

**CITY RESCUE MISSION, INC.**  
(A Not-for-Profit Organization)

Financial Report

Years Ended September 30, 2014 and 2013

# CITY RESCUE MISSION, INC.

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LBA Certified Public Accountants, PA

## **Report of Independent Certified Public Accountants**

The Board of Directors of  
City Rescue Mission, Inc.  
Jacksonville, Florida

We have audited the accompanying financial statements of City Rescue Mission, Inc., (the Organization), (a not-for-profit organization) which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, functional expenses 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.

### **Auditors' 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 audits 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 Organization'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 Organization'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 September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Correction of Error**

As discussed in Note 3 to the financial statements, certain errors resulting in an understatement of amounts previously reported as land versus buildings as of September 30, 2012, were discovered by management of the Organization during the current year. Accordingly, amounts reported for land, buildings and improvements and accumulated depreciation have been restated in the 2013 financial statements now presented, and an adjustment has been made to beginning net assets as of September 30, 2012, to correct the error. Our opinion is not modified with respect to that matter.

*LBA Certified Public Accountants, P.A.*

January 30, 2015

**CITY RESCUE MISSION, INC.**  
 Statements of Financial Position  
 September 30, 2014 and 2013

	<b>2014</b>	2013 As Restated
<b>Assets:</b>		
Cash	\$ 971,893	\$ 32,492
Restricted cash	146,450	308,998
Accounts receivable, net	16,487	21,405
Contributions receivable, net	71,250	110,448
Other receivables	6,485	2,243
Charitable remainder trusts	-	241,051
Inventory	48,977	36,312
Prepaid expenses	56,708	101,969
Investments	-	360,592
Property and equipment, net	2,811,672	2,873,218
Other assets	8,250	8,250
Total assets	<b>\$ 4,138,172</b>	<b>\$ 4,096,978</b>
<b>Liabilities and net assets:</b>		
Liabilities:		
Accounts payable	\$ 232,517	\$ 178,599
Accrued liabilities	192,930	198,836
Notes payable	140,000	140,000
Capital lease	1,034	11,592
Total liabilities	566,481	529,027
Net assets:		
Unrestricted	3,425,241	2,990,173
Temporarily restricted	146,450	577,778
Total net assets	3,571,691	3,567,951
Total liabilities and net assets	<b>\$ 4,138,172</b>	<b>\$ 4,096,978</b>

*See accompanying notes to financial statements.*

**CITY RESCUE MISSION, INC.**  
Statement of Activities  
Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, gains and other support:</b>			
Contributions and grants	\$ 2,819,483	\$ 374,620	\$ 3,194,103
In-kind donations	1,311,248	-	1,311,248
Thrift store contributions and sales	739,772	-	739,772
Program service fees	74,760	-	74,760
Other revenues	12,314	-	12,314
Loss on disposal of fixed assets	(104,193)	-	(104,193)
Change in value of beneficial interest in charitable remainder trusts	-	353,444	353,444
Interest and dividend income	24,524	-	24,524
Total revenues, gains and other support	4,877,908	728,064	5,605,972
Net assets released from restrictions	1,159,392	(1,159,392)	-
<b>Expenses:</b>			
Program services	3,976,149	-	3,976,149
Public relations and fundraising	1,190,999	-	1,190,999
Management and general	429,729	-	429,729
Cost of sales	5,355	-	5,355
Total expenses	5,602,232	-	5,602,232
Change in net assets	435,068	(431,328)	3,740
Net assets, beginning of year	2,990,173	577,778	3,567,951
Net assets, end of year	\$ 3,425,241	\$ 146,450	\$ 3,571,691

**CITY RESCUE MISSION, INC.**  
Statement of Activities - As Restated  
Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Total
<b>Revenues, gains and other support:</b>			
Contributions and grants	\$ 3,066,994	\$ 312,481	\$ 3,379,475
In-kind donations	1,019,964	-	1,019,964
Thrift store contributions and sales	754,442	-	754,442
Program service fees	117,596	-	117,596
Other revenues	27,091	-	27,091
Loss on sale of fixed assets	(33,777)	-	(33,777)
Change in value of beneficial interest in charitable remainder trusts	-	(71,308)	(71,308)
Interest and dividend income	19,392	-	19,392
Total revenues, gains and other support	4,971,702	241,173	5,212,875
Net assets released from restrictions	182,295	(182,295)	-
<b>Expenses:</b>			
Program services	3,861,509	-	3,861,509
Public relations and fundraising	1,314,786	-	1,314,786
Management and general	451,780	-	451,780
Cost of sales	8,840	-	8,840
Total expenses	5,636,915	-	5,636,915
Change in net assets	(482,918)	58,878	(424,040)
Net assets, beginning of year as restated	3,473,091	518,900	3,991,991
Net assets, end of year as restated	\$ 2,990,173	\$ 577,778	\$ 3,567,951

