

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2020 and 2019



Independent Auditors' Report

To the Board of Directors
City Rescue Mission, Inc.

We have audited the accompanying financial statements of City Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits 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 City Rescue Mission, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CPA OKC, PLLC

Oklahoma City, Oklahoma
June 7, 2021

CITY RESCUE MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2020	2019
ASSETS		
Cash and cash equivalents (Note A)	\$ 2,375,822	\$ 751,184
Cash reserve for replacement - board restricted (Note B)	320,000	320,000
Miscellaneous receivables	25,808	456
Inventory	112,128	142,504
Prepaid expenses	149,978	148,671
Property, plant, and equipment, net (Note C)	6,461,842	6,814,658
TOTAL ASSETS	\$ 9,445,578	\$ 8,177,473
LIABILITIES		
Accounts payable	\$ 204,029	\$ 287,513
Accrued expenses	64,478	52,872
TOTAL LIABILITIES	268,507	340,385
NET ASSETS		
Without donor restrictions:		
Undesignated	7,286,460	6,882,585
Board designated (Note B)	320,000	320,000
	7,606,460	7,202,585
With donor restrictions (Note B)	1,570,611	634,503
TOTAL NET ASSETS	9,177,071	7,837,088
TOTAL LIABILITIES AND NET ASSETS	\$ 9,445,578	\$ 8,177,473

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

CITY RESCUE MISSION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31

	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE (Note A)						
Contributions	\$ 4,495,669	\$ 360,950	\$ 4,856,619	\$ 3,341,371	\$ 463,775	\$ 3,805,146
Grant Revenue (Note D)	184,500	856,982	1,041,482	-	60,000	60,000
In-kind contributions	1,487,113	-	1,487,113	2,150,378	-	2,150,378
Miscellaneous income	10,747	-	10,747	10,885	-	10,885
Interest income	5,099	-	5,099	16,274	-	16,274
Gain on sale of assets	15,272	-	15,272	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions	281,824	(281,824)	-	350,982	(350,982)	-
Total net assets released from restrictions	281,824	(281,824)	-	350,982	(350,982)	-
Total support and revenue	6,480,224	936,108	7,416,332	5,869,890	172,793	6,042,683
EXPENSES (Note E)						
Program services	3,899,701	-	3,899,701	4,614,042	-	4,614,042
General and administrative	385,147	-	385,147	387,925	-	387,925
Fundraising	1,461,295	-	1,461,295	1,132,357	-	1,132,357
Community education and volunteer recruitment	112,337	-	112,337	173,735	-	173,735
Depreciation and amortization expense	593,869	-	593,869	566,741	-	566,741
Total expenses	6,452,349	-	6,452,349	6,874,801	-	6,874,801
PPP LOAN DEBT FORGIVENESS	376,000	-	376,000	-	-	-
CHANGE IN NET ASSETS	403,875	936,108	1,339,983	(1,004,911)	172,793	(832,118)
NET ASSETS AT BEGINNING OF YEAR	7,202,585	634,503	7,837,088	8,207,496	461,710	8,669,206
NET ASSETS AT END OF YEAR	\$ 7,606,460	\$ 1,570,611	\$ 9,177,071	\$ 7,202,585	\$ 634,503	\$ 7,837,088

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

CITY RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 1,339,983	\$ (832,118)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	593,869	566,741
Gain on sale of assets	(15,272)	-
PPP loan debt forgiveness	(376,000)	-
(Increase) decrease in:		
Miscellaneous receivables	(25,352)	1,129
Inventory	30,376	14,377
Prepaid expenses	(1,307)	(30,993)
Increase (decrease) in:		
Accounts payable	(83,484)	159,831
Accrued expenses	11,606	(29,620)
Net cash provided by (used in) operating activities	1,474,419	(150,653)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net acquisition of property and equipment	(225,781)	(235,480)
Net cash used in investing activities	(225,781)	(235,480)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck protection loan proceeds	376,000	-
Net cash provided by financing activities	376,000	-
Net increase (decrease) in cash	1,624,638	(386,133)
Cash and cash equivalents at beginning of year	1,071,184	1,457,317
Cash and cash equivalents at end of year	\$ 2,695,822	\$ 1,071,184
Interest paid in cash	\$ -	\$ -

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

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

Description of the Organization

The City Rescue Mission, Inc. was incorporated in 1961 as a not-for-profit organization to serve those experiencing homelessness in the Oklahoma City metro area. City Rescue Mission offers a clean, safe, temporary place to stay and successful programs and services to help people transform their lives and end their homelessness.

