

**CITY RESCUE MISSION, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**STEAKLEY & GILBERT, P.C.**  
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**Independent Auditors' Report**

To the Board of Directors  
City Rescue Mission, Inc.

We have audited the accompanying statement of financial position of City Rescue Mission, Inc. (the "Organization") as of June 30, 2010 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of City Rescue Mission, Inc. as of June 30, 2010 and the results of its activities and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Steakley & Gilbert, P.C.*

Oklahoma City, Oklahoma  
September 1, 2010

**CITY RESCUE MISSION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2010**

**ASSETS**

Cash and cash equivalents	\$ 579,030
Cash management fund (Note E)	343,981
FHLB grant receivable	750,000
Accounts receivable	4,151
Inventory	87,289
Prepaid expenses	69,599
Property, plant, and equipment, net (Note C)	<u>4,225,582</u>

TOTAL ASSETS \$ 6,059,632

**LIABILITIES**

Accounts payable	\$ 110,467
Accrued expenses	38,675
Mortgage payable (Note D)	<u>68,423</u>

TOTAL LIABILITIES 217,565

**NET ASSETS**

Unrestricted	4,842,067
Temporarily restricted (Note B)	<u>1,000,000</u>

TOTAL NET ASSETS 5,842,067

TOTAL LIABILITIES AND NET ASSETS \$ 6,059,632

The accompanying notes are an integral part of these financial statements.

**CITY RESCUE MISSION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>SUPPORT AND REVENUE</b>			
Cash contributions	\$ 3,568,745	\$ -	\$ 3,568,745
Grant revenue (Notes G and H)	-	800,610	800,610
In-kind contributions	1,200,802		1,200,802
Clinic income	19,843		19,843
Concession income	30,767		30,767
Interest income and other	15,615		15,615
Net assets released from restrictions:			
Satisfaction of program restrictions	50,610	(50,610)	-
Total support and revenue	<u>4,886,382</u>	<u>750,000</u>	<u>5,636,382</u>
<b>EXPENSES (Note F)</b>			
Program services	3,022,886		3,022,886
General and administrative	301,729		301,729
Fundraising	607,758		607,758
Community education and volunteer recruitment	182,007		182,007
Depreciation expense	296,204		296,204
Interest expense	6,553		6,553
Total expenses	<u>4,417,137</u>	<u>-</u>	<u>4,417,137</u>
<b>CHANGE IN NET ASSETS</b>	469,245	750,000	1,219,245
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,372,822</u>	<u>250,000</u>	<u>4,622,822</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,842,067</u>	<u>\$ 1,000,000</u>	<u>\$ 5,842,067</u>

The accompanying notes are an integral part of these financial statements.

**CITY RESCUE MISSION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Increase in Net Assets	\$ 1,219,245
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	296,204
(Increase) decrease in:	
FHLB grant receivable	(750,000)
Receivables	(1,777)
Inventory	15,460
Prepaid expenses	(31,265)
Increase (decrease) in:	
Accounts payable	42,372
Accrued expenses	<u>(73,935)</u>
Net cash provided by operating activities	716,304
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net increase in cash management fund	(73)
Acquisition of property and equipment	<u>(693,502)</u>
Net cash used in investing activities	(693,575)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Principal payments on mortgage payable	<u>(17,208)</u>
Net cash used in financing activities	<u>(17,208)</u>
Net increase (decrease) in cash	5,521
Cash and cash equivalents at beginning of year	<u>573,509</u>
Cash and cash equivalents at end of year	<u><u>\$ 579,030</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Interest paid in cash	<u><u>\$ 6,553</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY RESCUE MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Description of the Organization**

The City Rescue Mission, Inc. (the "Organization") was incorporated in 1961 as a not-for-profit organization. The Organization provides certain religious, charitable and benevolent services to the homeless and needy persons of Oklahoma City, Oklahoma.

**Note A - Summary of Significant Accounting Policies**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Inventory is stated at the estimated fair market value as of the date of donation or purchase. All expenditures for land, building, and equipment in excess of \$500 are capitalized; the fair value of donated fixed assets is similarly capitalized. Maintenance and repairs are expensed. Depreciation is provided on the straight line method over the estimated useful lives of the assets, ranging from three to thirty-one years.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The estimated fair market value of in-kind contributions are reported as support and expensed in the period in which the donations are received.

For the purpose of the statement of cash flows, the organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents include certificates of deposit and commercial paper. The Organization has funds on deposit in a local bank covered by FDIC insurance up to \$250,000.

The Organization is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, as such, is not required to file any return with the Internal Revenue Service or other taxing authority, and therefore pays no income taxes.

**CITY RESCUE MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Note B - Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2010 are funds designated for purchasing a building and for making building improvements. Included in restricted net assets is the FHLB grant receivable and specific donations received in prior years.

