583,293	569,113
Grant income	-	15,000	15,000	10,300
Shipping and handling income	356,985	-	356,985	339,121
Donated product recycling revenue	329,140	-	329,140	329,885
Investment income	19,053	-	19,053	1,842
Net assets released from restrictions	114,515	(114,515)	-	-
Gain (loss) on sale of assets	1,958	-	1,958	-
Total revenue	<u>7,132,836</u>	<u>(93,665)</u>	<u>7,039,171</u>	<u>7,930,215</u>
<b>EXPENSES</b>				
Program services	7,860,212	-	7,860,212	6,843,119
Fundraising	296,042	-	296,042	287,862
Management and general	129,399	-	129,399	129,474
Total expenses	<u>8,285,653</u>	<u>-</u>	<u>8,285,653</u>	<u>7,260,455</u>
<b>CHANGE IN NET ASSETS</b>	(1,152,817)	(93,665)	(1,246,482)	669,760
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,891,785</u>	<u>281,823</u>	<u>7,173,608</u>	<u>6,503,848</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,738,968</u>	<u>\$ 188,158</u>	<u>\$ 5,927,126</u>	<u>\$ 7,173,608</u>

The accompanying Notes to these Financial Statements are an integral part of this statement.

# HOSPITAL SISTERS MISSION OUTREACH CORPORATION

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,246,482)	\$ 669,760
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	7,290	10,644
Net gain on sale of equipment	(1,958)	-
Medical equipment and supply donations	(5,148,045)	(6,214,486)
Product donations given	6,598,950	5,707,251
(Increase) decrease in:		
Accounts receivable	27,057	(36,998)
Other assets	(18)	2,010
Increase (decrease) in:		
Accounts payable	3,745	(2,284)
Accrued liabilities	-	(19,800)
Net cash from operating activities	<u>240,539</u>	<u>116,097</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(7,800)	-
Proceeds from sale of equipment	3,700	-
Purchase of certificates of deposit	(131,166)	(509,585)
Purchase of investments	(396,143)	-
Sale of certificates of deposit	250,000	-
Net cash from investing activities	<u>(281,409)</u>	<u>(509,585)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(40,870)	(393,488)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>518,330</u>	<u>911,818</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 477,460</u>	<u>\$ 518,330</u>

The accompanying Notes to these Financial Statements are an integral part of this statement.

# HOSPITAL SISTERS MISSION OUTREACH CORPORATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### 1. SUMMARY OF OPERATIONS

Hospital Sisters Mission Outreach Corporation (Mission Outreach) is a not-for-profit organization created and organized by the Hospital Sisters of the Third Order Regular of St. Francis. Mission Outreach continues the Sister's mission through a medical equipment/supply recovery and distribution program. Mission Outreach addresses the unmet medical needs of people in developing countries by collecting, repairing, packaging, and distributing medical supplies and equipment to hospitals and clinics around the world.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### Principles of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Mission Outreach are classified and reported as follows:

**Net Assets Without Donor Restriction** - Net assets that are not subject to donor-imposed stipulations.

**Net Assets With Donor Restriction** - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Mission Outreach pursuant to those stipulations and net assets subject to donor-imposed stipulations that they be maintained permanently by Mission Outreach.

Net assets with donor restriction represent purpose restrictions on resources currently available for use, but expendable only for those operating purposes specified by the donor or grantor. These resources originate from donations and grants. See Note 6. When a donor restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates in the financial statements are inventory valuation, medical equipment and supply donations, product donations given, and depreciation. Actual results could differ from those estimates.

Cash and Cash Equivalents

Mission Outreach considers all liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

No cash was paid for interest or income taxes for the year ended June 30, 2019.

Accounts Receivable

Accounts receivable are comprised of shipping and handling fees, and other miscellaneous items. Accounts receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Inventory

Inventory is primarily comprised of medical equipment and supplies. Mission Outreach had two types of inventory on hand at June 30, 2019. This included priced inventory items and medical supplies valued by weight.