Note A - Summary of Significant Accounting Policies

The Organization relies on charitable contributions from individuals, corporations, foundations and other not-for-profit entities to fund the services provided to the homeless population of Oklahoma City. Contributions are recognized as revenue when cash or non-cash gifts are received that do not require the Organization to transfer goods or services to the donor.

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 \$1,000 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.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

Note A - Summary of Significant Accounting Policies, continued

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 may include certificates of deposit and commercial paper. The Organization has funds on deposit at a local bank in insured sweep accounts covered by FDIC insurance up to \$250,000. Uninsured funds on deposit total approximately \$325,000 and \$219,000 as of December 31, 2020 and 2019, respectively.

The Organization is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, as such pays no income taxes, but is required to file a Federal form 990 with the Internal Revenue Service and Oklahoma State form 512E. The Organization has evaluated its status as a 501(c) (3) entity and does not believe this represents an uncertain tax position but believes this position would be upheld upon examination. The Organization is not aware of any additional tax positions that would not be upheld upon examination by tax authorities. Tax years 2017-2020 remain open to examination.

Note B - Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2020 include funds designated for the following:

Dental services	\$ 99,990
Kitchen remodel	1,316,503
Housing	25,000
Other miscellaneous	<u>129,118</u>
	<u>\$1,570,611</u>

Temporarily restricted net assets as of December 31, 2019 include funds designated for the following:

Dental services	\$ 63,875
Kitchen remodel	<u>570,628</u>
	<u>\$634,503</u>

The Organization's board of directors made a voluntary resolution to establish a reserve for replacement in the amount of \$320,000 to pay for major repairs and maintenance. This reserve is not included in the above temporarily restricted net assets because the asset is not donor restricted.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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 as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures & equipment	\$1,220,924	\$1,199,651
Vehicles	104,085	90,190
Land and improvements	736,889	736,889
Buildings and improvements	<u>11,848,686</u>	<u>11,677,617</u>
Total	13,910,584	13,704,347
Less accumulated depreciation	<u>7,448,742</u>	<u>6,889,689</u>
Net property, plant, and equipment	<u>\$6,461,842</u>	<u>\$6,814,658</u>

Note D – Grant Revenue

The Organization received grants from Delta Dental in the amount of \$38,000 and \$60,000 for the years ended December 31, 2020 and 2019, respectively, to provide dental services to its clients.

The Organization received \$793,982 grants from various foundations for the kitchen remodeling project and \$209,500 for general operations during the year ended December 31, 2020.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

Note E - Expenses

Expenses incurred for the year ended December 31, 2020:

	TOTAL EXPENSES	Compensation Salaries, Taxes and Benefits	Occupancy Utilities, Rent, Insurance, Security	Food & Clothing Health & Welfare Supplies	Services Telephones, Computer, Insurance, Advertising Consulting, Printing, Fees	Transportation Fuel and vehicle maintenance	Staff Development Training	Other
PROGRAMS:								
Emergency Services	\$ 574,717	\$ 241,049	\$ 61,061	\$ 250,152	\$ 15,182	\$ 3,959	\$ 3,314	\$ -
Program Services	3,256,733	1,365,949	346,015	1,417,526	86,031	22,432	18,780	-
Social Services	68,251	-	47,558	52	20,641	-	-	-
	<u>3,899,701</u>	<u>1,606,998</u>	<u>454,634</u>	<u>1,667,730</u>	<u>121,854</u>	<u>26,391</u>	<u>22,094</u>	<u>-</u>
Administrative	385,147	226,272	9,124	9,402	136,758	117	3,474	-
Fundraising	1,461,295	439,900	6,303	8,265	1,000,030	-	6,797	-
Community Education	112,337	-	-	-	112,337	-	-	-
Depreciation	593,869	-	-	-	-	-	-	593,869
	<u>2,552,648</u>	<u>666,172</u>	<u>15,427</u>	<u>17,667</u>	<u>1,249,125</u>	<u>117</u>	<u>10,271</u>	<u>593,869</u>
	<u>\$ 6,452,349</u>	<u>\$ 2,273,170</u>	<u>\$ 470,061</u>	<u>\$ 1,685,397</u>	<u>\$ 1,370,979</u>	<u>\$ 26,508</u>	<u>\$ 32,365</u>	<u>\$ 593,869</u>