*See accompanying notes to financial statements.*

**CITY RESCUE MISSION, INC.**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2014**

	Program Services							Total Program Services	Public Relations and Fundraising	Management and General	Total
	Emergency Services	LifeBuilders Men	LifeBuilders Women	New Day	Retail Services	Clothing Closet	Medical, Dental and Other Services				
Salaries and related expenses:											
Salaries	\$ 226,989	\$ 300,550	\$ 262,566	\$ 94,612	\$ 236,202	\$ -	\$ 72,693	\$ 1,193,612	\$ 200,561	\$ 113,426	\$ 1,507,599
Employee benefits and worker's comp insurance	48,265	67,595	50,079	12,477	69,941	-	5,959	254,316	29,426	25,992	309,734
Payroll taxes	17,577	23,071	20,231	7,522	18,071	-	5,426	91,898	15,773	28,686	136,357
Total salaries and related expenses	292,831	391,216	332,876	114,611	324,214	-	84,078	1,539,826	245,760	168,104	1,953,690
Bank charges	124	879	308	34	9,671	-	79	11,095	15,342	1,696	28,133
Community events	-	-	-	-	-	-	-	-	30,612	-	30,612
Computer services and maintenance	545	6,672	6,478	6,305	3,160	-	102	23,262	22,122	9,082	54,466
Conventions and seminars	-	-	-	-	-	-	-	-	2,475	3,803	6,278
Depreciation	132,161	53,425	6,614	376	44,311	-	1,728	238,615	-	32,537	271,152
Direct aid	214,677	434,224	388,847	27,176	22,757	30,755	160,791	1,279,227	-	74,316	1,353,543
Dues and subscriptions	733	927	846	400	330	-	31	3,267	4,133	4,713	12,113
Equipment rentals	5,336	12,688	5,395	470	241	454	1,625	26,209	8,454	4,015	38,678
Food and supplies	16,858	40,893	32,699	5,665	2,792	-	9,656	108,563	14,270	2,722	125,555
Insurance	3,989	82,152	35,045	3,446	53,502	-	-	178,134	3,284	7,126	188,544
Interest	-	-	-	-	-	-	-	-	-	4,763	4,763
Miscellaneous	221	839	916	2,023	4,643	-	-	8,642	2,143	22,472	33,257
Office supplies	1,061	2,357	1,274	1,581	3,968	394	684	11,319	7,536	9,607	28,462
Printing, postage and advertising	-	957	911	456	4,117	77	456	6,974	772,234	5,238	784,446
Professional fees	24	224	224	-	1,238	-	-	1,710	41,950	55,451	99,111
Repairs & maintenance	20,980	100,869	32,479	12,840	22,501	19	2,094	191,782	6,092	10,893	208,767
Telephone and utilities	48,429	104,647	52,117	22,384	53,047	-	8,262	288,886	11,916	12,237	313,039
Vehicle expense	1,025	25,070	6,127	8,565	17,825	-	26	58,638	2,676	954	62,268
<b>Total expenses</b>	<b>\$ 738,994</b>	<b>\$ 1,258,039</b>	<b>\$ 903,156</b>	<b>\$ 206,332</b>	<b>\$ 568,317</b>	<b>\$ 31,699</b>	<b>\$ 269,612</b>	<b>\$ 3,976,149</b>	<b>\$ 1,190,999</b>	<b>\$ 429,729</b>	<b>\$ 5,596,877</b>



