

CITY RESCUE MISSION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL REPORT

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

CITY RESCUE MISSION, INC.

TABLE OF CONTENTS

Report of independent certified public accountants	1
Financial statements:	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4
Statements of cash flows	5
Notes to financial statements	6



Accountants
Consultants
Wealth Advisors

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 statements of financial position of City Rescue Mission, Inc., (the "Organization"), (a not-for-profit organization) as of September 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, 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.

LBA Certified Public Accountants, P.A.

January 23, 2013

CITY RESCUE MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND 2011

	2012	2011
Assets:		
Cash	\$ 350,359	\$ 82,867
Restricted cash	144,922	164,421
Accounts receivable, net	20,786	12,073
Contributions receivable, net	85,000	155,000
Other receivables	2,496	2,205
Charitable remainder trusts	312,359	320,863
Inventory	52,039	50,263
Prepaid expenses	91,072	70,846
Investments	360,433	360,299
Property and equipment, net	3,160,977	3,203,162
Other assets	8,250	8,250
Total assets	\$ 4,588,693	\$ 4,430,249
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 169,591	\$ 113,987
Accrued liabilities	210,037	226,141
Notes payable	140,000	140,000
Capital lease	19,747	26,032
Total liabilities	539,375	506,160
Net assets:		
Unrestricted	3,530,418	3,377,187
Temporarily restricted	518,900	546,902
Total net assets	4,049,318	3,924,089
Total liabilities and net assets	\$ 4,588,693	\$ 4,430,249

See accompanying notes to financial statements.

CITY RESCUE MISSION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Contributions and grants	\$ 2,936,300	\$ 448,217	\$ 3,384,517
In-kind donations	1,013,208	-	1,013,208
Thrift store contributions and sales	818,061	-	818,061
Auto center contributions and sales	35,274	-	35,274
Program service fees	95,488	-	95,488
Other revenues	9,481	-	9,481
Change in value of beneficial interest in charitable remainder trusts	-	(8,504)	(8,504)
Interest and dividend income	32,572	-	32,572
Total revenues, gains and other support	4,940,384	439,713	5,380,097
 Net assets released from restrictions	 467,715	 (467,715)	 -
 Expenses:			
Program services	3,754,116	-	3,754,116
Public relations and fundraising	1,174,784	-	1,174,784
Management and general	317,057	-	317,057
Cost of sales	8,911	-	8,911
Total expenses	5,254,868	-	5,254,868
 Change in net assets	 153,231	 (28,002)	 125,229
Net assets, beginning of year	3,377,187	546,902	3,924,089
Net assets, end of year	\$ 3,530,418	\$ 518,900	\$ 4,049,318

CITY RESCUE MISSION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Contributions and grants	\$ 3,115,791	\$ 404,426	\$ 3,520,217
In-kind donations	1,218,387	-	1,218,387
Thrift store contributions and sales	699,013	-	699,013
Auto center contributions and sales	106,257	-	106,257
Program service fees	56,638	-	56,638
Other revenues	7,292	-	7,292
Realized gain on investments	56,445	-	56,445
Change in value of beneficial interest in charitable remainder trusts	-	(184,280)	(184,280)
Interest and dividend income	46,421	-	46,421
Total revenues, gains and other support	5,306,244	220,146	5,526,390
Net assets released from restrictions	509,511	(509,511)	-
Expenses:			
Program services	4,056,227	-	4,056,227
Public relations and fundraising	1,151,656	-	1,151,656
Management and general	364,913	-	364,913
Cost of sales	21,830	-	21,830
Total expenses	5,594,626	-	5,594,626
Change in net assets	221,129	(289,365)	(68,236)
Net assets, beginning of year	3,156,058	836,267	3,992,325
Net assets, end of year	\$ 3,377,187	\$ 546,902	\$ 3,924,089

See accompanying notes to financial statements.

