



**City Rescue Mission, Inc.**  
(A Not-for-Profit Organization)

**Financial Statements**  
Years Ended September 30, 2017 and 2016

**City Rescue Mission, Inc.**  
(A Not-for-Profit Organization)

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Financial Statements  
Years Ended September 30, 2017 and 2016

**CITY RESCUE MISSION, Inc.**  
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## Independent Auditor's Report

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

We have audited the accompanying financial statements of City Rescue Mission, Inc., (the Organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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.

### *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 statement.

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, 2017 and 2016, 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.

BDO USA, LLP

Certified Public Accountants  
March 29, 2018

## Financial Statements

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**City Rescue Mission, Inc.**  
**Statements of Financial Position**

<i>September 30,</i>	2017	2016
<b>Assets</b>		
Cash	\$ 1,429,919	\$ 944,795
Restricted cash	88,127	266,466
Accounts receivable, net	674	5,853
Restricted contributions receivable, net	91,200	45,200
Other receivables	101,195	38,667
Inventory	64,509	53,511
Prepaid expenses	78,870	79,948
Property and equipment, net	2,870,022	2,775,663
Other assets	12,927	8,953
<b>Total Assets</b>	<b>\$ 4,737,443</b>	<b>\$ 4,219,056</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 316,794	\$ 119,668
Accrued liabilities	170,730	156,344
Deferred revenue	70,094	-
<b>Total Liabilities</b>	<b>557,618</b>	<b>276,012</b>
<b>Net Assets</b>		
Unrestricted	4,022,204	3,631,398
Temporarily restricted	157,621	311,646
<b>Total Net Assets</b>	<b>4,179,825</b>	<b>3,943,044</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,737,443</b>	<b>\$ 4,219,056</b>

*See accompanying independent auditor's report and notes to financial statements.*

**City Rescue Mission, Inc.**  
**Statements of Activities and Change in Net Assets**

<i>Year ended September 30, 2017</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains and Other Support</b>			
Contributions and grants	\$ 3,111,485	\$ 302,613	\$ 3,414,098
In-kind donations	1,264,179	-	1,264,179
Thrift store contributions and sales	349,352	-	349,352
Program service fees	63,210	-	63,210
Government grants	189,891	-	189,891
Other revenues	123,196	-	123,196
Gain on sale of fixed assets	630,853	-	630,853
Interest and dividend income	28,652	-	28,652
<b>Total Revenues, Gains and Other Support</b>	<b>5,760,818</b>	<b>302,613</b>	<b>6,063,431</b>
<b>Net Assets Released from Restrictions</b>	<b>456,638</b>	<b>(456,638)</b>	<b>-</b>
<b>Expenses</b>			
Program services	4,168,337	-	4,168,337
Public relations and fundraising	1,122,491	-	1,122,491
Management and general	535,822	-	535,822
<b>Total Expenses</b>	<b>5,826,650</b>	<b>-</b>	<b>5,826,650</b>
<b>Change in Net Assets</b>	<b>390,806</b>	<b>(154,025)</b>	<b>236,781</b>
<b>Net Assets, beginning of year</b>	<b>3,631,398</b>	<b>311,646</b>	<b>3,943,044</b>
<b>Net Assets, end of year</b>	<b>\$ 4,022,204</b>	<b>\$ 157,621</b>	<b>\$ 4,179,825</b>

*See accompanying independent auditor's report and notes to financial statements.*



