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

Financial Statements
Years Ended September 30, 2019 and 2018

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., which comprise the statements of financial position as of September 30, 2019 and 2018, 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.

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, 2019 and 2018, 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
January 17, 2020

Financial Statements

City Rescue Mission, Inc.
Statements of Financial Position

<i>September 30,</i>	2019	2018
Assets		
Unrestricted cash	\$ 1,385,749	\$ 1,623,433
Restricted cash	23,802	89,244
Accounts receivable, net	6,489	7,551
Restricted contributions receivable, net	66,515	66,200
Other receivables, net	100,513	49,476
Inventory	51,282	45,672
Prepaid expenses and other assets	168,598	109,988
Property and equipment, net	2,877,402	2,866,633
Total Assets	\$ 4,680,350	\$ 4,858,197
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 397,160	\$ 236,367
Accrued liabilities	81,347	156,609
Deferred revenue	1,000	32,065
Total Liabilities	479,507	425,041
Net Assets		
Assets without donor restrictions	4,110,526	4,300,059
Assets with donor restrictions	90,317	133,097
Total Net Assets	4,200,843	4,433,156
Total Liabilities and Net Assets	\$ 4,680,350	\$ 4,858,197

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

City Rescue Mission, Inc.

Statement of Activities

<i>Year ended September 30, 2019</i>	Assets without Donor Restrictions	Assets with Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions and grants	\$ 3,044,716	\$ 476,869	\$ 3,521,585
In-kind donations	1,032,537	-	1,032,537
Thrift store contributions and sales	416,596	-	416,596
Program service fees	75,813	-	75,813
Government grants	478,142	-	478,142
Homes of Hope	134,919	-	134,919
Other revenues	29,688	-	29,688
Clothing closet revenue	9,057	-	9,057
Interest and dividend income	16,240	-	16,240
Net assets released from restrictions	519,649	(519,649)	-
Total Revenues, Gains and Other Support	5,757,357	(42,780)	5,714,577
Expenses			
Program services	4,445,976	-	4,445,976
Public relations and fundraising	1,140,016	-	1,140,016
Management and general	531,781	-	531,781
Total Expenses	6,117,773	-	6,117,773
Operating Expenses in Excess of Revenue and Support from Operations	(360,416)	(42,780)	(403,196)
Non-Operating Activities			
FEMA proceeds	170,883	-	170,883
Change in Net Assets	(189,533)	(42,780)	(232,313)
Net Assets, beginning of year	4,300,059	133,097	4,433,156
Net Assets, end of year	\$ 4,110,526	\$ 90,317	\$ 4,200,843

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

City Rescue Mission, Inc.

Statement of Activities

<i>Year ended September 30, 2018</i>	Assets without Donor Restrictions	Assets with Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions and grants	\$ 3,315,137	\$ 508,903	\$ 3,824,040
In-kind donations	1,195,614	-	1,195,614
Thrift store contributions and sales	398,869	-	398,869
Program service fees	113,542	-	113,542
Government grants	719,815	-	719,815
Homes of Hope	99,638	-	99,638
Other revenues	88,533	-	88,533
Clothing closet revenue	12,463	-	12,463
Interest and dividend income	7,337	-	7,337
Net assets released from restrictions	533,427	(533,427)	-
Total Revenues, Gains and Other Support	6,484,375	(24,524)	6,459,851
Expenses			
Program services	4,688,058	-	4,688,058
Public relations and fundraising	1,062,142	-	1,062,142
Management and general	513,243	-	513,243
Total Expenses	6,263,443	-	6,263,443
Operating Expenses in Excess of Revenue and Support from Operations	220,932	(24,524)	196,408
Non-Operating Activities			
Gain on sale of fixed assets	56,923	-	56,923
Change in Net Assets	277,855	(24,524)	253,331
Net Assets, beginning of year	4,022,204	157,621	4,179,825
Net Assets, end of year	\$ 4,300,059	\$ 133,097	\$ 4,433,156

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

City Rescue Mission, Inc.