**CITY RESCUE MISSION, INC.**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2013**

	Program Services										Total
	Emergency Services	LifeBuilders Men	LifeBuilders Women	New Day	Retail Services	Clothing Closet	Medical, Dental and Other Services	Total Program Services	Public Relations and Fundraising	Management and General	
Salaries and related expenses:											
Salaries	\$ 180,132	\$ 408,274	\$ 249,481	\$ 87,007	\$ 234,739	\$ -	\$ 68,388	\$ 1,228,021	\$ 228,246	\$ 224,402	\$ 1,680,669
Employee benefits and worker's comp insurance	26,584	66,851	30,117	8,916	47,072	-	4,763	184,303	22,767	27,932	235,002
Payroll taxes	13,291	29,548	16,810	7,632	18,937	-	4,919	91,137	16,345	14,539	122,021
Total salaries and related expenses	220,007	504,673	296,408	103,555	300,748	-	78,070	1,503,461	267,358	266,873	2,037,692
Bank charges	95	654	251	60	9,711	28	43	10,842	14,703	2,700	28,245
Community events	-	-	-	-	-	-	-	-	28,174	-	28,174
Computer services and maintenance	1,792	2,165	1,144	761	5,455	-	1,176	12,493	30,829	43,137	86,459
Conventions and seminars	220	3,360	5,429	100	100	-	200	9,409	2,398	1,333	13,140
Depreciation	141,465	47,034	-	453	53,390	-	1,761	244,103	-	29,088	273,191
Direct aid	161,103	492,433	203,844	24,609	29,376	32,282	177,750	1,121,397	-	27	1,121,424
Dues and subscriptions	48	2,934	1,529	-	-	-	31	4,542	3,161	4,262	11,965
Equipment rentals	7,032	24,076	5,146	72	4,132	-	1,594	42,052	8,376	5,224	55,652
Food and supplies	21,193	66,119	31,775	1,668	9,190	-	27,012	156,957	1,733	2,406	161,096
Insurance	3,678	76,374	30,301	2,706	51,335	-	-	164,394	3,071	5,032	172,497
Interest	-	-	-	-	-	-	-	-	59	5,709	5,768
Miscellaneous	285	2,059	1,019	2,123	908	-	57	6,451	3,033	2,440	11,924
Office supplies	457	3,902	1,337	2,422	4,726	164	752	13,760	11,660	4,748	30,168
Printing, postage and advertising	-	1,404	381	374	4,181	226	302	6,868	853,801	1,743	862,412
Professional fees	5,780	7,432	3,709	-	3,392	-	2,634	22,947	60,557	44,216	127,720
Repairs & maintenance	12,923	107,182	28,555	16,551	21,098	15	2,099	188,423	8,544	17,067	214,034
Telephone and utilities	41,525	96,550	51,678	28,185	58,720	-	8,941	285,599	14,536	14,675	314,810
Vehicle expense	2,251	43,446	8,071	2,006	12,037	-	-	67,811	2,793	1,100	71,704
<b>Total expenses</b>	<b>\$ 619,854</b>	<b>\$ 1,481,797</b>	<b>\$ 670,577</b>	<b>\$ 185,645</b>	<b>\$ 568,499</b>	<b>\$ 32,715</b>	<b>\$ 302,422</b>	<b>\$ 3,861,509</b>	<b>\$ 1,314,786</b>	<b>\$ 451,780</b>	<b>\$ 5,628,075</b>

**CITY RESCUE MISSION, INC.**  
 Statements of Cash Flows  
 Years Ended September 30, 2014 and 2013

	2014	2013 As Restated
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,740	\$ (424,040)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	271,152	273,191
Loss on disposal of fixed assets	104,193	33,777
Bad debt expense	17,000	-
Contributions restricted for long-term purposes	(230,000)	(185,793)
Net changes in:		
Accounts receivable, net	4,918	(619)
Contributions receivable, net	22,198	(25,448)
Other receivables	(4,242)	253
Charitable remainder trusts	(353,444)	71,308
Inventory	(12,665)	15,727
Prepaid expenses	45,261	(10,897)
Accounts payable	53,918	9,008
Accrued liabilities	(5,906)	(11,201)
Net cash used by operating activities	(83,877)	(254,734)
<b>Cash flows from investing activities:</b>		
Proceeds from charitable remainder trust	594,495	-
Proceeds from sale of (purchases of) investments	360,592	(159)
Proceeds from disposal of assets	11,070	-
Purchase of equipment	(324,869)	(76,536)
Net cash provided by (used by) investing activities	641,288	(76,695)
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for long-term purpose	230,000	185,793
Principal payments on capital lease	(10,558)	(8,155)
Net cash provided by financing activities	219,442	177,638
Net increase (decrease) in cash	776,853	(153,791)
Cash, beginning of year	341,490	495,281
Cash, end of year	\$ 1,118,343	\$ 341,490
Cash - unrestricted	\$ 971,893	\$ 32,492
Cash - temporarily restricted	146,450	308,998
	\$ 1,118,343	\$ 341,490
<b>Supplemental disclosure:</b>		
Cash paid for interest	\$ 4,763	\$ 5,768

