

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022



Independent Auditors' Report

To the Board of Directors
City Rescue Mission, Inc.

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Rescue Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City Rescue Mission, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City Rescue Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Rescue Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CPACK, PLLC

Oklahoma City, Oklahoma

July 31, 2024

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

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents (Note A)	\$ 823,981	\$ 1,153,330
Cash reserve for replacement - board restricted (Note B)	400,000	400,000
Investment - Treasury Bills at fair market value	991,110	986,516
Grant receivables	47,380	88,131
Inventory	89,371	88,250
Prepaid expenses	102,033	127,421
Property, plant, and equipment, net (Note C)	7,641,822	7,252,036
Right to use assets - operating leases	70,020	92,015
TOTAL ASSETS	<u><u>\$ 10,165,717</u></u>	<u><u>\$ 10,187,699</u></u>
LIABILITIES		
Accounts payable	\$ 220,179	\$ 289,628
Accrued expenses	98,902	1,140
Right to use liabilities - operating leases	70,020	92,015
TOTAL LIABILITIES	389,101	382,783
NET ASSETS		
Without donor restrictions:		
Undesignated	9,191,223	8,826,151
Board designated (Note B)	400,000	400,000
	9,591,223	9,226,151
With donor restrictions (Note B)	185,393	578,765
TOTAL NET ASSETS	<u>9,776,616</u>	<u>9,804,916</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,165,717</u></u>	<u><u>\$ 10,187,699</u></u>

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

	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE (Note A)						
Contributions	\$ 4,487,467	\$ -	\$ 4,487,467	\$ 4,871,382	\$ 343,409	\$ 5,214,791
Grant Revenue (Note D)	322,163	392,383	714,546	112,550	792,670	905,220
Special events net of expenses	370,047	394,234	764,281			
In-kind contributions	1,474,451	-	1,474,451	1,211,086	-	1,211,086
Café sales revenue	48,706	-	48,706	30,215	-	30,215
Miscellaneous income	10,532	-	10,532	9,985	-	9,985
Interest income	95,001	-	95,001	11,252	-	11,252
Gain on sale of assets	-	-	-	10,592	-	10,592
Net assets released from restrictions:						
Satisfaction of program restrictions	1,179,989	(1,179,989)	-	853,705	(853,705)	-
Total net assets released from restrictions	1,179,989	(1,179,989)	-	853,705	(853,705)	-
Total support and revenue	7,988,356	(393,372)	7,594,984	7,110,767	282,374	7,393,141
EXPENSES (Note E)						
Program services	5,977,634		5,977,634	5,412,631	-	5,412,631
General and administrative	390,282		390,282	434,624	-	434,624
Fundraising	1,255,368		1,255,368	1,303,853	-	1,303,853
	-	-	-	-	-	-
	-	-	-	-	-	-
Total expenses	7,623,284	-	7,623,284	7,151,108	-	7,151,108
CHANGE IN NET ASSETS	365,072	(393,372)	(28,300)	(40,341)	282,374	242,033
NET ASSETS AT BEGINNING OF YEAR	9,226,151	578,765	9,804,916	9,266,491	296,391	9,562,882
NET ASSETS AT END OF YEAR	\$ 9,591,223	\$ 185,393	\$ 9,776,616	\$ 9,226,150	\$ 578,765	\$ 9,804,915

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ (28,300)	\$ 242,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	539,194	540,667
Gain on sale of assets	-	(10,592)
(Increase) decrease in:		
Receivables	40,751	(33,461)
Inventory	(1,121)	(1,249)
Prepaid expenses	25,388	28,389
Increase (decrease) in:		
Accounts payable and accrued expenses	28,313	147,330
Net cash provided by operating activities	<u>604,225</u>	<u>913,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in fair market value of U.S. Treasury Bills	(4,594)	(986,516)
Proceeds from sale of property	-	10,800
Net acquisition of property and equipment	(928,980)	(235,497)
Net cash used in investing activities	<u>(933,574)</u>	<u>(1,211,213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
	<u>-</u>	<u>-</u>
Net cash provided by financing activities	-	-
Net increase (decrease) in cash	(329,349)	(298,095)
Cash and cash equivalents at beginning of year	1,553,330	1,851,425
Cash and cash equivalents at end of year	<u>\$ 1,223,981</u>	<u>\$ 1,553,330</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, 2023 AND 2022

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, 2023 AND 2022

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 \$972,129 and \$1,303,000 as of December 31, 2023 and 2022, respectively. The organization has treasury bills with a fair market value of \$991,110 and \$986,516 at December 31, 2023 and 2022, respectively, which are backed by the full faith and credit of the United States Government.

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 2020-2023 remain open to examination.