Statement of Functional Expenses

Year ended September 30, 2019	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	State Contract Crossroads	Charis	Homes of Hope				
Salaries and Related Expenses														
Salaries	\$ 137,943	\$ 374,937	\$ 378,259	\$ 62,167	\$ 218,626	\$ -	\$ 81,660	\$ 361,707	\$ 30,694	\$ 31,444	\$ 1,677,437	\$ 185,232	\$ 120,604	\$ 1,983,273
Employee benefits and worker's comp insurance	34,133	64,724	60,205	7,409	33,553	-	3,854	51,506	3,270	6,184	264,838	25,091	30,899	320,828
Payroll taxes	10,328	28,427	28,188	4,709	16,379	-	6,318	29,750	2,459	2,538	129,096	14,072	8,734	151,902
Total Salaries and Related Expenses	182,404	468,088	466,652	74,285	268,558	-	91,832	442,963	36,423	40,166	2,071,371	224,395	160,237	2,456,003
Expenses														
Bad Debts	-	-	-	-	52	-	-	-	-	9,152	9,204	-	-	9,204
Bank Charges	265	435	490	189	2,159	11	133	13	250	-	3,945	213	31,347	35,505
Building Rent	-	-	-	-	60,442	-	-	-	-	-	60,442	-	-	60,442
Computer Service & Maintenance	2,120	5,130	4,464	2,243	3,850	-	828	1,105	1,273	28	21,041	7,785	36,749	65,575
Conventions & Seminars	-	130	-	-	-	-	-	1,962	-	-	2,092	(474)	6,935	8,553
Depreciation Expense	93,447	41,899	53,428	2,238	61,508	-	1,714	11,628	1,144	48,042	315,048	-	35,896	350,944
Direct Aid	-	2,359	748	-	-	10,379	-	83	-	-	13,569	-	-	13,569
Direct Aid-In Kind	331,369	185,048	225,676	46,562	11,760	-	103,461	57,331	7,442	2,063	970,712	1,787	58,765	1,031,264
Direct Selling Expenses	-	-	-	-	1,433	-	-	-	11,347	-	12,780	-	-	12,780
Dues and Subscriptions	2,388	831	1,320	30	191	-	31	1,009	-	-	5,800	704	4,912	11,416
Equipment Rent & Contracted Services	10,985	25,436	6,876	877	12,185	-	1,566	1,479	-	-	59,404	4,777	8,495	72,676
Food Purchases	24,328	13,514	16,036	-	1,105	-	-	5,748	-	-	60,731	-	1,954	62,685
Insurance-Liability	13,998	50,660	28,977	11,811	8,147	-	1,230	13,705	38	1,993	130,559	3,803	5,946	140,308
Insurance-Vehicle	2,196	16,020	11,328	-	4,976	-	-	5,338	-	-	39,858	-	446	40,304
Maintenance & Repairs	13,777	91,035	32,749	13,806	10,963	735	1,335	21,888	328	16,912	203,528	1,464	8,243	213,235
Office Supplies	298	2,915	773	1,348	1,518	-	435	1,087	215	10	8,599	6,204	31,514	46,317
Printing Postage & Advertising	2,140	2,431	4,030	2,025	997	-	-	-	6,026	-	17,649	689,287	64,165	771,101
Professional Fees	605	1,140	495	208	488	-	206	5,239	103	103	8,587	183,384	48,482	240,453
Supplies	21,323	24,365	24,008	2,683	1,142	-	14,619	15,810	-	-	103,950	-	1,740	105,690
Taxes & Licenses	-	277	274	1,973	-	-	-	265	-	-	2,789	350	3,551	6,690
Telephone Expense	2,241	11,742	5,998	2,697	4,207	-	874	3,038	-	-	30,797	4,486	5,849	41,132
Utilities	26,132	69,340	45,185	-	15,740	-	15,962	31,212	-	23,070	226,641	10,964	12,398	250,003
Vehicle expense	7,205	29,470	6,648	87	14,100	-	-	7,195	411	-	65,116	742	2,764	68,622
Other Expenses	-	1,064	700	-	-	-	-	-	-	-	1,764	145	1,393	3,302
Total Expenses	\$ 737,221	\$ 1,043,329	\$ 936,855	\$ 163,062	\$ 485,521	\$ 11,125	\$ 234,226	\$ 628,098	\$ 65,000	\$ 141,539	\$ 4,445,976	\$ 1,140,016	\$ 531,781	\$ 6,117,773

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

City Rescue Mission, Inc.