CITY RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2012

	Program Services					Medical, Dental and Other Services	Total Program Services	Public Relations and Fundraising	Management and General	Total
	Retail Services	Men's Services	Women's Services	Food Services	New Day					
Salaries and related expenses:										
Salaries	\$ 266,925	\$ 321,250	\$ 251,678	\$ 188,520	\$ 103,421	\$ 66,222	\$ 1,198,016	\$ 239,084	\$ 126,032	\$ 1,563,132
Employee benefits and worker's comp insurance	51,088	52,393	37,529	10,376	4,673	2,864	158,923	24,392	23,518	206,833
Payroll taxes	18,751	20,810	20,652	16,804	9,148	5,253	91,418	16,635	9,236	117,289
Total salaries and related expenses	336,764	394,453	309,859	215,700	117,242	74,339	1,448,357	280,111	158,786	1,887,254
Computer services and maintenance	304	600	160	189	-	-	1,253	10,362	5,201	16,816
Depreciation	55,079	156,220	26,041	-	445	1,913	239,698	-	30,486	270,184
Direct aid	33,262	23,664	3,336	790,829	4,415	223,208	1,078,714	99	3,560	1,082,373
Dues and subscriptions	-	7,350	-	87	-	152	7,589	4,972	6,139	18,700
Equipment rentals	4,984	27,463	165	10,194	-	-	42,806	8,304	4,498	55,608
Food and supplies	337	19,486	37,267	84,815	2,581	11,236	155,722	1,063	1,418	158,203
Fundraising	-	-	-	-	-	-	-	23,635	-	23,635
Insurance	58,446	67,430	23,314	3,195	-	-	152,385	2,905	8,318	163,608
Interest	-	-	-	-	-	-	-	-	9,077	9,077
Miscellaneous	18,809	16,044	3,367	2,217	4,426	755	45,618	32,534	4,193	82,345
Printing, postage and advertising	1,414	1,119	341	188	-	133	3,195	749,704	505	753,404
Professional fees	1,398	13,905	977	592	35	213	17,120	42,648	42,015	101,783
Repairs & maintenance	18,197	80,634	39,156	33,454	19,744	9,788	200,973	2,065	28,712	231,750
Telephone and utilities	54,155	147,542	37,341	25,596	813	5,288	270,735	13,484	13,599	297,818
Vehicle expense	30,702	37,620	5,465	11,487	4,520	157	89,951	2,898	550	93,399
Total expenses	\$ 613,851	\$ 993,530	\$ 486,789	\$ 1,178,543	\$ 154,221	\$ 327,182	\$ 3,754,116	\$ 1,174,784	\$ 317,057	\$ 5,245,957

CITY RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2011

	Program Services					Medical, Dental and Other Services	Total Program Services	Public Relations and Fundraising	Management and General	Total
	Retail Services	Men's Services	Women's Services	Food Services	New Day					
Salaries and related expenses:										
Salaries	\$ 260,526	\$ 370,151	\$ 252,852	\$ 178,681	\$ 126,578	\$ 59,457	\$ 1,248,245	\$ 226,802	\$ 164,984	\$ 1,640,031
Employee benefits and worker's comp insurance	40,339	58,812	27,573	13,799	2,341	2,054	144,918	21,626	36,482	203,026
Payroll taxes	22,086	34,809	22,294	15,706	10,885	5,416	111,196	18,999	17,912	148,107
Total salaries and related expenses	322,951	463,772	302,719	208,186	139,804	66,927	1,504,359	267,427	219,378	1,991,164
Computer services and maintenance	299	1,271	42	264	10,570	-	12,446	11,160	3,779	27,385
Depreciation	55,314	137,720	5,207	-	445	2,608	201,294	3,867	30,722	235,883
Direct aid	21,580	15,540	3,829	976,534	15,667	270,542	1,303,692	1,006	4,420	1,309,118
Dues and subscriptions	-	3,349	-	-	-	171	3,520	2,589	3,471	9,580
Equipment rentals	10,253	32,742	411	11,556	-	-	54,962	5,193	3,835	63,990
Food and supplies	2,635	60,351	36,589	59,762	2,904	13,077	175,318	7,034	8,770	191,122
Fundraising	-	-	-	-	-	-	-	24,887	-	24,887
Insurance	62,167	69,772	24,577	3,982	-	-	160,498	3,665	8,475	172,638
Interest	-	-	-	-	-	-	-	-	10,377	10,377
Miscellaneous	24,563	18,341	4,425	449	4,217	6,631	58,626	36,221	13,181	108,028
Printing, postage and advertising	550	793	60	225	-	358	1,986	710,448	561	712,995
Professional fees	717	2,026	932	421	5	151	4,252	57,280	34,639	96,171
Repairs & maintenance	32,031	86,621	14,472	21,296	18,057	62	172,539	1,672	6,603	180,814
Telephone and utilities	61,365	173,769	44,959	44,159	620	6,710	331,582	16,139	16,401	364,122
Vehicle expense	29,347	29,206	4,791	6,075	1,734	-	71,153	3,068	301	74,522
Total expenses	<u>\$ 623,772</u>	<u>\$ 1,095,273</u>	<u>\$ 443,013</u>	<u>\$ 1,332,909</u>	<u>\$ 194,023</u>	<u>\$ 367,237</u>	<u>\$ 4,056,227</u>	<u>\$ 1,151,656</u>	<u>\$ 364,913</u>	<u>\$ 5,572,796</u>

See accompanying notes to financial statements.

