

**SALINA GRACE FOUNDATION**

Salina, Kansas

**AUDITED FINANCIAL STATEMENTS**

June 30, 2025 and 2024

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
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December 21, 2025

Board of Directors  
Salina Grace Foundation  
Salina, Kansas

## Independent Auditor's Report

### ***Opinion***

We have audited the financial statement of Salina Grace Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statement.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

December 21, 2025  
Salina Grace Foundation  
(Continued)

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Varney & Associates, CPAs, LLC*

Certified Public Accountants  
Manhattan, Kansas

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**STATEMENT OF FINANCIAL POSITION**  
June 30,

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 183,556	\$ 164,704
Trade receivables	2,340	-
Prepaid expenses	2,680	1,414
Leasehold improvements - Net of accumulated depreciation of \$40,297 and \$15,148, respectively	266,602	175,317
<b>Total Current Assets</b>	<b>\$ 455,178</b>	<b>\$ 341,435</b>
<b>Non-Current Assets</b>		
Beneficial interest in assets held by GSCF	\$ 33,772	\$ 29,931
Right-of-use asset - Financing lease	566,540	599,273
<b>TOTAL ASSETS</b>	<b>\$ 1,055,490</b>	<b>\$ 970,639</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 22,729	\$ 11,581
Accrued payroll and payroll taxes	3,590	571
Lease payable - Current portion	39,996	39,996
<b>Total Current Liabilities</b>	<b>\$ 66,315</b>	<b>\$ 52,148</b>
<b>Non-Current Liabilities</b>		
Lease payable - Noncurrent portion	\$ 533,036	\$ 557,314
<b>Total Liabilities</b>	<b>\$ 599,351</b>	<b>\$ 609,462</b>
<b>Net Assets</b>		
<b>Without Donor Restrictions</b>		
Without donor restrictions	\$ 436,692	\$ 294,396
Board designated	2,800	2,800
<b>Total Without Donor Restrictions</b>	<b>\$ 439,492</b>	<b>\$ 297,196</b>
With donor restrictions	\$ 16,647	\$ 63,981
<b>Total Net Assets</b>	<b>\$ 456,139</b>	<b>\$ 361,177</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,055,490</b>	<b>\$ 970,639</b>

**SALINA GRACE FOUNDATION**  
 Salina, Kansas  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended June 30, 2025

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 361,022	\$ 69,100	\$ 430,122
Grants	180,636	-	180,636
Rental income	23,090	-	23,090
Investment return - Net	5,237	-	5,237
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>\$ 569,985</b>	<b>\$ 69,100</b>	<b>\$ 639,085</b>
<b>RELEASE OF RESTRICTIONS</b>	<b>\$ 116,434</b>	<b>\$ (116,434)</b>	<b>\$ -</b>
<b>EXPENSES</b>			
Program	\$ 451,497	\$ -	\$ 451,497
Management and general	33,066	-	33,066
Fundraising	59,560	-	59,560
<b>TOTAL EXPENSES</b>	<b>\$ 544,123</b>	<b>\$ -</b>	<b>\$ 544,123</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 142,296</b>	<b>\$ (47,334)</b>	<b>\$ 94,962</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>297,196</b>	<b>63,981</b>	<b>361,177</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 439,492</b>	<b>\$ 16,647</b>	<b>\$ 456,139</b>

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 190,265	\$ 226,117	\$ 416,382
Grants	248,138	-	248,138
Rental income	2,341	-	2,341
Investment return - Net	3,800	-	3,800
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>\$ 444,544</u>	<u>\$ 226,117</u>	<u>\$ 670,661</u>
<b>RELEASE OF RESTRICTIONS</b>	<u>\$ 181,841</u>	<u>\$ (181,841)</u>	<u>\$ -</u>
<b>EXPENSES</b>			
Program	\$ 320,166	\$ -	\$ 320,166
Management and general	26,982	-	26,982
Fundraising	43,217	-	43,217
<b>TOTAL EXPENSES</b>	<u>\$ 390,365</u>	<u>\$ -</u>	<u>\$ 390,365</u>
<b>CHANGE IN NET ASSETS</b>	\$ 236,020	\$ 44,276	\$ 280,296
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>61,176</u>	<u>19,705</u>	<u>80,881</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 297,196</u>	<u>\$ 63,981</u>	<u>\$ 361,177</u>

**SALINA GRACE FOUNDATION**  
 Salina, Kansas  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 For the Year Ended June 30, 2025