**City Rescue Mission, Inc.**  
**Statements of Activities and Change in Net Assets**

<i>Year ended September 30, 2016</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains and Other Support</b>			
Contributions and grants	\$ 3,189,837	\$ 536,822	\$ 3,726,659
In-kind donations	1,605,577	-	1,605,577
Thrift store contributions and sales	505,305	-	505,305
Program service fees	80,991	-	80,991
Other revenues	71,394	-	71,394
Loss on sale of fixed assets	(44,087)	-	(44,087)
Interest and dividend income	17,133	-	17,133
<b>Total Revenues, Gains and Other Support</b>	<b>5,426,150</b>	<b>536,822</b>	<b>5,962,972</b>
<b>Net Assets Released from Restrictions</b>	<b>555,653</b>	<b>(555,653)</b>	<b>-</b>
<b>Expenses</b>			
Program services	4,138,052	-	4,138,052
Public relations and fundraising	1,111,556	-	1,111,556
Management and general	507,056	-	507,056
<b>Total Expenses</b>	<b>5,756,664</b>	<b>-</b>	<b>5,756,664</b>
<b>Change in Net Assets</b>	<b>225,139</b>	<b>(18,831)</b>	<b>206,308</b>
<b>Net Assets, beginning of year</b>	<b>3,406,259</b>	<b>330,477</b>	<b>3,736,736</b>
<b>Net Assets, end of year</b>	<b>\$ 3,631,398</b>	<b>\$ 311,646</b>	<b>\$ 3,943,044</b>

*See accompanying independent auditor's report and notes to financial statements.*

**City Rescue Mission, Inc.**  
**Statements of Functional Expenses**

Year Ended September 30, 2017	Program Services							State Grant Crossroads	Total Program Services	Public Relations and Fundraising	Management and General	Total
	Emergency Services	LifeBuilders Men	LifeBuilders Women	Workforce Development	Retail Services	Clothing Closet	Medical, Dental and Other Services					
<b>Salaries and Related Expenses</b>												
Salaries	\$ 171,341	\$ 341,836	\$ 335,419	\$ 82,868	\$ 185,972	\$ -	\$ 81,575	\$ 119,479	\$ 1,318,490	\$ 248,100	\$ 137,641	\$ 1,704,231
Employee benefits and worker's comp insurance	47,487	73,387	59,304	11,112	42,974	-	2,742	8,750	245,756	34,644	18,599	298,999
Payroll taxes	12,912	25,539	24,998	6,271	13,965	-	6,245	8,884	98,814	20,549	10,469	129,832
<b>Total Salaries and Related Expenses</b>	<b>231,740</b>	<b>440,762</b>	<b>419,721</b>	<b>100,251</b>	<b>242,911</b>	<b>-</b>	<b>90,562</b>	<b>137,113</b>	<b>1,663,060</b>	<b>303,293</b>	<b>166,709</b>	<b>2,133,062</b>
Bank charges	215	492	460	187	2,342	1	129	66	3,892	147	24,606	28,645
Community events	-	-	-	-	-	-	-	-	-	91,720	-	91,720
Computer services and maintenance	-	3,267	3,043	1,403	3,025	-	466	2,398	13,602	21,779	11,909	47,290
Conventions and seminars	1,256	148	367	-	218	-	-	-	1,989	1,959	1,122	5,070
Cost of thrift store	-	-	-	-	42,163	-	-	-	42,163	-	-	42,163
Depreciation	83,851	93,844	41,483	10,948	25,487	-	1,714	2,922	260,249	-	35,651	295,900
Direct aid	337,753	504,730	145,807	23,839	709	13,477	131,716	51,629	1,209,660	14,313	40,798	1,264,771
Dues and subscriptions	1,052	112	34	-	-	-	62	-	1,260	1,750	2,730	5,740
Equipment rentals	6,322	20,972	4,227	6,822	35,178	-	2,305	2,611	78,437	1,603	18,012	98,052
Building Rent	-	-	-	-	52,788	-	-	-	52,788	-	-	52,788
Food and supplies	22,492	45,223	13,293	1,881	962	-	11,679	5,351	100,881	447	19	101,347
Insurance	27,396	81,794	43,406	24,629	26,450	-	1,910	9,239	214,824	3,675	8,155	226,654
Interest	-	-	-	-	-	-	-	-	-	-	876	876
Miscellaneous	94	1,859	318	1,197	894	-	220	127	4,709	126	4,188	9,023
Office supplies	670	2,959	809	1,041	3,273	101	607	733	10,193	10,466	9,840	30,499
Printing, postage and advertising	2,250	1,923	2,700	1,550	-	-	-	-	8,423	595,272	81,963	685,658
Professional fees	-	743	672	-	2,654	-	-	1,170	5,239	58,866	98,635	162,740
Repairs and maintenance	17,132	90,289	36,043	12,303	6,650	255	1,550	9,595	173,817	1,541	13,927	189,285
Telephone and utilities	36,159	89,069	42,738	19,997	29,651	-	15,993	17,867	251,474	13,658	13,523	278,655
Vehicle expense	3,475	39,917	8,734	38	12,618	-	-	6,895	71,677	1,876	3,159	76,712
<b>Total Expenses</b>	<b>\$ 771,857</b>	<b>\$ 1,418,103</b>	<b>\$ 763,855</b>	<b>\$ 206,086</b>	<b>\$ 487,973</b>	<b>\$ 13,834</b>	<b>\$ 258,913</b>	<b>\$ 247,716</b>	<b>\$ 4,168,337</b>	<b>\$ 1,122,491</b>	<b>\$ 535,822</b>	<b>\$ 5,826,650</b>