Statement of Functional Expenses

Year ended September 30, 2018	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	State Contract Crossroads	Homes of Hope	Total Program Services			
Salaries and Related Expenses													
Salaries	\$ 212,427	\$ 342,998	\$ 251,548	\$ 82,199	\$ 206,891	\$ -	\$ 84,109	\$ 454,047	\$ 24,751	\$ 1,658,970	\$ 226,261	\$ 167,000	\$ 2,052,231
Employee benefits and worker's comp insurance	53,342	64,024	40,686	18,747	46,665	-	3,650	64,639	4,922	296,675	28,813	38,794	364,282
Payroll taxes	16,580	25,946	21,475	6,133	15,594	-	6,313	34,766	1,845	128,652	16,889	12,411	157,952
Total Salaries and Related Expenses	282,349	432,968	313,709	107,079	269,150	-	94,072	553,452	31,518	2,084,297	271,963	218,205	2,574,465
Expenses													
Bank charges	476	445	254	183	2,662	1	130	20	-	4,171	183	28,890	33,244
Building rent	-	-	-	-	69,195	-	-	-	-	69,195	-	-	69,195
Community events	-	-	-	-	-	-	-	-	-	-	64,015	-	64,015
Computer services and maintenance	569	718	971	3,363	2,322	-	314	445	-	8,702	21,829	12,142	42,673
Conventions and seminars	-	336	-	-	-	-	-	3,796	-	4,132	4,812	4,155	13,099
Cost of thrift store	-	-	-	-	13,923	-	-	-	-	13,923	-	-	13,923
Depreciation	72,285	101,372	9,872	10,948	60,117	-	1,715	64,991	-	321,300	-	36,062	357,362
Direct aid	444,884	390,163	87,507	21,646	26	15,597	122,568	123,703	-	1,206,094	1,692	23,700	1,231,486
Dues and subscriptions	1,977	489	489	-	489	-	31	-	-	3,475	2,653	10,879	17,007
Equipment rentals	8,905	24,154	4,164	5,256	7,565	-	2,291	9,936	-	62,271	2,104	14,197	78,572
Food and supplies	42,788	45,794	14,908	1,299	1,096	-	9,437	27,852	-	143,174	203	930	144,307
Insurance	19,536	80,894	47,147	17,733	16,205	-	1,790	23,485	-	206,790	3,021	19,638	229,449
Interest	-	-	-	-	-	-	-	-	-	-	-	854	854
Miscellaneous	162	2,575	324	1,352	31	-	12,171	735	-	17,350	771	3,226	21,347
Office supplies	40	3,342	571	395	2,930	-	593	1,307	-	9,178	8,798	15,931	33,907
Printing, postage and advertising	3,787	4,525	2,579	1,703	4,586	-	-	-	-	17,180	608,927	59,111	685,218
Professional fees	34	284	145	-	1,717	-	-	1,202	-	3,382	52,298	31,666	87,346
Repairs and maintenance	22,120	67,450	14,653	14,699	13,622	-	1,529	42,396	19,147	195,616	1,885	13,636	211,137
Telephone and utilities	49,706	76,212	24,073	2,742	18,651	-	16,398	39,587	22,028	249,397	14,691	17,356	281,444
Vehicle expense	7,185	31,582	4,794	-	12,245	-	-	12,625	-	68,431	2,297	2,665	73,393
Total Expenses	\$ 956,803	\$ 1,263,303	\$ 526,160	\$ 188,398	\$ 496,532	\$ 15,598	\$ 263,039	\$ 905,532	\$ 72,693	\$ 4,688,058	\$ 1,062,142	\$ 513,243	\$ 6,263,443

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

City Rescue Mission, Inc.