CITY RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 125,229	\$ (68,236)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	270,184	235,883
Bad debt expense	13,887	-
Realized gain on investments	-	(56,445)
Gain on disposal of fixed assets	(6,880)	(1,239)
Net changes in:		
Accounts receivable, net	(22,600)	3,697
Contributions receivable, net	70,000	(65,000)
Other receivables	(291)	635
Charitable remainder trusts	8,504	184,280
Inventory	(1,776)	49,059
Prepaid expenses	(20,226)	21,902
Other assets	-	23,711
Accounts payable	55,604	(27,145)
Accrued liabilities	(16,104)	44,925
Net cash provided by operating activities	475,531	346,027
Cash flows from investing activities:		
Purchase of equipment	(235,881)	(452,202)
Proceeds from disposal of assets	14,762	7,551
Sales of investments	-	454,041
Purchases of investments	(134)	(360,299)
Net cash used by investing activities	(221,253)	(350,909)
Cash flows from financing activities:		
Principal payments on capital lease	(6,285)	(4,844)
Payments on note payable	-	(25,000)
Net cash used by financing activities	(6,285)	(29,844)
Net increase (decrease) in cash	247,993	(34,726)
Cash, beginning of year	247,288	282,014
Cash, end of year	\$ 495,281	\$ 247,288
Cash - unrestricted	\$ 350,359	\$ 82,867
Cash - temporarily restricted	144,922	164,421
	\$ 495,281	\$ 247,288
Supplemental disclosure:		
Cash paid for interest	\$ 9,077	\$ 10,377

See accompanying notes to financial statements.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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. The Organization also operated an auto center which sold donated vehicles to the general public until April of 2012.

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

Authoritative guidance requires the Organization to report 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, 2012 AND 2011

2. Summary of Significant Accounting Policies (Continued)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at September 30, 2012 and 2011.

Inventory

The Organization's inventory at September 30, 2012 and 2011 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's inventory at September 30, 2011 also consisted of automobiles donated for resale. Donated automobiles were valued at the estimated wholesale value as of the date of donation

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 statement of financial position. See Note 4 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, which includes amounts recorded under capital leases, is stated at cost if purchased or if donated, at the estimated fair value at the date of donation. 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 operations.

The Organization's current policy is to capitalize all assets acquired 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. Equipment under capital leases is depreciated over the lives of the respective leases or the estimated useful lives of the assets, whichever is shorter. 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

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

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

2. Summary of Significant Accounting Policies (Continued)

accounts was \$1,320 and \$15,207 at September 30, 2012 and 2011, respectively. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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. No amounts have been reflected in the financial statements for their contributed services since the contribution of services did not create or enhance non-financial assets or require specialized skills.

Donated professional medical, dental and other services 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 84,316 and 83,168 were recorded in the statement of activities for the years ended September 30, 2012 and 2011, respectively.

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 \$0 and \$67,075 at September 30, 2012 and 2011, respectively.

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 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.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

2. Summary of Significant Accounting Policies (Continued)

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.

3. Split-Interest Agreement

The Organization is beneficiary of two charitable remainder trusts with the same income beneficiary. The income beneficiary is to receive a fixed annuity each year. Upon the death of this beneficiary, the remaining principal is to be distributed to the Organization. The charitable remainder trusts have been 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 have been reported in the statement of activities as changes in temporarily restricted net assets. The Organization is not the trustee for these split-interest agreements and it does not have any control over the related trust assets.