*See accompanying notes to financial statements.*

**CITY RESCUE MISSION, INC.**  
Notes to Financial Statements  
Years Ended September 30, 2014 and 2013

**1. Nature of Organization**

City Rescue Mission, Inc. (the Organization), a not-for-profit organization, exists to transform the lives of the homeless, serving them through the love and compassion of Jesus Christ since 1946. The Organization provides emergency services (food, clothing and shelter) to the homeless and needy in Jacksonville and the surrounding Northeast Florida communities. Those entering the long-term spiritual recovery program (LifeBuilders) are offered counseling and job training/placement services as well as on-site medical, dental and chiropractic care, educational opportunities and community events. The Organization is privately funded and supported by individuals, churches, organizations, sponsorships, grants and businesses. The Organization also operates a thrift store which sells donated items to the general public. Through its Thrift store, the Organization provides clothing, furniture and other household items at no charge to those screened and referred by other cooperating social service agencies. The Organization valued the merchandise provided through this program at \$22,656 and \$17,865 for the years ended September 30, 2014 and 2013, respectively.

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and accompanying notes are representations of the Organization's management. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues are recognized when they become measurable and available and expenses are generally recognized when the related liability is incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted Net Assets* - Net assets from operations that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**CITY RESCUE MISSION, INC.**  
Notes to Financial Statements  
Years Ended September 30, 2014 and 2013

**2. Summary of Significant Accounting Policies (Continued)**

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. The Organization had no permanently restricted net assets at September 30, 2014 and 2013.

Restricted Cash

Restricted cash is limited, based on donor restrictions, for use on programs and purchases of long-term assets as noted in Note 11.

Inventory

The Organization's inventory at September 30, 2014 and 2013 consisted of thrift store items for resale and donated dental equipment. Thrift store inventory is carried at the lower of average cost or market, as determined by the average cost method. Donated dental inventory is valued at fair value for new inventory, while used inventory is valued at 40 percent of the estimated cost.

The Organization performs a periodic assessment to determine the existence of obsolete, slow moving and non-saleable inventory and records necessary provisions to reduce such inventory to net realizable value.

Investments

Investments are reported at their fair values in the statements of financial position (see Note 5 for fair value measurements). Investment income is included in unrestricted revenue and support unless such earnings are subject to donor-imposed stipulations or law.

Property and Equipment

Property and equipment is stated at cost if purchased or at the estimated fair value if donated at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in the statement of activities as a change in unrestricted net assets.

The Organization's current policy is to capitalize all purchased or donated assets valued in excess of \$1,000 and having an estimated useful life of greater than one year. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Asset lives for financial statement reporting of depreciation are:

Buildings and improvements	5 – 40 years
Equipment and furnishings	5 – 10 years
Vehicles	5 – 10 years

The Organization reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be

**CITY RESCUE MISSION, INC.**  
Notes to Financial Statements  
Years Ended September 30, 2014 and 2013

**2. Summary of Significant Accounting Policies (Continued)**

recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. No impairments were deemed to exist at September 30, 2014 and 2013.

Accounts Receivable

Management evaluates total accounts receivable and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowance for doubtful accounts was \$6,700 and \$1,320 at September 30, 2014 and 2013, respectively. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Organization does not charge interest on past due amounts.

Contributions Receivable

Contributions receivable are all due within one year. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowance for doubtful accounts was \$17,000 and \$0 at September 30, 2014 and 2013, respectively.

Contributions

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a 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.

Contributed Materials and Services

Donated materials, services and facilities are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills that are provided by individuals possessing those skills.

A substantial number of volunteers have donated significant amounts of their time to the Organization. Based on authoritative guidance, the financial statements reflect amounts for those volunteers whose services create or enhance non-financial assets or require specialized skills. Donated professional, medical, dental and other services which required specialized skills have been recorded in the financial statements based on actual hours worked multiplied by an estimated rate per hour based on standard rates of services provided. Donated professional services of \$150,019 and \$131,170 were recorded in in-kind donations on the statement of activities for the years ended September 30, 2014 and 2013, respectively.