Statements of Cash Flows

<i>Year ended September 30,</i>	2019	2018
Operating Activities:		
Change in net assets	\$ (232,313)	\$ 253,331
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	350,944	357,362
Bad debt expense	9,204	-
Loss on disposal of property and equipment	-	3,077
Contributions restricted for long-term purposes	(292,933)	(351,256)
Net changes in:		
Accounts receivable, net	(8,142)	(6,877)
Contributions receivable, net	(315)	25,000
Other receivables, net	(51,037)	51,719
Inventory	(5,610)	18,837
Prepaid expenses and other assets	(58,610)	(18,191)
Accounts payable	160,793	(80,427)
Accrued liabilities	(75,262)	(14,121)
Deferred revenue	(21,065)	21,971
Deferred gain on sale-leaseback	(10,000)	(60,000)
Net cash (used in) provided by operating activities	(234,346)	200,425
Investing Activities		
Purchase of property and equipment	(361,713)	(357,050)
Net cash used in investing activities	(361,713)	(357,050)
Financing Activities		
Proceeds from contributions restricted for long-term purpose	292,933	351,256
Net cash provided by in financing activities	292,933	351,256
Net Increase in Cash	(303,126)	194,631
Cash, beginning of year	1,712,677	1,518,046
Cash, end of year	\$ 1,409,551	\$ 1,712,677
Reconciliation to the Statements of Financial Position		
Cash - unrestricted	\$ 1,385,749	\$ 1,623,433
Cash - restricted	23,802	89,244
	\$ 1,409,551	\$ 1,712,677
Supplemental Disclosure		
Cash paid for interest	\$ 1,320	\$ 854

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

City Rescue Mission, Inc.

Notes to Financial Statements

1. Nature of Organization

City Rescue Mission, Inc. (the "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 a continuum of care to the homeless and needy in Jacksonville, FL, and the surrounding Northeast Florida communities. The Organization is supported by individuals, churches, organizations, sponsorships, grants, businesses, and community events. The Organization fulfills its mission by maintaining and offering the following programs:

Emergency Services

At the beginning of the continuum of care programs, the Organization provides case management, hot meals, clean clothing, and safe shelter to the homeless and needy.

LifeBuilders

Long-term, residential, biblically-based recovery program for those in need of addiction recovery. Individuals in this program are offered biblical instruction, counseling for relapse prevention, computer literacy and life skills development classes, and on-site medical, dental, and chiropractic care. While in the program, students are able to attend classes in order to earn their GED or go on to higher education. Progress in the program brings increased responsibility and freedom, the reward of graduation, and a new life.

Workforce Development

The New Day Workforce Program enhances employment opportunities for its students by identifying skills, talents, and abilities while charting a career path and building self-esteem and participating in certification and job placement programs. Participants receive computer training, academic tutoring, and other individualized services. Local businesses partner with the Organization to provide employment experience for the students.

Retail Services

Operation of a thrift store which sells donated items to the general public. Proceeds from these retail sales help support other programs operated by the Organization and also provides on-the-job training for individuals within the programs.

Medical, Dental, and Other Services

During the continuum of care, the Organization provides medical, dental, and other services to the needy. These services are provided by professionals in the community at discounted and donated rates.

Crossroads

The Organization provides services to the Florida Department of Corrections under a state contract to provide substance abuse and reintroduction services for criminal offenders on community supervision release. The goal of Crossroads is re-introducing offenders back to the city of Jacksonville as successful citizens.

City Rescue Mission, Inc.
Notes to Financial Statements

Charis

The Organization maintains an on-site chocolate shop that is operated by a chocolatier. Charis' high-quality products are sold to the local community and provides a unique way to engage the public, spread the message of the Organization's mission, and raise funds to support programs.

Clothing Closet

The Organization operates a Clothing Closet for distributing new and donated clothing, shoes, toys, toiletries, and household items. This activity serves as an entry point for needy individuals to learn about Organization's mission and all of the services that are available.

Homes of Hope

Homes of Hope provides a safe and smooth transition for individuals transitioning out of the residential facility. The homes offer a safe, drug-free, supportive environment to assist in the transition into independent living. The Organization rents these houses to participants at a discounted rate.

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").

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.

Unrestricted Cash and Restricted Cash

Unrestricted cash consists of deposits on hand at financial institutions and is available for all operations of the Organization.

Restricted cash consists of deposits on hand at financial institutions which are subject to donor-imposed restrictions that limit the use of the cash for specific programs and purposes.