The Organization has adopted FASB ASU 2016-02, Leases (Topic 842) and has recorded right-of-use (ROU) assets and lease liabilities for leases with terms greater than twelve months. Leases are classified as either finance or operating, with classification affecting the recognition of expense in the statement of operations. Leases with a term of 12 months or less will not record a ROU asset and lease liability and the lease payments will be recognized in operations on a straight-line basis over the lease term. The Company has no finance leases.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note B – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purposes:

	12/31/2023	12/31/2022
Capital Improvements & Renovations	\$ 42,331	\$ 346,477
Housing Services	93,588	121,226
Dental Care	49,473	60,155
Employment Readiness	-	25,907
Vehicle Purchased	-	25,000
Total	<u>\$ 185,393</u>	<u>\$ 578,765</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of purpose restrictions:

	2023	2022
Capital Improvements & Renovations	\$ 698,380	\$ 97,164
Housing Services	250,138	18,774
Dental Care	10,680	71,005
Employment Readiness	25,907	99,092
Vehicle Purchase	25,000	-
HUD Grants, Pass Through City of Okc	169,883	567,670
Total	<u>\$ 1,179,988</u>	<u>\$ 853,705</u>

The Organization's board of directors made a voluntary resolution to establish a reserve for replacement in the amount of \$400,000 in 2023 and 2022, respectively, to pay for major repairs and maintenance. This reserve is not included in the above net assets with donor restrictions.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 of December 31, follows:

	2023	2022
Furniture, fixtures & equipment	\$ 1,243,691	\$ 1,511,851
Vehicles	147,289	83,490
Land and Improvements	1,049,480	758,305
Buildings and improvements	13,769,057	13,441,819
Total	16,209,517	15,795,465
Less accumulated depreciation	(8,567,695)	(8,543,429)
Net property, plant, and equipment	<u>\$ 7,641,822</u>	<u>\$ 7,252,036</u>

Note D – Grant Revenue

The Organization receives various grants from government related entities and also from private foundations.

The Organization receives funding from the U.S. Department of Housing and Urban Development (HUD) for various programs aimed at addressing homelessness, including Rapid Re-Housing, Emergency Winter Shelter and Encampment Decommissioning. These funds are provided as pass-through grants through the City of Oklahoma City. The grants are restricted for specific uses in line with HUD's mission to support individuals and families experiencing homelessness.

The Organization participates in several HUD-funded initiatives, each with distinct purposes:

Rapid Re-Housing: Provides short-term rental assistance and services to help people obtain and maintain housing.

Emergency Winter Shelter: Offers temporary shelter and services during the winter months to protect individuals from extreme cold.

Encampment Decommissioning: Involves relocating individuals from homeless encampments into safer housing options and providing necessary support services.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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Note D – Grant Revenue, continued

Grant revenue for the years ended December 31 was as follows:

HUD Grants, Pass Through City of Oklahoma City

	<u>2023</u>	<u>2022</u>
ESG-CV Rapid Rehousing	\$ 16,637	\$ 539,261
ESG Rapid Rehousing	51,555	-
Emergency Winter Shelter	22,861	8,500
Encampment Decommissioning	78,831	19,909
Total with donor restrictions	<u>\$ 169,883</u>	<u>\$ 567,670</u>

Other Grant & Foundation Revenue

	<u>2023</u>	<u>2022</u>
Capital Improvements, Parking Lot	\$ -	\$ 60,000
Housing Services	222,500	140,000
Vehicle	-	25,000
General Operations, Unrestricted	322,163	112,550
Total without donor restrictions	<u>\$ 544,663</u>	<u>\$ 337,550</u>
 Total Grant Revenue	 <u><u>\$ 714,546</u></u>	 <u><u>\$ 905,220</u></u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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Note F – Right to Use Assets – Operating Office Equipment Leases

The Organization determines if an arrangement is a lease at inception or modification of a contract and classifies each lease as either an operating or finance lease based on the terms of the contract. Lease classification is reassessed subsequent to commencement upon a change to the expected lease term or a modification to the contract. A contract contains a lease if the contract conveys the right to control the use of the identified property or equipment, explicitly or implicitly, for a period of time in exchange for consideration. Control of an underlying asset is conveyed if the company obtains the rights to direct the use of and obtain substantially all of the economic benefit from the use of the underlying asset.

An operating lease asset represents the Organization's right to use the underlying asset as a lessee for the lease term and an operating lease liability represents the Organization's obligation to make lease payments arising from the lease. The Organization's leases generally do not provide an implicit rate, therefore the federal treasury rate is used based on the lease term and other information available at the commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the applicable lease term.

The Organization leases office equipment for \$1,909 per month. Total rent expense for the years ended December 31, 2023 and 2022 totaled \$22,908 and \$15,855, respectively. The operating leases end in March and April 2027. The present value of the remaining lease payments for right to use assets and liabilities is \$70,020 and \$92,015 as of December 31, 2023 and 2022, respectively. The weighted-average remaining lease term is 3.3 years and the weighted-average discount rate use is 2.66%. At December 31, 2023, future minimum lease payments due under ASC 842 are summarized below by year:

2024	\$22,913
2025	22,913
2026	22,913
2027	<u>7,493</u>
Total future lease payments	76,232
Less effect of discounting	<u>(6,212)</u>
Present value of leases liabilities	<u>\$70,020</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
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Note G – 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.

Note H – 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 I – Subsequent Events

Management has evaluated subsequent events through July 31, 2024 which represents the date the financial statements are issued.

There are no items which required adjustment in the accompanying financial statements as of December 31, 2023.