Mission Outreach utilized four inventory valuation methods during the year ended June 30, 2019. These methods include (1) current price located on a publicly available website if the inventory item is a match for the website item when donated; (2) percentage of the price located on a publicly available website if the item donated has been used but the item located online is new; (3) the highest of prices located on a publicly available website if Mission Outreach receives several of that category of item throughout the year, but the category of items ranges in price depending on model, size, etc.; or (4) for the items reflected in inventory based on weight, the average price per pound of the inventory received and donated during the year.

Certificates of Deposit

Certificates of deposit are carried at fair value.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

Investments are presented at fair value on the statements of financial position, with realized and unrealized gains and losses, and dividends and interest (net of investment advisory and custody fees), being reported in the statements of activities as investment income without donor restrictions unless the use of the income is limited by donor restrictions. If a restriction is fulfilled in the same time period in which the investment income is received, the investment income is reported as net assets without donor restriction.

Equipment

Expenditures for equipment in excess of \$5,000 are capitalized. Purchased equipment is carried at cost. Donated equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method and all assets are depreciated using a five-year useful life.

Donations-In-Kind

Contributed medical equipment and supplies received by Mission Outreach are recorded as income and a corresponding increase to inventory. Donations-in-kind of medical equipment and supplies recognized in the financial statements for the year ended June 30, 2019 were \$5,148,045.

Contributed services for accounting, medical equipment repairs, and administrative services are recognized as in-kind revenues at the estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated; these amounted to \$143,467, for the year ended June 30, 2019. A portion of these services were provided by related parties as described in Note 7. Mission Outreach also received contributed items for fundraising auctions that totaled \$655 for the year ended June 30, 2019. Last, Mission Outreach received \$48,900 of donated space as described in Note 8.

Many individuals participated in the Mission Outreach volunteer program in many capacities. A dollar valuation of their efforts is not included in the financial statements since it does not meet the criteria for recognition. However, the estimated value for volunteer hours for the year ended June 30, 2019 was approximately \$168,189.

Membership Contributions

Membership contributions represent contributions made by hospitals and health clinics in support of the operations of Mission Outreach. For their contribution, hospitals and health clinics receive pick-up service for medical supplies and equipment which would otherwise be destined for a landfill. Revenue from these contributions for the year ended June 30, 2019 was \$392,675.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Donations

Donations are recognized as revenue when they are received or unconditionally pledged. Revenues are reported in net assets without donor restrictions, unless use of related assets is limited by the donor-imposed restrictions. Donor-restricted donations, grants and investment income whose restrictions are met within the same year as received are reflected in the change in net assets without donor restrictions.

Shipping and Handling Income and Shipping Costs

Mission Outreach bills recipient organizations a handling fee for preparing a container, pallet or boxes for distribution. In addition, some recipient organizations have Mission Outreach coordinate shipping logistics. In these cases, Mission Outreach pays the shipping costs and bills the actual cost to the recipient organization. This activity is recorded on an accrual basis with unearned handling fees recorded as accrued liabilities. For the year ended June 30, 2019, shipping and handling income totaled \$356,985, while shipping costs were \$121,350.

Donated Product Recycling Revenue

Mission Outreach evaluates inventory for obsolete or low demand equipment and supplies regularly. Inventory determined to be obsolete or in low demand is sold to various recycling companies. This activity is recorded on an accrual basis with revenue being recognized when equipment and supplies are sold.

Income Taxes

Mission Outreach is a not-for-profit corporation exempt from Federal and state income taxes under Code Section 501(c)(3) of the Internal Revenue Code and similar provisions of State laws. In addition, Mission Outreach qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Future Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, "Revenue from Contracts with Customers," as amended by ASU 2015-14, which supersedes or replaces nearly all GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time and will expand disclosures about revenue. ASU 2014-09, as amended, is effective for non-public companies for annual reporting periods beginning after December 15, 2018 and interim periods within the annual period beginning after December 15, 2019. Mission Outreach is currently assessing the impact of this new standard.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Future Accounting Pronouncements (Continued)

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02 is effective for nonpublic entities for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020.

ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standards at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, Leases (Topic 842): Targeted Improvements, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

In August 2018, the Financial Accounting Standards Board issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides guidance to help distinguish if grants and contracts with resource providers are exchange transactions or contributions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The Organization is currently assessing the impact of this new standard.

Subsequent Events

Mission Outreach has evaluated subsequent events through August 9, 2019, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.

Summarized Financial Information for 2018

The amounts shown for 2018, in the accompanying financial statements, are included to provide a basis for comparison for 2019 and present summarized totals only. Accordingly, the 2018 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**3. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject Mission Outreach to concentrations of credit risk consist principally of cash and certificates of deposit. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At June 30, 2019, there were no uninsured cash balances. There have been no losses on these accounts and Mission Outreach considers the risk to be minimal.

**4. EQUIPMENT**

Equipment consists of the following:

Furniture and equipment	\$ 13,500
Vehicles	<u>114,520</u>
	128,020
Accumulated depreciation	<u>(117,815)</u>
	<u>\$ 10,205</u>

Depreciation expense for the year ended June 30, 2019 was \$7,290.

**5. FAIR VALUE MEASUREMENTS**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets.

Mission Outreach's investments in level 1 include fixed income mutual funds. These assets are valued at the closing price reported on the active market on which the individual securities/funds are traded times the number of shares held.

Level 2 – Inputs 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 and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Mission Outreach does not have any investments in level 2.

Level 3 – Inputs are unobservable and significant to fair value measurement.

Mission Outreach does not have any investments in level 3.

Level 1 fixed income mutual funds were valued at \$396,143 at June 30, 2019.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**5. FAIR VALUE MEASUREMENTS (Continued)**

The asset or liability 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.

Mission Outreach's investments are invested with the primary objective of capital preservation. Investment targets include short-term fixed income securities. Mission Outreach is well diversified using by using a broadly invested mutual fund. There are no unfunded commitments related to any investments. This mutual fund has daily liquidity with one-day settlement.

**6. NET ASSETS WITH DONOR RESTRICTION**

Net assets of \$188,158 at June 30, 2019 are with donor restriction for the following purposes: \$15,311 for providing assistance to the Country of Nepal to aid in earthquake relief efforts, \$115,729 for Haiti, \$35,893 for Africa, \$100 for Damoh, India, \$2,830 for a box truck, \$3,295 for Togo for shipping container expenses, and \$15,000 to support the Liberia-Metro Healthcare Improvement Project which will provide donated supplies and equipment to two medical centers within the Monrovia, Liberia metropolitan area.

**7. RELATED PARTY TRANSACTIONS**

Mission Outreach had transactions with Hospital Sisters of St. Francis - USA, Inc. (Hospital Sisters), a not-for-profit corporation. Mission Outreach leases its primary facility from the Hospital Sisters under a lease agreement described in Note 8. Mission Outreach has arrangements with the Hospital Sisters to provide contractual staff and other administrative services. Fees paid for contractual staff were \$903,324 for the year ended June 30, 2019, and administrative services provided at no charge were valued at \$91,756. Additionally, program services were provided by members of the Hospital Sisters of the Third Order Regular of St. Francis and valued at \$32,594.

Some contributions of medical equipment and supplies are received from hospitals associated with Hospital Sisters Health System (HSHS), a not-for-profit corporation. Hospital Sisters Health System also makes membership contributions to Mission Outreach to offset the costs of operations. Membership contributions in the amount of \$96,480 were received from Hospital Sisters Health System for the year ended June 30, 2019. Additionally, HSHS and associated entities made donations in the amount of \$91,800 for the year ended June 30, 2019.

In addition, it is common for members of the Board of Directors of Mission Outreach and employees of Mission Outreach and related entities to contribute to Mission Outreach on an annual basis to support general operations or fundraising events. Contributions were received and recognized in the normal course of business using the same approval and measurement process as general donations and contributions.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**8. RENT OBLIGATIONS**

Mission Outreach has an operating lease for the use of a 23,000 square foot facility in Springfield, IL. The lease has a rate of \$8,150 per month and will automatically renew on July 1st each year for a period of 12 months unless one party gives at least 90 days-notice. In March 2016, Hospital Sisters of St. Francis – USA, Inc. committed to reduced rental rates for three years, effective July 1, 2016. For the year ending June 30, 2019, the rent payments were \$48,900 and \$48,900 was forgiven. Mission Outreach recorded in-kind contribution revenue and building rent expense for the forgiven value of the donated space. Effective July 1, 2019 rent will revert to the stated lease rate. All other terms and conditions of the agreement remain.