Accounts Receivable

Accounts receivable is presented at net realizable value and arises from property rented to transitional housing occupants in the Homes of Hope program. Management evaluates accounts

City Rescue Mission, Inc.

Notes to Financial Statements

receivable and includes, in the allowance for doubtful accounts, an estimate of amounts considered to be uncollectible. Uncollectible amounts are charged against the allowance account when management determines that the possibility of collection is remote. The allowance for doubtful accounts on accounts receivable amounted to \$2,295 and \$0 at September 30, 2019 and 2018, respectively. Interest is not charged against past-due amounts.

Restricted Contributions Receivable

Restricted contributions receivable are promises to give, are presented at net realizable value, and are due within one year from the date of the promise. Restricted contributions have donor-imposed restrictions that limit the contribution to specific programs or purposes. Management evaluates restricted contributions receivable and includes, in the allowance for doubtful accounts, an estimate of amounts considered to be uncollectible. Uncollectible amounts are charged against the allowance account when management determines that the possibility of collection is remote. The allowance for doubtful accounts on restricted contributions receivable amounted to \$63,500 at September 30, 2019 and 2018. Interest is not charged against past-due amounts.

Other Receivables

Other receivables are presented at net realizable value and primarily consist of grants awarded by state and local government agencies that are collectible within one year from the date of the award. Management evaluates other receivables and includes, in the allowance for doubtful accounts, an estimate of amounts considered to be uncollectible. Uncollectability typically occurs when legislative actions limit the amount of the award or the timing of payment. Uncollectible amounts are charged against the allowance account when management determines that the possibility of collection is remote. The allowance for doubtful accounts on other receivables amounted to \$0 and \$24,547 at September 30, 2019 and 2018, respectively. Interest is not charged against past-due amounts.

Inventory

Inventory is presented at the lower of cost or net realizable value. Management periodically evaluates inventory for possible impairment, with any adjustments recognized as a loss in the statement of activities for the current period. Such losses may be due to damage, physical deterioration, obsolescence, changes in price levels, or other causes. Management has determined that an inventory reserve was not necessary for the periods ended September 30, 2019 and 2018, and there were no write-offs during those years.

Property and Equipment

Property and equipment purchased by the Organization is stated at cost and property and equipment donated to the Organization is stated at the fair value measured at the donation date. 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.

City Rescue Mission, Inc.

Notes to Financial Statements

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. There are no impairments at September 30, 2019 and 2018.

Net Assets With Donor Restrictions

Net assets with donor restrictions consists of gifts of cash or other assets received with donor-imposed restrictions that limit the use of the donation by either time or purpose.

Net assets with donor restrictions also includes those gifts with restrictions that are perpetual in nature and neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At September 30, 2019 and 2018, the Organization had no net assets with donor restrictions that were perpetual in nature.

Net Assets Without Donor Restriction

Net assets without donor restrictions are available for use in general operations unless designated by the Board of Directors to fund specific projects considered important to the Organization's mission. Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-imposed restrictions.

Contributions and Grants

Contributions and grants are recorded when earned as with or without donor restriction support depending on the existence and/or nature of any restrictions imposed by the donor or granting party. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), assets with donor restrictions are reclassified to assets without donor restrictions and reported in the statement of activities as net assets without donor restrictions.

In-Kind Donations

In-kind donations are recorded when earned. 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.

City Rescue Mission, Inc.

Notes to Financial Statements

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 and reflects the fair value of the services provided. Donated professional services of \$248,576 and \$220,112 were recorded as in-kind donations on the statement of activities for the years ended September 30, 2019 and 2018, respectively. The related expenses were included in professional fees on the statement of functional expenses.

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. Proceeds from these sales are used to support the Organization's other programs.

Program Service Fees

Program fees arise from each student's participation in the LifeBuilder and Crossroads programs. Student fees vary on a student-by-student basis depending on the extent of services provided to them by the Organization. The fees collected are used to offset the Organization's cost of administering services and for maintenance of the on-site dormitory living facilities.

Homes of Hope Rental Income

Rental income is recognized based on contractual rates that are agreed upon between participants and the Organization and is collected on a monthly basis. Rental income recognized under the Homes of Hope program was \$134,919 and \$99,638 for the years ended September 30, 2019 and 2018, respectively. Contractual amounts vary for each lessee depending on the lessee's ability to pay, which is considered prior to lease execution.

