

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

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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, 2011 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, 2011 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, PC

Oklahoma City, Oklahoma
September 26, 2011

CITY RESCUE MISSION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Cash and cash equivalents (Note A)	\$ 1,426,248
Cash management fund (Note D)	344,026
Grant receivables (Note E)	41,488
Accounts receivable	717
Inventory	102,786
Prepaid expenses	119,881
Property, plant, and equipment, net (Note C)	<u>4,561,724</u>

TOTAL ASSETS \$ 6,596,870

LIABILITIES

Accounts payable	\$ 93,322
Accrued expenses	<u>52,625</u>

TOTAL LIABILITIES 145,947

NET ASSETS

Unrestricted	5,961,996
Temporarily restricted (Notes A and B)	<u>488,927</u>

TOTAL NET ASSETS 6,450,923

TOTAL LIABILITIES AND NET ASSETS \$ 6,596,870

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, 2011

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE (Note A)			
Cash contributions	\$ 3,750,801	\$ 242,717	\$ 3,993,518
Grant revenue (Notes E and F)	-	291,161	291,161
In-kind contributions	1,979,008		1,979,008
Clinic income	1,967		1,967
Concession income	28,658		28,658
Interest income and other	16,920		16,920
Net assets released from restrictions:			
Satisfaction of program restrictions	294,951	(294,951)	-
Total support and revenue	<u>6,072,305</u>	<u>238,927</u>	<u>6,311,232</u>
EXPENSES (Note G)			
Program services	3,854,657		3,854,657
General and administrative	281,452		281,452
Fundraising	875,238		875,238
Community education and volunteer recruitment	301,325		301,325
Depreciation expense	388,928		388,928
Interest expense	776		776
Total expenses	<u>5,702,376</u>	<u>-</u>	<u>5,702,376</u>
CHANGE IN NET ASSETS	369,929	238,927	608,856
NET ASSETS AT BEGINNING OF YEAR	4,842,067	1,000,000	5,842,067
FHLB GRANT RESTRICTIONS SATISFIED	<u>750,000</u>	<u>(750,000)</u>	
NET ASSETS AT END OF YEAR	<u>\$ 5,961,996</u>	<u>\$ 488,927</u>	<u>\$ 6,450,923</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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in Net Assets	\$ 608,856
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	388,928
(Increase) decrease in:	
Grants receivable	708,512
Receivables	3,434
Inventory	(15,496)
Prepaid expenses	(50,282)
Increase (decrease) in:	
Accounts payable	(17,145)
Accrued expenses	13,950
	<hr/>
Net cash provided by operating activities	1,640,757
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net increase in cash management fund	(45)
Acquisition of property and equipment	(725,071)
	<hr/>
Net cash used in investing activities	(725,116)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on mortgage payable	(68,423)
	<hr/>
Net cash used in financing activities	(68,423)
Net increase in cash	847,218
Cash and cash equivalents at beginning of year	579,030
	<hr/>
Cash and cash equivalents at end of year	<u>\$ 1,426,248</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid in cash	<u>\$ 776</u>

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

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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. Uninsured funds on deposit approximate \$1,200,000.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note A - Summary of Significant Accounting Policies, continued

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.

Note B - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 include funds designated for the following:

Purchase and remodel of building	\$250,000
Purchase of furniture for women's center	168,324
Development of computer center	50,000
Dental services	<u>20,603</u>
	<u>\$488,927</u>

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, 2011 follows:

Land and improvements	\$ 266,653
Buildings and improvements	5,751,682
Furniture, equipment and vehicles	<u>998,721</u>
Total	7,017,056
Less accumulated depreciation	<u>(2,455,332)</u>
Net property, plant, and equipment	<u>\$4,561,724</u>

Note D - 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. These funds are not FDIC insured.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note E – Grant Receivables and Revenue

The Organization applied for and received several types of grants during fiscal 2011. 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 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 two grants from the federal 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. At June 30, 2011 the Organization had applied for reimbursement of \$41,488 of costs related to grant services incurred in June 2011.

Note F – 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 to receive the first \$750,000 installment. The remaining grant of \$750,000 is expected to be received during fiscal 2012 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.

**CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note G - Expenses

Expenses incurred for the year ended June 30, 2011:

	TOTAL EXPENSES	Compensation		Occupancy		Food & Clothing		Services		Transportation		Staff Development		Other
		Salaries, Taxes and Benefits	Utilities, Rent, Insurance, Security	Health & Welfare	Supplies	Telephones, Computer, Insurance, Advertising	Consulting, Printing, Fees	Fuel and vehicle maintenance	Training					
PROGRAMS:														
Homeless services	\$ 2,983,393	\$ 748,465	\$ 250,822	\$ 1,511,508	\$ -	\$ 426,185	\$ -	\$ 22,279	\$ -	\$ 24,134	\$ -	\$ -	\$ -	
Housing assistance	262,495	60,482	201,852	161	-	-	-	-	-	-	-	-	-	
Children's services	72,396	68,377	-	837	3,142	-	-	-	-	40	-	-	-	
Rehabilitation service	366,156	231,576	72,609	20,241	41,730	-	-	-	-	-	-	-	-	
Job placement services	69,811	63,507	1,953	-	4,351	-	-	-	-	-	-	-	-	
Social Services	100,406	78,266	10,916	-	10,608	-	-	-	-	616	-	-	-	
	<u>3,854,657</u>	<u>1,250,673</u>	<u>538,152</u>	<u>1,532,747</u>	<u>486,016</u>	<u>22,279</u>	<u>24,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Administrative	281,452	151,731	16,042	-	109,317	-	-	-	-	4,362	-	-	-	
Fundraising	875,238	128,616	3,718	-	740,843	-	-	-	-	2,061	-	-	-	
Community Education	301,325	-	-	-	301,325	-	-	-	-	-	-	-	-	
Depreciation	388,928	-	-	-	-	-	-	-	-	-	-	-	388,928	
Interest	776	-	-	-	-	-	-	-	-	-	-	-	776	
	<u>1,847,719</u>	<u>280,347</u>	<u>19,760</u>	<u>-</u>	<u>1,151,485</u>	<u>-</u>	<u>6,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,704</u>	
	<u>\$ 5,702,376</u>	<u>\$ 1,531,020</u>	<u>\$ 557,912</u>	<u>\$ 1,532,747</u>	<u>\$ 1,637,501</u>	<u>\$ 22,279</u>	<u>\$ 31,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,704</u>	

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note H - Statistical Information (unaudited)

The following service statistics are available for the year ended June 30, 2011:

	<u>2011</u>
Number of meals served	291,077
Number of nights men lodged	77,893
Number of nights women lodged	34,844
Number of nights children lodged	19,763
Number of families assisted	326

Note I – Subsequent Events

Management has evaluated subsequent events through September 26, 2011, which represents the date the financial statements are issued. There are no items which required adjustment or disclosure in the accompanying financial statements.