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program</b>	<b>Management</b>	<b>Fundraising</b>	
Compensation of current officers	\$ 27,716	\$ 13,858	\$ 13,858	\$ 55,432
Other salaries and wages	173,822	6,518	36,937	217,277
Other employee benefits	11,039	414	2,346	13,799
Payroll taxes	14,449	542	3,070	18,061
Fees for services - Accounting	-	8,600	-	8,600
Office expenses	20,699	2,587	2,588	25,874
Occupancy	16,231	-	-	16,231
Travel	83	-	35	118
Depreciation	25,149	-	-	25,149
Amortization	32,733	-	-	32,733
Insurance	10,430	-	-	10,430
Interest	19,051	-	-	19,051
Security	55,656	-	-	55,656
Advertising and promotion	9,046	-	-	9,046
Shelter supplies	9,948	-	-	9,948
Phones	5,828	453	194	6,475
Workers comp	2,503	94	532	3,129
Other expenses	17,114	-	-	17,114
<b>Total Expenses</b>	<b>\$ 451,497</b>	<b>\$ 33,066</b>	<b>\$ 59,560</b>	<b>\$ 544,123</b>

**SALINA GRACE FOUNDATION**  
 Salina, Kansas  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 For the Year Ended June 30, 2024

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program</b>	<b>Management</b>	<b>Fundraising</b>	
Compensation of current officers	\$ 24,923	\$ 12,462	\$ 12,462	\$ 49,847
Other salaries and wages	106,223	3,983	22,573	132,779
Other employee benefits	9,636	361	2,048	12,045
Payroll taxes	9,658	362	2,052	12,072
Fees for services - Accounting	-	7,775	-	7,775
Office expenses	9,309	1,164	1,163	11,636
Occupancy	37,613	-	-	37,613
Depreciation	10,333	-	-	10,333
Amortization	5,036	-	-	5,036
Insurance	9,100	-	-	9,100
Interest	3,000	-	-	3,000
Security	61,766	-	-	61,766
Shelter supplies	6,377	-	-	6,377
Phones	5,003	389	167	5,559
Workers comp	12,951	486	2,752	16,189
Other expenses	9,238	-	-	9,238
<b>Total Expenses</b>	<b>\$ 320,166</b>	<b>\$ 26,982</b>	<b>\$ 43,217</b>	<b>\$ 390,365</b>

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**STATEMENT OF CASH FLOWS**  
For the Years Ended June 30,

	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities</b>		
Increase in Net Assets	\$ 94,962	\$ 280,296
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities		
Depreciation	25,149	10,333
Amortization	32,733	5,036
(Gain)/loss on beneficial interests	(3,841)	(3,800)
(Increase) Decrease in Operating Assets		
Trade receivables	(2,340)	-
Prepaid expenses	(1,266)	6,086
Increase (Decrease) in Operating Liabilities		
Accounts payable	11,148	(5,929)
Accrued payroll and payroll taxes	3,019	35,826
	<u>\$ 159,564</u>	<u>\$ 327,848</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Purchase of leasehold improvements	<u>\$ (116,434)</u>	<u>\$ (181,841)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments of finance lease	<u>\$ (24,278)</u>	<u>\$ (46,995)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$ 18,852	\$ 99,012
<b>Cash and Cash Equivalents - Beginning</b>	<u>164,704</u>	<u>65,692</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 183,556</u>	<u>\$ 164,704</u>

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies**

**Nature of Activities**

The Salina Grace Foundation (the Foundation) is a nonprofit organization located in Salina, Kansas. It was formed in 2017 to share the love of God as we meet people in their brokenness to help them along the path to find their healing.

**Basis of Accounting**

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

**Basis of Presentation**

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

**Net Assets**

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments available for current use with an initial maturity of three months or less. Fair market value equals carrying amounts due to the short maturities of these financial instruments.

**Revenue Recognition**

Contributions, which include promises to give, and grants are recorded at fair value in the year received as with or without donor restrictions depending on the existence and/or nature of any donor restrictions related to a time restriction of specific purposes. When a time restriction expires or a donor purpose is fulfilled, the contribution is reclassified to without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Leases - Lessee**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the standard effective July 1, 2022. The Foundation has also elected to apply the short-term lease exemption to all short-term leases as of year-end.

The Foundation leases a shelter and determined if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, operating current liabilities, and operating long-term lease liabilities on the balance sheet. Finance leases are included in financing lease ROU assets, financing current liabilities, and financing long-term liabilities on the balance sheet.