4. Fair Value Measurements

Authoritative guidance provides the framework for measuring fair value. That framework 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 under authoritative guidance are described as follows:

- 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.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

4. Fair Value Measurements (Continued)

There have been no changes in the methodologies used at September 30, 2012 and 2011. Following is a description of the valuation methodologies used for assets measured at fair value:

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

Charitable Remainder Trusts: 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, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual fund - money market	\$ 360,433	\$ -	\$ -	\$ 360,433
Charitable remainder trusts	-	-	312,359	312,359
Total fair value	<u>\$ 360,433</u>	<u>\$ -</u>	<u>\$ 312,359</u>	<u>\$ 672,792</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at September 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual fund - money market	\$ 360,299	\$ -	\$ -	\$ 360,299
Charitable remainder trust	-	-	320,863	320,863
Total fair value	<u>\$ 360,299</u>	<u>\$ -</u>	<u>\$ 320,863</u>	<u>\$ 681,162</u>

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>2012</u>	<u>2011</u>
Balance, beginning of the year	\$ 320,863	\$ 505,143
Disbursements	(147,040)	(135,904)
Change in net present value	<u>138,536</u>	<u>(48,376)</u>
Balance, end of year	<u>\$ 312,359</u>	<u>\$ 320,863</u>

There were no transfers between Level 1, Level 2 or Level 3 investments during the years ended September 30, 2012 and 2011.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

5. Property and Equipment

Property and equipment consisted of the following at September 30:

	2012	2011
Land	\$ 437,774	\$ 438,282
Buildings and improvements	5,530,558	5,163,885
Equipment and furnishings	814,178	1,038,535
Vehicles	197,542	205,351
Construction in progress	35,695	235,404
	7,015,747	7,081,457
Less: Accumulated depreciation	(3,854,770)	(3,878,295)
	\$ 3,160,977	\$ 3,203,162

6. 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, 2012 and 2011.

7. 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.

8. Line of Credit

The Organization has a \$300,000 line of credit collateralized by one of the Organization's buildings. The line of credit bears interest at prime plus 0.5 percent (3.75 percent at September 30, 2012 and 2011). The Organization had no balance on the line at September 30, 2012 and 2011.

9. Leases

The Organization leases certain equipment under a capital lease agreement expiring in 2015. The net book value of this equipment totaled \$16,822 and \$24,299 at September 30, 2012 and 2011, respectively. Depreciation expense for the equipment under the capital leases was \$7,477 for each of the years ended September 30, 2012 and 2011.

The Organization leases various office equipment under non-cancelable operating leases expiring in 2014. Total rent expense on operating leases for each of the years ended September 30, 2012 and 2011 was \$10,439.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

9. Leases (Continued)

At September 30, 2012, the future minimum lease payments under these leases having initial or remaining terms in excess of one year are as follows:

	Operating Leases	Capital Leases
2013	\$ 10,439	\$ 12,415
2014	5,220	12,415
2015	-	1,035
Total minimum lease payments	<u>\$ 15,659</u>	25,865
Less: amount representing interest		<u>(6,118)</u>
Present value of minimum lease payments		<u>\$ 19,747</u>

10. Temporarily Restricted Net Assets

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

	2012	2011
Time restrictions	\$ 312,359	\$ 320,863
Property acquisition and building renovations	85,310	75,357
Program services	54,179	75,897
Equipment	36,939	39,574
Direct aid	13,118	11,877
Program services materials	11,995	11,339
New Day and Workforce Development	5,000	8,995
Children's rescue kits	-	3,000
Total temporarily restricted net assets	<u>\$ 518,900</u>	<u>\$ 546,902</u>

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

	2012	2011
Purpose restriction accomplished:		
New Life Inn	\$ 204,213	\$ 23,247
Program services	110,527	55,707
Food and shelter	62,816	99,201
Other building renovation	48,201	184,066
New Day and Workforce Development	23,996	40,227
Clothing closet	13,767	14,112
Equipment	4,195	92,951
Total restrictions released	<u>\$ 467,715</u>	<u>\$ 509,511</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

11. Retirement Plan

The Organization established a 401(k) plan that provides for employee contributions with a percentage matched by the employer. All employees are eligible to participate after 90 days of service. The Organization matches 25 percent of the employee's contributions, up to 1 percent of their annual salary, after a year of service. The employer's matching contributions for 2012 and 2011 were \$3,067 and \$1,385, respectively.

12. 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 100 percent of net contributions receivable at September 30, 2012. The Organization had contributions receivable from three individuals which constituted approximately 58 percent, 29 percent and 13 percent of net contributions receivable at September 30, 2011.