**CITY RESCUE MISSION, INC.**  
Notes to Financial Statements  
Years Ended September 30, 2014 and 2013

**2. Summary of Significant Accounting Policies (Continued)**

Income Taxes

The Organization is a private not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

The Organization evaluates its tax positions for any uncertainties based on the technical merits of the position taken. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Organization has analyzed the tax positions taken and has concluded that as of September 30, 2014 and 2013, there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

Management is required to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal and certain state taxing authorities. With few exceptions, at September 30, 2014, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years before 2011. As of and for the years ended September 30, 2014 and 2013, the Organization did not have a liability for any unrecognized taxes. The Organization has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and activities. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several activities are allocated based on estimates of benefit to each function.

Subsequent Events

The Organization has evaluated the events that have occurred subsequent to year end through the date of the report of independent certified public accountants, the date the financial statements were available to be issued.

Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

**3. Restatement**

During 2014, the Organization noted that in 1999 and 2000, the purchase of certain buildings and land was recorded only as land. The Organization reviewed and restated the value of the land at the time of the purchase and allocated the appropriate remaining amount to buildings, to be depreciated over a useful life of 27.5 years.

**CITY RESCUE MISSION, INC.**  
Notes to Financial Statements  
Years Ended September 30, 2014 and 2013

**3. Restatement (Continued)**

The Organization has restated its previously issued September 30, 2013 financial statements to reflect the correction of this error relating to land, buildings and improvements, accumulated depreciation, depreciation and net assets.

The effect of the restatement on land, buildings and improvements, depreciation and net assets is as follows:

	<u>As Previously Reported</u>	<u>Restatement Adjustments</u>	<u>As Restated</u>
Land	\$ 437,774	\$ (139,956)	\$ 297,818
Buildings and improvements	\$ 5,563,611	\$ 139,956	\$ 5,703,567
Accumulated Depreciation	\$ (4,095,255)	\$ (62,417)	\$ (4,157,672)
Depreciation Expense	\$ 268,101	\$ 5,090	\$ 273,191
Unrestricted Net Assets, as of September 30, 2012	\$ 3,530,418	\$ (57,327)	\$ 3,473,091
Unrestricted Net Assets, as of September 30, 2013	\$ 3,052,590	\$ (62,417)	\$ 2,990,173

**4. Split-Interest Agreement**

The Organization was the remainder beneficiary of two charitable remainder trusts with the same income beneficiary. The income beneficiary received a fixed annuity each year. The income beneficiary of the two charitable remainder trusts passed away in January 2014. The remaining funds held in the trust, valued at \$594,495 as of January 31, 2014, were released to the Organization. The amount received in excess of the present value of the charitable remainder trust reported at September 30, 2013 was reported in the statement of activities as changes in temporarily restricted net assets. The trusts did not stipulate the Organization's use of the funds once received, therefore the full \$594,495 was released from restriction as of September 30, 2014.

At September 30, 2013, the charitable remainder trusts were recognized in the statement of financial position at the present value of the expected future cash flow payments discounted at a rate of 5 percent. Changes in the value of the trust were reported in the statement of activities as changes in temporarily restricted net assets. The Organization was not the trustee for these split-interest agreements and it did not have any control over the related trust assets.

**5. Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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**5. Fair Value Measurements (Continued)**

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At September 30, 2014, the Organization did not have any assets or liabilities valued at fair value.

Following is a description of the valuation methodology used for assets measured at fair value as of September 30, 2013:

*Mutual fund:* Valued at the net asset value of the units reported on the active market on which the individual securities are traded.

*Charitable Remainder Trust:* Valued by calculating the present value of the discounted cash flow analysis, using published life expectancy tables and a 5 percent discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual fund - money market	\$ 360,592	\$ -	\$ -	\$ 360,592
Charitable remainder trust	-	-	241,051	241,051
Total fair value	<u>\$ 360,592</u>	<u>\$ -</u>	<u>\$ 241,051</u>	<u>\$ 601,643</u>



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**5. Fair Value Measurements (Continued)**

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended September 30:

	<u>2014</u>	<u>2013</u>
Balance, beginning of the year	\$ 241,051	\$ 312,359
Disbursements	(19,069)	(56,115)
Change in net present value	372,513	(15,193)
Release of trust to Organization	<u>(594,495)</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 241,051</u>

There were no transfers between Level 1, Level 2 or Level 3 investments during the years ended September 30, 2014 and 2013.