Expenses incurred for the year ended December 31, 2019:

	TOTAL EXPENSES	Compensation Salaries, Taxes and Benefits	Occupancy Utilities, Rent, Insurance, Security	Food & Clothing Health & Welfare Supplies	Services Telephones, Computer, Insurance, Advertising Consulting, Printing, Fees	Transportation Fuel and vehicle maintenance	Staff Development Training	Other
PROGRAMS:								
Emergency Services	\$ 674,429	\$ 227,169	\$ 79,253	\$ 352,223	\$ 7,878	\$ 3,922	\$ 3,984	\$ -
Program Services	3,821,767	1,287,292	449,101	1,995,931	44,641	22,227	22,576	-
Social Services	117,846	21	50,435	689	66,669	-	31	-
	<u>4,614,042</u>	<u>1,514,482</u>	<u>578,789</u>	<u>2,348,843</u>	<u>119,187</u>	<u>26,149</u>	<u>26,591</u>	<u>-</u>
Administrative	387,925	273,545	13,686	7,590	85,653	128	7,323	-
Fundraising	1,132,357	286,954	7,199	9,109	820,892	4	8,199	-
Community Education	173,735	-	-	-	173,735	-	-	-
Depreciation	566,741	-	-	-	-	-	-	566,741
	<u>2,260,759</u>	<u>560,499</u>	<u>20,886</u>	<u>16,699</u>	<u>1,080,280</u>	<u>132</u>	<u>15,522</u>	<u>566,741</u>
	<u>\$ 6,874,801</u>	<u>\$ 2,074,980</u>	<u>\$ 599,675</u>	<u>\$ 2,365,542</u>	<u>\$ 1,199,468</u>	<u>\$ 26,281</u>	<u>\$ 42,113</u>	<u>\$ 566,741</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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 provided for a \$1.5 million grant in return for providing housing for the homeless population of Oklahoma City for a period of fifteen years. Certain capital improvement expenditure milestones occurred to receive the grant in two payments of \$750,000 each. At June 30, 2012, the Organization had met the expenditure requirement to receive all of the \$1.5 million. 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 of San Francisco.

The Organization entered into a contract on May 21, 2013 with Federal Home Loan Bank of Topeka for a \$400,000 subsidy to rehabilitate property purchased to house homeless men under the Affordable Housing Program (“AHP”). The property must remain occupied for fifteen years from the date of completion of the project and be affordable for households with incomes at or below the levels committed to be served in the AHP application. If the terms and conditions of the contract are not met by the Organization the \$400,000 subsidy must be repaid to the FHLB of Topeka.

As the Organization has been continuously providing shelter for the homeless since 1961 it is unlikely the Organization will not meet the above contracts’ terms and conditions.

The Organization leases office equipment for \$414 a month through June 2022. Future rental expense is \$4,968 in 2021 and \$2,484 in 2022.

Note G – Risks and Uncertainties

The Organization is subject to threatened litigation in the normal course of operations. All liability incidents involving the Organization are handled by their insurance carrier. There are no pending or threatened lawsuits.

Note H - Statistical Information (unaudited)

The following service statistics are available for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Volunteer hours	820	14,197
Number of meals served	167,346	260,389
Number of nights men lodged	77,409	70,446
Number of nights women lodged	58,421	46,005
Number of nights children lodged	21,009	20,139
Unique homeless individuals receiving shelter services	3,337	4,014
Percentage of people successfully exiting homelessness	92%	85%
Average number of clients served per month	280	1,264

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

Note I – Subsequent Events

Management has evaluated subsequent events through June 7, 2021 which represents the date the financial statements are issued.

The Organization's paycheck protection loan in the amount of \$376,000 received in April 2020 was forgiven subsequent to December 31, 2020 and has been recognized as debt forgiveness as of December 31, 2020.

There are no other items which required adjustment in the accompanying financial statements as of December 31, 2020.