Property and equipment used in the Homes of Hope program held for leasing consisted of the following at:

<i>September 30,</i>	2019	2018
Buildings and improvements	\$ 716,689	\$ 712,269
Land	45,262	45,262
Furniture and equipment	27,563	27,563
	789,514	785,094
Less: accumulated depreciation	(439,640)	(388,803)
Total	\$ 349,874	\$ 396,291

City Rescue Mission, Inc.

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Proceeds from FEMA

During the reporting year, the Organization was awarded proceeds from the Department of Homeland Security Federal Emergency Management Administration ("FEMA") due to damages sustained during hurricane Irma in 2017. The State of Florida manages the allocation of the award funds on behalf of FEMA, which are intended to assist in recovery costs including, but not limited to, debris removal, emergency protective measures, and repair & replacement of disaster damaged facilities. During the period ended September 30, 2019, \$170,883, has been received by the Organization under this award program. The Organization is considered a sub-recipient under this award program and is subject to stipulations required by FEMA and the State of Florida which include providing documentation to support direct costs related to the hurricane Irma disaster.

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, 2019 and 2018, 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, 2019, 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 2016. As of and for the years ended September 30, 2019 and 2018, 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

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses that are attributable to one or more program or supporting functions of the Organization are allocated based on individuals served, number of employees, and/or space utilized.

Allocation of Joint Costs

During the year ended September 30, 2019 and 2018, the Organization mailed newsletters that included requests for contributions, as well as management and general components. The costs of conducting these activities included a total of \$50,007 and \$50,383, respectively, of joint costs,

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Notes to Financial Statements

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.

Joint costs were allocated as follows:

<i>Year ended September 30,</i>	2019	2018
Management and General	\$ 30,596	\$ 38,326
Fundraising	19,411	12,057
Total	\$ 50,007	\$ 50,383

Recently Adopted Authoritative Guidance

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Not-For-Profit Entities (Topic 958) - *Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity, and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. Management adopted the new reporting model effective for the year ended September 30, 2019. The ASU has been applied retrospectively to all periods presented. There was no effect on the change in net assets reported for the year ended September 30, 2018.

Accounting Pronouncements Issued but Not Yet Adopted or Currently in Effect

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU no. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods or services. This update will also result in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively, and improving guidance for multiple-element arrangements. This update is effective for fiscal years beginning after December 15, 2018 and interim periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2016, including interim periods within that year, or fiscal years beginning after December 15, 2016, and interim periods within annual reporting periods beginning one year after the annual period in which the entity first applies the new standard. The Organization is currently evaluating the impact on its financial statements of adopting this guidance.

Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. The guidance makes targeted changes to lessor accounting, including the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. The guidance is effective for fiscal years beginning after December 15, 2020.

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The Organization is currently evaluating the impact on its financial statements of adopting this guidance.

Statement of Cash Flows: Restricted Cash (Topic 230)

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*. This ASU was issued to address diversity in practice with regard to the classification and presentation of changes in restricted cash on the statement of cash flows. The provisions of the ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. To meet this requirement amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied on a retrospective transition method to each period presented. The Organization is currently evaluating the impact on its financial statements of adopting this guidance.

Not-For Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)

In June 2018, the FASB issued ASU No. 2018-08, *Not-For Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This ASU was issued to standardize how grants and other contracts are classified across the sector resource recipients and resource providers. The standard will assist these types of entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange transactions (reciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization is currently evaluating the impact on its financial statements of adopting this guidance.

Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to September 30, 2019 and through January 17, 2020, 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.

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City Rescue Mission, Inc.

Notes to Financial Statements

3. Property and Equipment

Property and equipment is presented net of accumulated depreciation and consisted of the following at:

<i>September 30,</i>	2019	2018
Land	\$ 301,156	\$ 301,156
Buildings and improvements	5,660,804	5,379,118
Equipment and furnishings	810,922	783,499
Vehicles	290,162	289,903
	7,063,044	6,753,676
Less: Accumulated depreciation	(4,185,642)	(3,887,043)
	<u>\$ 2,877,402</u>	<u>\$ 2,866,633</u>

4. Line of Credit

The Organization had a \$300,000 line of credit collateralized by one of the Organization's buildings, which expired in March 2019 and bore interest at an annual rate of 5.0%. The line of credit was renewed through March 2022 and bears an interest rate that is variable based on the lender's prime rate plus 0.5%. At September 30, 2019, the total interest rate was 6.0%. The Organization had no outstanding balance on the line at September 30, 2019 and 2018.