*See accompanying independent auditor's report and notes to financial statements.*

**City Rescue Mission, Inc.**  
**Statements of Functional Expenses**

Year Ended September 30, 2016	Program Services							Total Program Services	Public Relations and Fundraising	Management and General	Total
	Emergency Services	LifeBuilders Men	LifeBuilders Women	Workforce Development	Retail Services	Clothing Closet	Medical, Dental and Other Services				
<b>Salaries and Related Expenses</b>											
Salaries	\$ 267,853	\$ 316,248	\$ 229,245	\$ 101,625	\$ 188,385	\$ -	\$ 72,305	\$ 1,175,661	\$ 218,398	\$ 123,125	\$ 1,517,184
Employee benefits and worker's comp insurance	66,704	58,615	40,470	21,319	37,533	-	4,935	229,576	36,926	22,249	288,751
Payroll taxes	20,794	25,326	17,853	7,741	14,754	-	5,941	92,409	17,049	10,749	120,207
<b>Total Salaries and Related Expenses</b>	<b>355,351</b>	<b>400,189</b>	<b>287,568</b>	<b>130,685</b>	<b>240,672</b>	<b>-</b>	<b>83,181</b>	<b>1,497,646</b>	<b>272,373</b>	<b>156,123</b>	<b>1,926,142</b>
Bank charges	457	468	245	216	4,811	1	130	6,328	147	23,749	30,224
Community events	-	-	-	-	-	-	-	-	68,769	-	68,769
Computer services and maintenance	1,689	2,429	1,280	783	3,181	-	453	9,815	13,516	23,950	47,281
Conventions and seminars	(2)	147	147	147	-	-	-	439	693	1,926	3,058
Cost of thrift store	-	-	-	-	1,709	-	-	1,709	-	-	1,709
Depreciation	134,349	69,754	6,209	3,410	44,787	-	1,493	260,002	-	34,107	294,109
Direct aid	508,801	422,271	62,050	237,727	12,029	92,474	157,543	1,492,895	6,422	45,122	1,544,439
Dues and subscriptions	2,044	469	426	637	-	-	-	3,576	1,871	5,722	11,169
Equipment rentals	7,374	14,923	2,876	6,015	9,128	-	1,865	42,181	1,748	14,109	58,038
Food and supplies	28,527	32,952	8,842	16,817	2,270	-	8,590	97,998	-	1,298	99,296
Insurance	10,248	90,668	38,265	4,180	54,344	-	-	197,705	3,567	7,700	208,972
Interest	-	-	-	-	-	-	-	-	-	905	905
Miscellaneous	394	2,920	661	762	261	-	390	5,388	1,227	13,504	20,119
Office supplies	1,115	1,643	887	1,812	6,064	1,114	489	13,124	5,716	9,204	28,044
Printing, postage and advertising	1,616	5,662	5,057	1,616	-	29	-	13,980	658,592	104,242	776,814
Professional fees	-	-	-	-	370	-	-	370	57,563	34,835	92,768
Repairs and maintenance	30,837	73,318	12,791	10,362	16,824	-	1,505	145,637	2,622	13,862	162,121
Telephone and utilities	74,832	89,463	20,810	25,620	68,456	-	16,939	296,120	14,804	15,996	326,920
Vehicle expense	1,606	26,515	5,663	6,778	12,577	-	-	53,139	1,926	702	55,767
<b>Total Expenses</b>	<b>\$ 1,159,238</b>	<b>\$ 1,233,791</b>	<b>\$ 453,777</b>	<b>\$ 447,567</b>	<b>\$ 477,483</b>	<b>\$ 93,618</b>	<b>\$ 272,578</b>	<b>\$ 4,138,052</b>	<b>\$ 1,111,556</b>	<b>\$ 507,056</b>	<b>\$ 5,756,664</b>