**Note C - Property, Plant and Equipment**

Property, plant and equipment are stated at cost. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. The basis of such assets at June 30, 2010 follows:

Land and improvements	\$ 185,621
Buildings and improvements	4,930,473
Furniture, equipment and vehicles	<u>1,175,891</u>
Total	6,291,985
Less accumulated depreciation	<u>(2,066,403)</u>
Net property, plant, and equipment	<u>\$4,225,582</u>

**Note D - Note Payable**

The Organization purchased a building during fiscal 2009 and has a mortgage loan payable to the seller. The loan is secured by the real estate. The loan requires monthly principal and interest payments of \$1,980 from inception October 1, 2008 through September 1, 2011, with a final payment of the remaining principal balance on September 30, 2011. The interest rate is fixed at 7% per annum. The loan balance was \$68,423 at June 30, 2010.

Principal payments required per fiscal year ending June 30:

Period July 1, 2010 – June 30, 2011	\$19,558
Period July 1, 2011 – September 11, 2011	<u>48,865</u>
	<u>\$68,423</u>

**Note E – Cash Management Fund**

The Organization has invested restricted contribution funds and excess cash balances in a cash management fund. The account earns interest monthly which is reinvested. The account is carried at its quoted market value with earnings recognized in the statement of activities and changes in net assets. Funds can be obtained on demand.

CITY RESCUE MISSION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

Note F - Expenses

Expenses incurred for the year ended June 30, 2010:

	TOTAL EXPENSES	Compensation		Occupancy		Food & Clothing		Services		Transportation		Staff Development		Other
		Salaries, Taxes and Benefits	Utilities, Rent, Insurance, Security	Health & Welfare Supplies	Telephone, Computer, Insurance, Advertising Consulting, Printing, Fees	Fuel and vehicle maintenance	Training	Travel						
<b>PROGRAMS:</b>														
Homeless services	\$ 2,463,222	\$ 770,758	\$ 208,263	\$ 1,093,600	\$ 361,011	\$ 16,869	\$ 12,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Children's services	86,322	78,741	-	-	7,581	-	-	-	-	-	-	-	-	
Rehabilitation service	332,333	228,668	78,436	21,620	3,609	-	-	-	-	-	-	-	-	
Social Services	141,009	117,596	11,791	8,276	3,346	-	-	-	-	-	-	-	-	
	3,022,886	1,195,763	298,490	1,123,496	375,547	16,869	12,721	-	-	-	-	-	-	
Administrative	301,729	161,400	4,016	-	127,240	-	195	8,878	-	-	-	-	-	
Fundraising	607,758	108,200	4,235	-	492,118	-	2,341	864	-	-	-	-	-	
Community Education	182,007	-	-	-	182,007	-	-	-	-	-	-	-	-	
Depreciation	296,204	-	-	-	-	-	-	-	-	-	-	-	296,204	
Interest	6,553	-	-	-	-	-	-	-	-	-	-	-	6,553	
	1,394,251	269,600	8,251	-	801,365	-	2,536	9,742	-	-	-	-	302,757	
	\$ 4,417,137	\$ 1,465,363	\$ 306,741	\$ 1,123,496	\$ 1,176,912	\$ 16,869	\$ 15,257	\$ 9,742	\$ 302,757					

**CITY RESCUE MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Note G – Grant Revenue**

The Organization applied for and received three types of grants during fiscal 2010. The grants required certain housing and social service requirements of the Organization. Revenue from these grants has been recorded as earned according to the stipulations of the grant agreements. One grant was used to purchase food, gasoline and bus passes for clients to get to job interviews and doctor appointments. Another grant was to provide a salary subsidy for an employee to do in depth assessments of the issues that led to client homelessness and to assist clients with a variety of social services. The Organization also received a grant from the stimulus program for providing temporary assistance to approved individuals to help keep them in their homes. The funds received were used to pay utility bills, security deposits and monthly rents for these individuals.

**Note H – Commitments and Contingencies**

The Organization entered into a contract with Federal Home Loan Bank of San Francisco (“FHLB”) for matching funds to renovate and expand the Organization’s homeless housing capabilities. The contract provides for a \$1.5 million grant in return for providing housing for the homeless population of Oklahoma City for a period of 15 years. Certain capital improvement expenditure milestones must occur to receive the grant in two payments of \$750,000 each. At June 30, 2010, the Organization had met the initial expenditure requirement of \$400,000 and as such a receivable for \$750,000 has been recorded. The remaining grant of \$750,000 is expected to be received during fiscal 2011 as building improvements are in progress. If the terms and conditions of the contract are not met by the Organization, the \$1.5 million grant must be repaid to the FHLB.

**Note I - Statistical Information (unaudited)**

The following service statistics are available for the year ended June 30, 2010:

	<u>2010</u>
Number of meals served	280,266
Number of nights men lodged	84,185
Number of nights women lodged	35,285
Number of nights children lodged	19,400
Number of families assisted	212