In June 2018, Mission Outreach executed an operating lease for use of a 26,700 square foot facility in Springfield, IL. The lease has a rate of \$5,340 per month and expires June 30, 2023.

The future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	
2020	\$ 64,080
2021	64,080
2022	64,080
2023	<u>64,080</u>
Total	<u>\$ 256,320</u>

Rental expense for all operating leases for the year ended June 30, 2019 was \$161,880.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. EXPENSES BY NATURE AND FUNCTION**

Mission Outreach expenses incurred during 2019 (with summarized information for 2018) were as follows:

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>2019 Total</b>	<b>2018 Total</b>
<b>DIRECT EXPENSES</b>					
Contracted employees	\$ 708,369	\$ 191,611	\$ 37,769	\$ 937,749	\$ 839,802
Building rent	110,534	1,223	1,223	112,980	76,530
Office supplies	17,739	2,365	3,548	23,652	5,383
General supplies	72,284	-	-	72,284	52,784
Utilities	30,824	389	389	31,602	31,170
Telephone	4,059	464	116	4,639	5,016
Maintenance and repair	28,437	-	-	28,437	52,965
Contracted services	26,977	-	-	26,977	28,484
Professional fees	-	-	12,200	12,200	15,800
Insurance	13,179	347	347	13,873	13,320
Memberships/licenses/dues	473	340	-	813	2,896
Marketing and promotion	-	48,760	-	48,760	46,778
Workshops and conferences	11,648	-	-	11,648	8,711
Travel to collect donations	32,163	-	-	32,163	30,441
Travel-other	7,264	-	-	7,264	13,393
Shipping costs	121,350	-	-	121,350	107,138
Depreciation	7,290	-	-	7,290	10,644
<b>TOTAL DIRECT EXPENSES</b>	<b>1,192,590</b>	<b>245,499</b>	<b>55,592</b>	<b>1,493,681</b>	<b>1,341,255</b>
<b>IN-KIND EXPENSES</b>					
Product donations given	6,598,950	-	-	6,598,950	5,707,251
Building rent	46,454	1,223	1,223	48,900	73,350
Contracted services	22,218	49,320	72,584	144,122	138,599
<b>TOTAL IN-KIND EXPENSES</b>	<b>6,667,622</b>	<b>50,543</b>	<b>73,807</b>	<b>6,791,972</b>	<b>5,919,200</b>
<b>TOTAL EXPENSES</b>	<b>\$7,860,212</b>	<b>\$ 296,042</b>	<b>\$ 129,399</b>	<b>\$8,285,653</b>	<b>\$7,260,455</b>

Mission Outreach internal financial statements report certain expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. For contracted services direct expenses, an analysis of service provided to each program or supporting function is completed to determine a reasonable allocation of costs attributable to each program or supporting function. For contracted services in-kind, specific identification by service provider is identified for costs attributable to each program or supporting function. Certain other costs are allocated based on the square footage utilized by each program or supporting function, while other categories require no allocation due to the nature of the expenditure being exclusive to one program or supporting function.

**HOSPITAL SISTERS MISSION OUTREACH CORPORATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects Mission Outreach financial assets as of June 30, 2019 available for general use within one year of the Statement of Financial Position date.

Cash and cash equivalents	\$ 477,460
Certificates of deposit	390,751
Investments	396,143
Accounts receivable	<u>26,480</u>
Total financial assets	1,290,834
Net assets with donor restriction	<u>(188,158)</u>
Financial assets available to meet cash needs for general use within one year	<u>\$ 1,102,676</u>

As cash is needed for general use within the next year, cash from the Mission Outreach bank account is used.