*See accompanying independent auditor's report and notes to financial statements.*

**City Rescue Mission, Inc.**  
**Statements of Cash Flows**

<i>Years ended September 30,</i>	2017	2016
<b>Operating Activities</b>		
Change in net assets	\$ 236,781	\$ 206,308
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	295,900	294,109
(Gain)loss on disposal of property and equipment	(630,853)	44,087
Bad debt expense	-	8,500
City of Jacksonville loan forgiveness	-	(140,000)
Contributions restricted for long-term purposes	(240,680)	(358,100)
Net changes in:		
Accounts receivable, net	5,179	12,295
Contributions receivable	(46,000)	(2,700)
Other receivables	(62,528)	6,698
Inventory	(10,998)	(17,603)
Prepaid expenses	1,078	14,203
Other assets	(3,974)	(703)
Accounts payable	197,126	4,729
Accrued liabilities	14,386	(43,759)
<b>Net cash (used in) provided by operating activities</b>	<b>(244,583)</b>	<b>28,064</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(606,594)	(442,580)
Proceeds from sale of assets	917,282	-
<b>Net cash provided by (used in) in investing activities</b>	<b>310,688</b>	<b>(442,580)</b>
<b>Financing Activities</b>		
Proceeds from contributions restricted for long-term purpose	240,680	358,100
<b>Net cash provided by in financing activities</b>	<b>240,680</b>	<b>358,100</b>
<b>Net Change in Cash</b>	<b>306,785</b>	<b>(56,416)</b>
<b>Cash, beginning of year</b>	<b>1,211,261</b>	<b>1,267,677</b>
<b>Cash, end of year</b>	<b>\$ 1,518,046</b>	<b>\$ 1,211,261</b>
<b>Reconciliation to the Statements of Financial Position</b>		
Cash - unrestricted	\$ 1,429,919	\$ 944,795
Cash - temporarily restricted	88,127	266,466
	<b>\$ 1,518,046</b>	<b>\$ 1,211,261</b>
<b>Supplemental Disclosure</b>		
Cash paid for interest	\$ 876	\$ 905

*See accompanying independent auditor's report and notes to financial statements.*

# City Rescue Mission, Inc.

## Notes to Financial Statements

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### 1. Nature of Organization

City Rescue Mission, Inc. (the Organization), a not-for-profit organization founded in 1946, exists to transform the lives of the homeless and needy, serving them through the love and compassion of Jesus Christ. The Organization provides emergency services (hot meals, clean clothing and safe shelter) to the homeless and needy in Jacksonville and the surrounding Northeast Florida communities. The Organization also provides a long term residential, biblically based recovery program (LifeBuilders). Individuals entering LifeBuilders are offered biblical instruction, counseling including relapse prevention and computer literacy classes as well as on-site medical, dental and chiropractic care. In addition to LifeBuilders, the Organization provides job training/placement services and educational opportunities through its Workforce Development Program. The Organization is supported by individuals, churches, organizations, sponsorships, grants, businesses and community events. The Organization also operates a thrift store which sells donated items to the general public.

### 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.

#### *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is in conformity with accounting principles generally accepted in the United States of America (US GAAP). Revenues are recognized when they become measurable and available and expenses are generally recognized when the related liability is incurred.

#### *Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, gains and losses 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.

#### *Net Assets*

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 of time and/or purpose.

*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.

*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, 2017 and 2016.

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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

*Cash and Restricted Cash*

Cash is unrestricted and available for all operations of the Organization.

Restricted cash is limited, based on donor restrictions, for use on programs and purchases of long-term assets as presented in Note 8.