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Leases - Lessee (Continued)**

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Financing lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. For any leases that do not provide an implicit rate, we use the risk free rate based on the information available at commencement date in determining the present value of lease payments. The financing lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if the Foundation has substantially all of the rights to the underlying asset through exclusivity, if the Foundation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

**Leases - Lessor**

The accounting applied by lessors under Topic 842 is largely unchanged from previous GAAP. Some changes to the lessor accounting guidance were made to align both of the following: i) the lessor accounting guidance with certain changes made to the lessee accounting guidance and ii) key aspects of the lessor accounting model with revenue recognition guidance. The Foundation adopted the standard effective July 1, 2022. Adopting the standard did not have a material impact to its financial statements.

**Trade Receivables and Allowance for Credit Losses**

The Organization has adopted the Current Expected Credit Losses (CECL) accounting standard, as per Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments – Credit Losses (Topic 326)." The standard introduces a new model for estimating credit losses on financial instruments.

After a thorough evaluation, management has determined that the impact of adopting the CECL standard on the financial statements is immaterial. The Organization has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process.

As a result, the adoption of the CECL standard has not had a material impact on the Organization's financial position, results of operations, or cash flows. The Organization will continue to monitor developments related to the CECL standard and will provide updates as necessary in future financial statement disclosures.

**Capital Assets**

Purchased capital assets are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to forty years.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SALINA GRACE FOUNDATION**  
 Salina, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025 and 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase to net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Income Tax Status**

The Foundation is a nonprofit organization that is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Foundation's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

**Functional Allocation of Expenses**

The basis for allocation of expenses to specific programs is determined by management. Expenses that can be directly identified with specific programs are charged to that program. Other expenses are allocated using percentages or amounts determined by management based on estimated time or resources used. Compensation, benefits and payroll taxes are allocated based on estimated time and effort. Telephone costs, office expenses, conferences, travel and miscellaneous expenses are allocated based on estimated usage.

**Note 2: Deposits and Investments**

The Foundation's bank account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2025, the entire balance was insured.

**Note 3: Net Assets With Donor Restrictions**

Net assets with donor restrictions are restrictions for the following purposes or periods:

	<b>2025</b>	<b>2024</b>
Funds to be used for leasehold improvements on Broadway	\$ 16,647	\$ 63,981

**Note 4: Net Assets With Board Designation**

Net assets with board designations for the following purposes or periods are as follows as of June 30,:

	<b>2025</b>	<b>2024</b>
Employee advances for financial difficulty	\$ 2,800	\$ 2,800

**Note 5: Net Assets Release from Restriction**

Net assets are released from donor restriction by paying for leasehold improvements on Broadway as follows as of June 30,:

	<b>2025</b>	<b>2024</b>
Leasehold improvement additions	\$ 116,434	\$ 181,841

**SALINA GRACE FOUNDATION**  
 Salina, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025 and 2024

**Note 6: Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, is comprised of the following:

Financial assets at year-end	
Cash and cash equivalents	\$ 183,556
Trade receivables	2,340
Beneficial interest in assets held by GSCF	33,772
Total Financial Assets	\$ 219,668
Less: Donor imposed restrictions	16,647
Financial assets available to meet cash needs for general expenditures within one year	\$ 203,021

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments or readily accessible funds. The Board forecasts its future cash flows and monitors its liquidity and reserves monthly. The Board designated a portion of funds for employee advances in the amount of \$2,800 as of both June 30, 2025 and 2024, respectively.

**Note 7: Assets in Community Foundation**

There are two accounts held at the Greater Salina Community Foundation (GSCF). The Foundation transferred assets to the Greater Salina Community Foundation (GSCF) in order to fund an endowment (endowed account) for its benefit. Distributions from GSCF to the Foundation will be made in a manner consistent with the Foundation's policies and procedures. Salina Grace Foundation gave variance power over the endowed account asset to GSCF, which allows GSCF to exercise ultimate authority and control over the assets. Due to variance power being transferred the endowed account asset is not recorded on the books of the Foundation.

The Foundation holds a second, non-endowed account, at GSCF in which they retain variance power; therefore, the asset is recorded at fair market value as a beneficial interest in assets on the statement of financial position of the Foundation.

**Note 8: Retirement Benefits**

The Foundation maintains a plan where it funds a retirement benefit for eligible employees. It is essentially an IRA contribution made on the behalf of the employee, and is recorded as additional compensation to the employee. The amounts funded for the years ended June 30, 2025 and 2024, was \$1,231 and \$1,374, respectively.

