

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

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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, 2007 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, 2007 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
August 30, 2007

CITY RESCUE MISSION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

	2007
ASSETS	
Cash and cash equivalents	\$ 554,286
Cash management fund (Note E)	327,679
Accounts receivable - employees	1,857
Pledges receivable - temporarily restricted (Note B)	-
Inventory	37,388
Prepaid expenses	50,019
Property, plant, and equipment, net (Note C)	4,014,222
TOTAL ASSETS	\$ 4,985,451
LIABILITIES	
Accounts payable	\$ 53,544
Accrued expenses	34,017
Note payable (Note D)	199,775
TOTAL LIABILITIES	287,336
NET ASSETS	
Unrestricted	4,448,115
Temporarily restricted (Note B)	250,000
TOTAL NET ASSETS	4,698,115
TOTAL LIABILITIES AND NET ASSETS	\$ 4,985,451

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, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Cash contributions	\$ 3,017,420	\$ -	\$ 3,017,420
In-kind contributions	475,902		475,902
Clinic income	9,071		9,071
Transitional living fees	5,309		5,309
Concession income	51,524		51,524
Interest income and other	43,996		43,996
Net assets released from restrictions:			
Satisfaction of program restrictions	14,064	(14,064)	-
Total support and revenue	<u>3,617,286</u>	<u>(14,064)</u>	<u>3,603,222</u>
EXPENSES (Note F)			
Program services	2,172,150		2,172,150
Fundraising, volunteer recruitment, and public education	608,603		608,603
General and administrative	275,850		275,850
Depreciation expense	322,153		322,153
Interest expense	25,376		25,376
Bad debt expense	-		-
Total expenses	<u>3,404,132</u>	<u>-</u>	<u>3,404,132</u>
CHANGE IN NET ASSETS	213,154	(14,064)	199,090
NET ASSETS AT BEGINNING OF YEAR	<u>4,234,961</u>	<u>264,064</u>	<u>4,499,025</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,448,115</u>	<u>\$ 250,000</u>	<u>\$ 4,698,115</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, 2007

	2007
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ 199,090
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	322,153
(Increase) decrease in:	
Pledges and accounts receivable	11,869
Inventory	5,228
Prepaid expenses	(24,815)
Increase (decrease) in:	
Accounts payable	(15,725)
Accrued expenses	3,921
	501,721
CASH FLOWS FROM INVESTING ACTIVITIES:	
Deposits to cash management fund	182,666
Acquisition of property and equipment	(68,227)
	114,439
Net cash used in investing activities	114,439
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on notes payable	(114,075)
	(114,075)
Net cash used in financing activities	(114,075)
Net increase (decrease) in cash	502,085
Cash and cash equivalents at beginning of year	52,201
	554,286
Cash and cash equivalents at end of year	\$ 554,286
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid in cash	\$ 25,376

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

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 \$100,000.

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, 2007

Note B - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2007 are funds designated for purchasing a building.

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 were as follows at June 30, 2007:

	2007
Land and improvements	\$ 13,080
Buildings and improvements	4,841,582
Furniture, equipment and vehicles	938,147
Total	5,792,809
Less accumulated depreciation	(1,778,587)
Net property, plant, and equipment	\$4,014,222

Note D - Note Payable

The Organization has a note payable to bank secured by pledges receivable and real estate. The note requires monthly principal payments of \$7,756 plus interest at Chase Bank prime + 1% (9.25% at June 30, 2007). The Organization makes additional payments as excess working capital becomes available. The balance of the loan is due at maturity, May 31, 2008. The balance outstanding at June 30, 2007 is \$199,775.

Annual maturities of note payable for each of the next five years and thereafter are as follows:

2007	\$ 199,775
2008	-
2009	-
2010	-
2011	-
	\$ 199,775

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 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, 2007

Note F - Expenses

Expenses incurred for the year ended June 30, 2007 were for:

	<u>Total</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>	<u>Fund Raising/ Volunteer Recruitment/ Public Education</u>	<u>General & Administrative</u>	<u>Other</u>
Compensation, employee benefits & payroll taxes	\$1,406,191	\$1,010,640	\$ 222,726	\$ 172,825	\$ --
Food and clothing	347,794	347,794	--	-	--
Supplies, travel & transportation	186,376	169,969	7,127	9,280	--
Services and fees	654,049	263,665	326,321	64,063	--
Occupancy	462,193	380,082	52,429	29,682	--
Depreciation expense	322,153	-	-	-	322,153
Interest expense	25,376	-	-	-	25,376
Total expenses	<u>\$3,404,132</u>	<u>\$2,172,150</u>	<u>\$ 608,603</u>	<u>\$ 275,850</u>	<u>\$ 347,529</u>

Note G - Statistical Information (unaudited)

The following service statistics are available for the year ended June 30, 2007:

	<u>2007</u>
Number of meals served	404,626
Number of nights men lodged	118,385
Number of nights women lodged	37,745
Number of nights children lodged	16,663
Number of families assisted	295