*Accounts Receivable*

Trade accounts receivable arise from clothing items shipped overseas and transitional housing occupants. 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 amounted to \$5,044 at September 30, 2017 and 2016. 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.

*Restricted 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 management's estimate of the amounts that will not be collected based on the age and creditworthiness of the outstanding balances. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowance for doubtful accounts amounted to \$47,500 in both September 30, 2017 and 2016.

*Inventory*

The Organization's inventory at September 30, 2017 and 2016 consisted of thrift store items for resale, donated dental equipment, and program inventory. 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. Program inventory is valued at fair value for new inventory.

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.

*Property and Equipment*

Property and equipment is stated at historical cost if purchased or at the estimated fair value if donated at the date of donation. Gifts of long-lived assets received without stipulations about how long the donated asset are reported as restricted support using a time restriction that expires over the useful life of the donated assets. 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 and change in net assets as a change in unrestricted net assets.

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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

*Property and Equipment (Continued)*

The Organization's current policy is to capitalize all purchased or donated assets valued in excess of \$1,000 with estimated useful lives 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:

	Years
Buildings and improvements	5 - 40
Equipment and furnishings	3 - 10
Vehicles	5 - 10

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 recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the assets or asset group to the undiscounted cash flows that the assets 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, 2017 and 2016.

*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 and change in net assets 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 \$231,174 and \$266,259 were recorded as in-kind donations on the statement of activities and change in net assets for the years ended September 30, 2017 and 2016, respectively. The related expenses were included in professional fees on the statement of functional expenses.

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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

*Thrift Store Sales*

The Organization operates a Thrift Store which sells donated items to the general public. Thrift Store sales are recognized as revenue at the point-of-sale. Sales are net of returns and exclude sales tax. The Thrift Store does not allow customers to return merchandise except for electronics that fail within 24 hours of purchase and those returns are limited to exchange or in-store credit only. Through the 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 \$709 and \$12,029 for the years ended September 30, 2017 and 2016, respectively.

*Income Taxes*

The Organization is a 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 positions 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, 2017 and 2016, 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, 2017, 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 2014. As of and for the years ended September 30, 2017 and 2016, 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.

*Allocation of Joint Costs*

During the year ended September 30, 2017 and 2016, the Organization mailed newsletters that included requests for contributions, as well as program and management and general components. The costs of conducting these activities included a total of \$42,823 and \$49,774, respectively, of joint costs, which are not specifically attributable to particular components of the activities. The costs of each newsletter were allocated based on the percentage of content related to the joint cost activities multiplied by the total cost of the newsletter including postage costs.



**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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

Joint costs were allocated as follows:

<i>Year ended September 30,</i>	2017	2016
Management and General	\$ 35,879	\$ 32,809
Fundraising	6,944	12,699
Program: LifeBuilders - Men	-	4,266
<b>Total</b>	<b>\$ 42,823</b>	<b>\$ 49,774</b>

***Accounting Pronouncements Issued but Not Yet Adopted or Currently in Effect***

*Revenue from Contracts with Customers (Topic 606)*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the organization until annual periods beginning after December 15, 2018, which is the year ended September 30, 2020. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

*Leases (Topic 842)*

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the organization's fiscal years beginning after December 15, 2019, which would be the year ended September 30, 2021, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

*Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*. ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include; (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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

### *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities (Continued)*

underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the organization's financial statements for fiscal years beginning after December 15, 2017, which would be the year ended September 30, 2019. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their financial statements.

### *Reclassifications*

Certain items have been reclassified in the 2016 financial statements to conform to the 2017 presentation.

## 3. Property and Equipment

Property and equipment consisted of the following at:

<i>September 30,</i>	<i>2017</i>	<i>2016</i>
Land	\$ 301,156	\$ 301,156
Buildings and improvements	5,064,033	5,979,860
Equipment and furnishings	758,792	728,206
Vehicles	309,878	219,526
	<u>6,433,859</u>	<u>7,228,748</u>
Less: Accumulated depreciation	<u>(3,563,837)</u>	<u>(4,453,085)</u>
	<u>\$ 2,870,022</u>	<u>\$ 2,775,663</u>

See Note 11.