5. Leases

The Organization leases various office equipment under non-cancelable operating leases that expire at dates between 2019 and 2024. The lease expense related to these agreements was \$8,400 and \$12,057 for the years ended September 30, 2019 and 2018, respectively.

The Organization also leases a property that facilitates the operations of its thrift store. The two-year lease agreement for this property expired in December 2018 and the Organization exercised its first of five, two-year renewal options. This renewal extends the lease agreement through November 2020 and calls for a 5% rent increase from the previous contract. Total rent expense associated with this agreement was \$60,442 and \$69,195 for the years ended September 30, 2019 and 2018, respectively.

At September 30, 2019, the future minimum lease payments under all non-cancellable operating lease agreements are as follows:

<i>For the year ending September 30,</i>	
2020	\$ 74,912
2021	19,485
2022	8,400
2023	8,400
2024	700
	<u>\$ 111,897</u>

City Rescue Mission, Inc.
Notes to Financial Statements

6. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

<i>September 30,</i>	2019	2018
Cash	\$ 1,385,749	\$ 1,623,433
Accounts receivable, net	6,489	7,551
Other receivables, net	100,513	49,476
	\$ 1,492,751	\$ 1,680,460

Balances of restricted cash and restricted contributions receivable, net, as presented on the accompanying statements of financial position, have donor-imposed restrictions and are not available for general expenditure.

Operating surpluses are available for the use of general expenditures and are without donor restrictions.

7. Net Assets with donor restrictions

Net Assets with donor restrictions were available for the following purposes at:

<i>September 30,</i>	2019	2018
Property acquisition and building renovations	\$ 30,067	\$ 62,417
LifeBuilders	54,080	54,280
New Day & Workforce Development	2,136	8,312
Direct Aid	3,172	3,441
Program services materials	862	2,647
Equipment	-	2,000
Total net assets with donor restrictions	\$ 90,317	\$ 133,097

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City Rescue Mission, Inc.

Notes to Financial Statements

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>	2019	2018
Purpose restriction accomplished:		
Property acquisition and building renovations	\$ 509,218	\$ 368,983
Food and shelter	1,785	110,084
New Day & Workforce Development	6,177	33,559
Clothing Closet	-	13,597
LifeBuilders	200	4,600
Equipment	2,000	1,598
Direct aid	269	1,006
Total restrictions released	\$ 519,649	\$ 533,427

8. Retirement Plan

The Organization sponsors 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% of a participant contributions up to 4% of their annual deferral, after a year of service. The Organization's matching contributions for 2019 and 2018 were \$3,108 and \$3,129, respectively.

9. Concentrations

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At September 30, 2019 and 2018, the Organization had \$1,135,749 and \$1,087,987, respectively, in excess of FDIC-insured limits. The Organization has not experienced any losses in such accounts.

Restricted Contributions Receivable & Other Receivables

At September 30, 2019, there were three restricted contributions and other receivables that each accounted for 35%, 25% and 25% of the total net restricted contributions and other receivables balance.

At September 30, 2018, there were three restricted contributions and other receivables that each accounted for 42%, 16% and 12% of the total net restricted contributions and other receivables balance.

Accounts Payable

At September 30, 2019, there were accounts payable to a two vendor that each accounted for 46% and 11% of the total accounts payable balance. At September 30, 2018, there were accounts payable to one vendor that accounting for 26% of the total accounts payable balance.

City Rescue Mission, Inc.

Notes to Financial Statements

10. Sale-Leaseback Transaction

During the year ended September 30, 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 approximately \$120,000 when the transaction was executed. For the years ended September 30, 2019 and 2018, the Organization recognized deferred gain of \$10,000 and \$60,000, respectively. As of September 30, 2019, there is no remaining deferred gain.