**Note 9: Subsequent Events**

The Foundation has evaluated subsequent events through the date the financial statements were available to be issued, which is the date of the auditor's report.

**Note 10: Related Party Transactions**

The Foundation shares its Executive Pastor with the Salina Rescue Mission (the Mission), as well as some board members. The Executive Pastor is on payroll with the Mission, and the Foundation reimburses the Mission for the portion of the Executive Pastor's time spent on the Foundation. The Foundation paid director and management contributions to the Mission in the amount of \$55,432 and \$49,847 for the years ended June 30, 2025 and 2024, respectively.

The Foundation had a Director of Development employed during the years ended June 30, 2025 and 2024. This employee also performed services for the Mission under an agreement where the Mission reimburses the Foundation for the time spent on the Mission. The Foundation received \$22,114 and \$10,874 as reimbursement from the Mission for services performed for the years ended June 30, 2025 and 2024, respectively.

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

**Note 10: Related Party Transactions (Continued)**

The Mission has a Director of Development employed during the year ended June 30, 2025. This employee also performs services for the Foundation, and the Foundation reimburses the Mission for this employee's time spent on the Foundation. The Foundation paid the Mission \$115 and \$8,375 for services performed by this employee for the year ended June 30, 2025 and 2024, respectively.

The Foundation has a line of credit available from the Mission in the amount of \$250,000. As of June 30, 2025 and 2024, the Foundation has not drawn any funds from this line of credit.

Bill Hodges is a director and is the father of Joe Hodges. Kim Brown is the President, and is the father of Kelly Brown. Bill Hodges is an owner of Habco Inc. Habco, Inc. performed the work on the remodel of one of the Foundation's locations. All bills paid to Habco, Inc. went through Harbin Construction. The total paid was \$108,435.

**Note 11: Leases - Lessee**

The Foundation has an operating lease for a Winter Shelter with the Grand Ave United Methodist Church, via a verbal agreement between the two parties. The Foundation uses this shelter for five months out of the year, and pays \$1,500 per month for those five months. Due to the two parties being unrelated entities with a verbal agreement that can be cancelled within a year, and the fact that the Foundation only uses the building for five months out of the year, this is considered a short-term lease.

The Foundation entered into an agreement on June 20, 2023 with 1858 Properties for a shelter. This lease is a 10-year lease commencing on July 1, 2023 and ending on June 30, 2033. The Foundation may extend this lease for five years at the conclusion of the lease term, and one additional extension at the end of that five year term. There is no monthly rental payment as part of this agreement. Each month, the Foundation is to pay 61.57% of the utilities and services costs of the building and 25.6% of the building expenses as part of the agreement. This is capped at a maximum of \$40,000 per year, to be adjusted annually to reflect the increase in the CPI index.

The components of the Broadway lease expense were as follows:

Finance Lease Cost	
Amortization of right-of-use assets	\$ 32,733
Interest on lease liabilities	19,051
<b>Total Finance Lease Cost</b>	<u><u>\$ 51,784</u></u>

Balances related to the lease liabilities included in the balance sheet as of June 30, 2025 are:

	<b>Finance</b>
	<b>Leases</b>
Current portion - Lease obligation	\$ 39,996
Long-term portion - Lease obligation	533,036
<b>Total Lease Liability Outstanding</b>	<u><u>\$ 573,032</u></u>

Future minimum lease payments under non-cancellable leases as of June 30, 2025 were as follows:

	<b>Finance</b>
	<b>Leases</b>
<u>Year Ending December 31,</u>	
2026	\$ 39,996
2027	39,996
2028	39,996
2029	39,996
2030	413,048
Total future minimum lease payments	<u><u>\$ 573,032</u></u>
Less: Imputed interest	(195,943)
	<u><u>\$ 377,089</u></u>

**SALINA GRACE FOUNDATION**  
Salina, Kansas  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

**Note 12: Leases - Lessor**

The Foundation leases space to PIN - People in Need. The lease is an operating lease. This is a 9-year lease commencing on May 1, 2024 and ending on June 30, 2033. The lease payment is \$1,170 per month. Total lease income was \$14,040 and \$2,341 for the years ended June 30, 2025 and 2024, respectively.

The Foundation leases space to CKMHC - Central Kansas Mental Health Center. The lease is an operating lease. This is a 1-year lease commencing on October 1, 2025 and ending on September 30, 2026. The lease payment is \$1,000 per month. Total lease income was \$9,050 and \$0 for the years ended June 30, 2025 and 2024, respectively.