## 4. Land Held for Investment

Several parcels of land are held for investment and are carried at cost, as part of other assets in the statement of financial position. The value of these parcels was \$3,380 at September 30, 2017 and 2016, and is included in other assets on the statements of financial position.

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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**5. Forgivable Loan**

In 2001, the Organization received a \$140,000 forgivable loan from the Duval County Housing Finance Authority, through the State Housing Initiatives Partnership (SHIP) program, to build and maintain single family homes for formerly homeless individuals or families. The terms of the loan required the Organization to continue to use the property for the stated purpose or the Organization will be in default and the loan would be due in full. The loan was forgiven in 2016.

**6. Line of Credit**

The Organization has a \$300,000 line of credit collateralized by one of the Organization's buildings, which expires in March 2019. 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, 2017 and 2016.

**7. Leases**

The Organization leases various office equipment under non-cancelable operating leases expiring in 2019. The lease expense related to these agreements was \$10,500 and \$9,666 for the years ended September 30, 2017 and 2016. The organization also started leasing property for the thrift store during fiscal year 2017 (see Note 11). Total rent expense on operating leases for the year ended September 30, 2017 was \$52,788.

At September 30, 2017, the future minimum lease payments under these leases having initial or remaining terms in excess of one year are as follows:

*September 30, 2018*

Equipment leases	\$	16,009
Property lease		63,345

*September 30, 2019*

Equipment leases		5,995
Property lease		10,558

<b>Total minimum lease payments</b>	<b>\$</b>	<b>95,507</b>
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**8. Temporarily Restricted Net Assets**

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

<i>September 30,</i>	<b>2017</b>	<b>2016</b>
Property acquisition and building renovations	\$ 80,124	\$ 236,154
LifeBuilders	54,080	54,080
Workforce Development	11,871	11,871
Direct Aid	7,281	5,276
Program services materials	2,647	2,647
Equipment	1,618	1,618
<b>Total temporarily restricted net assets</b>	<b>\$ 157,621</b>	<b>\$ 311,646</b>

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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**8. 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:

<i>September 30,</i>	2017	2016
Purpose restriction accomplished		
Other building renovation	\$ 396,820	\$ 278,880
Equipment	-	73,332
Food and shelter	49,750	65,493
LifeBuilders	-	47,870
Workforce Development	-	31,700
Salaries and other	-	29,577
Clothing Closet	10,068	14,921
Program services materials	-	9,304
Direct aid	-	4,576
<b>Total restrictions released</b>	<b>\$ 456,638</b>	<b>\$ 555,653</b>

**9. 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 2017 and 2016 were \$3,645 and \$3,701, respectively.

**10. Concentrations**

*Concentrations of Credit Risk*

The Organization places its temporary cash investments with Federal Deposit Insurance Corporation (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 & Grants Receivable*

The Organization had two contributions and grants receivable that each constitute 35 and 28 percent of net contributions and grants receivable at September 30, 2017. The Organization had a contribution receivable from one individual which constituted 92 percent of net contributions receivable at September 30, 2016.

**City Rescue Mission, Inc.**  
**Notes to Financial Statements**

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**11. Sale-Leaseback Transaction**

During the fiscal year 2017, the Organization sold land and buildings which housed its Thrift Store generating proceeds of \$925,000. In connection with the disposition, the Organization entered into a two year operating lease, with options to renew for a more than minor, but less than significant portion of the property. The sale-leaseback transaction was accounted for in accordance with FASB ASC Topic 840, Accounting for Leases, wherein a portion of the resulting gain is deferred. The deferred gain on sale amounted to \$120,000. The Organization recognized 10 months in the current fiscal year or \$50,000 and \$60,000 and \$10,000 to be recognized in fiscal years ending September 30, 2018 and September 30, 2019 respectively.

**12. Subsequent Events**

The Organization has evaluated events and transactions occurring subsequent to September 30, 2017 and through March 29, 2018, which is the date the financial statements were available to be issued. No material events have come to the attention of management that require recognition or disclosure in the financial statements.