**6. Property and Equipment**

Property and equipment consisted of the following at September 30:

	<u>2014</u>	<u>2013</u> <u>As Restated</u>
Land	\$ 297,818	\$ 297,818
Buildings and improvements	5,551,012	5,703,567
Equipment and furnishings	683,239	831,963
Vehicles	<u>174,212</u>	<u>197,542</u>
	6,706,281	7,030,890
Less: Accumulated depreciation	<u>(3,894,609)</u>	<u>(4,157,672)</u>
	<u>\$ 2,811,672</u>	<u>\$ 2,873,218</u>

**7. Land Held for Investment**

Several parcels of land are held for investment and are carried at their current county assessed tax value, as part of other assets in the statement of financial position. The value of these parcels was \$3,380 at September 30, 2014 and 2013.

**8. Forgivable Loan**

In 2001, the Organization received a \$140,000 forgivable loan from the Duval County Housing Finance Authority, through the SHIP program, to build and maintain single family homes for formerly homeless individuals or families. The terms of the loan require the Organization to continue to use the property for the stated purpose or the Organization will be in default and the loan will be due in full. The carrying amount of this loan is included in notes payable on the statement of financial position. The loan will be forgiven in 2016.

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**9. Line of Credit**

The Organization has a \$300,000 line of credit collateralized by one of the Organization's buildings, which expires in March 2016. The line of credit bears interest at an annual rate of 5 percent until the prime rate changes from 3.25 percent, at which point the line will bear interest at an annual rate of prime plus 0.5 percent. The Organization had no balance on the line at September 30, 2014 and 2013.

**10. Leases**

The Organization leases various office equipment under non-cancelable operating leases expiring in 2019. Total rent expense on operating leases for each of the years ended September 30, 2014 and 2013 was \$9,357 and \$11,787, respectively.

At September 30, 2014, the future minimum lease payments under these leases having initial or remaining terms in excess of one year are as follows:

2015	\$ 8,274
2016	8,274
2017	8,274
2018	8,274
2019	<u>4,137</u>
Total minimum lease payments	<u>\$ 37,233</u>

**11. Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes at September 30:

	<u>2014</u>	<u>2013</u>
Lifebuilders	\$ 54,080	\$ -
Other program services	26,162	60,984
Equipment	24,059	35,381
Program services materials	16,455	17,149
Property acquisition and building renovations	11,367	184,518
Direct aid	9,327	8,247
New Day and Workforce Development	5,000	5,000
Time restrictions	<u>-</u>	<u>266,499</u>
Total temporarily restricted net assets	<u>\$ 146,450</u>	<u>\$ 577,778</u>

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**11. Temporarily Restricted Net Assets (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the year as follows:

	<u>2014</u>	<u>2013</u>
Time restriction expired	\$ 634,245	\$ -
Purpose restriction accomplished:		
Other building renovation	315,464	30,837
Equipment	96,322	57,305
Program services	45,312	17,720
Clothing closet	21,199	13,685
Food and shelter	21,187	42,748
New Day and Workforce Development	20,200	20,000
New Life Inn	<u>5,463</u>	<u>-</u>
Total restrictions released	<u>\$ 1,159,392</u>	<u>\$ 182,295</u>

**12. Retirement Plan**

The Organization established a 401(k) plan that provides for employee contributions with a percentage matched by the Organization. All employees are eligible to participate after 90 days of service. The Organization matches 25 percent of the employee's contributions, up to 4 percent of their annual salary, after a year of service. The Organization's matching contributions for 2014 and 2013 were \$2,917 and \$3,300, respectively.

**13. Concentrations**

Concentrations of Credit Risk

The Organization places its temporary cash investments with FDIC insured financial institutions. At times, the account balances may exceed the FDIC insured limits. The Organization does not believe it is exposed to any significant credit risk with respect to cash.

Contributions Receivable

The Organization had a contribution receivable from one individual which constituted 96 percent of net contributions receivable at September 30, 2014. The Organization had contributions receivable from two individuals which constituted approximately 77 percent and 23 percent of net contributions receivable at September 30, 2013.