

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 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, 2019 and 2018, and the related statements of activities and changes in net assets and cash flows for the year ended December 31, 2019, and the related notes to the financial statements. We have not audited the comparative statements of activities and changes in net assets and cash flows for the year ended December 31, 2018.

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, 2019 and 2018, and the changes in its net assets and its cash flows for the year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Prior Period Financial Statements

City Rescue Mission, Inc. changed its reporting period from a fiscal year end of June 30 to a calendar year end as of December 31, 2018. The balance sheet was audited as of December 31, 2018, however, the statements of activities and net assets and cash flows for the twelve months ended December 31, 2018 were not audited, reviewed or compiled. Therefore, we express no opinion or other form of assurance or assume any responsibility for them.

CPA OKC, PLLC

Oklahoma City, Oklahoma
May 22, 2020

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

	2019	2018
ASSETS		
Cash and cash equivalents (Note A)	\$ 751,184	\$ 1,137,317
Cash reserve for replacement - board restricted (Note B)	320,000	320,000
Miscellaneous receivables	456	1,585
Inventory	142,504	156,881
Prepaid expenses	148,671	117,678
Property, plant, and equipment, net (Note C)	6,814,658	7,145,919
TOTAL ASSETS	\$ 8,177,473	\$ 8,879,380
LIABILITIES		
Accounts payable	\$ 287,513	\$ 127,682
Accrued expenses	52,872	82,492
TOTAL LIABILITIES	340,385	210,174
NET ASSETS		
Without donor restrictions:		
Undesignated	6,882,585	7,887,496
Board designated (Note B)	320,000	320,000
	7,202,585	8,207,496
With donor restrictions (Note B)	634,503	461,710
TOTAL NET ASSETS	7,837,088	8,669,206
TOTAL LIABILITIES AND NET ASSETS	\$ 8,177,473	\$ 8,879,380

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 YEARS ENDED DECEMBER 31

(UNAUDITED)
2018

2019

	2019		2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE (Note A)					
Contributions	\$ 3,341,371	\$ 463,775	\$ 3,805,146	\$ 281,261	\$ 3,974,467
Grant Revenue (Note D)	-	60,000	60,000	48,000	48,000
In-kind contributions	2,150,378	-	2,150,378	-	1,427,709
Miscellaneous income	10,885	-	10,885	-	26,091
Interest income	16,274	-	16,274	-	10,853
(Loss) on sale of assets	-	-	-	-	(14,922)
Net assets released from restrictions:					
Satisfaction of program restrictions	350,982	(350,982)	-	(387,109)	-
Total net assets released from restrictions	350,982	(350,982)	-	(387,109)	-
Total support and revenue	<u>5,869,890</u>	<u>172,793</u>	<u>6,042,683</u>	<u>(57,848)</u>	<u>5,472,198</u>
EXPENSES (Note E)					
Program services	4,614,042	-	4,614,042	-	4,062,786
General and administrative	387,925	-	387,925	-	353,438
Fundraising	1,132,357	-	1,132,357	-	1,021,448
Community education and volunteer recruitment	173,735	-	173,735	-	464,301
Depreciation and amortization expense	566,741	-	566,741	-	549,339
Total expenses	<u>6,874,801</u>	<u>-</u>	<u>6,874,801</u>	<u>-</u>	<u>6,451,312</u>
CHANGE IN NET ASSETS	<u>(1,004,911)</u>	<u>172,793</u>	<u>(832,118)</u>	<u>(57,848)</u>	<u>(979,114)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>8,207,496</u>	<u>461,710</u>	<u>8,669,206</u>	<u>519,558</u>	<u>9,648,320</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,202,585</u>	<u>\$ 634,503</u>	<u>\$ 7,837,088</u>	<u>\$ 461,710</u>	<u>\$ 8,669,206</u>

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

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

	<u>2019</u>	<u>(UNAUDITED) 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (832,118)	\$ (979,114)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	566,741	549,339
(Increase) decrease in:		
Pledges receivable	-	55,000
Other receivables	1,129	1,489
Inventory	14,377	70,486
Prepaid expenses	(30,993)	(50,578)
Increase (decrease) in:		
Accounts payable	159,831	18,772
Accrued expenses	(29,620)	54,439
Net cash used in operating activities	<u>(150,653)</u>	<u>(280,167)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(235,480)</u>	<u>(333,275)</u>
Net cash used in investing activities	<u>(235,480)</u>	<u>(333,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
	-	-
Net increase (decrease) in cash	(386,133)	(613,442)
Cash and cash equivalents at beginning of year	1,457,317	2,070,759
Cash and cash equivalents at end of year	<u>\$ 1,071,184</u>	<u>\$ 1,457,317</u>
Interest paid in cash	<u>\$ -</u>	<u>\$ -</u>

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

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

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 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. The Organization changed its year end from a fiscal year end of June 30 to a calendar year as of December 31, 2018, as a result, the statements of activities and net assets and cash flows are not audited for the twelve month period January 1, 2018 – December 31, 2018.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 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 in a local bank and in insured sweep accounts covered by FDIC insurance up to \$250,000. Uninsured funds on deposit total approximately \$219,000 as of December 31, 2019.

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 2016-2019 remain open to examination.

Note B - Temporarily Restricted Net Assets

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>

Temporarily restricted net assets as of December 31, 2018 include funds designated for the following:

Dental services	\$ 35,700
Women's center	74,571
Furniture and equipment	70,284
Education	33,250
Storm preparedness	13,024
Security and miscellaneous improvements	9,182
Kitchen remodel	<u>225,699</u>
	<u>\$461,710</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, 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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Furniture, fixtures & equipment	\$1,199,651	\$1,149,806
Vehicles	90,190	90,190
Land and improvements	736,889	736,608
Buildings and improvements	<u>11,677,617</u>	<u>11,512,555</u>
Total	13,704,347	13,489,159
Less accumulated depreciation	<u>6,889,689</u>	<u>6,343,240</u>
Net property, plant, and equipment	<u>\$6,814,658</u>	<u>\$7,145,919</u>

Note D – Grant Revenue

The Organization received grants from Delta Dental in the amount of \$60,000 and \$48,000 for the years ended December 31, 2019 and 2018 (unaudited); respectively, to provide dental services to its clients.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 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 15 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.

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 year ended December 31, 2019:

	<u>2019</u>
Volunteer hours	14,197
Number of meals served	260,389
Number of nights men lodged	70,446
Number of nights women lodged	46,005
Number of nights children lodged	20,139
Unique homeless individuals that received shelter services	4,014
Percentage of people who successfully exited homelessness	85%
Average number of clients served per month	1,264

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

Note I – Subsequent Events

Management has evaluated subsequent events through May 22, 2020 which represents the date the financial statements are issued.

As of May 22, 2020, City Rescue Mission remains open for serving the needs of its clients during this time of uncertainty, due to the effects of COVID-19. It is unclear as to the magnitude of any lasting financial impact that COVID-19 will have on the Organization's future plans and operations. The Organization applied for and received financial assistance from the recently passed CARES Act subsequent to December 31, 2019.

There are no items which required adjustment in the accompanying financial statements as of December 31, 2019.