

GOSPEL RESCUE MISSION, INC.



**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT**

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gospel Rescue Mission, Inc.
Muskogee, Oklahoma

We have audited the accompanying financial statements of Gospel Rescue Mission, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statement of activities and cash flows for the year 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 design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gospel Rescue Mission, Inc., as of December 31, 2014 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison and schedule of general and administrative expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Clothier & Company, CPA's, P.C.

July 6, 2015

Gospel Rescue Mission
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$ 324,768
Prepaid expenses	5,013
Total Current Assets	<u>329,780</u>

Fixed Assets:

Land and building	371,446
Furniture and fixtures	51,151
Vehicles	13,500
Total Property and Equipment	<u>436,097</u>
Less: Accumulated Depreciation	<u>90,639</u>
Total Fixed Assets	<u>345,458</u>
Total Assets	<u><u>\$ 675,238</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 3,031
Accrued payroll liabilities	0
Accrued salaries and wages	0
Total Current Liabilities	<u>3,031</u>

Long Term Liabilities:

Notes Payable	<u>0</u>
Total Liabilities	<u>3,031</u>

Net Assets:

Permanently restricted	0
Temporarily restricted	180,613
Unrestricted	<u>491,593</u>
Net Assets	<u>672,206</u>

Total Liabilities and Net Assets	<u><u>\$ 675,238</u></u>
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See accompanying notes and independent auditors' report.

Gospel Rescue Mission
STATEMENT OF ACTIVITIES
For the Year Ending December 31, 2015

SUPPORT AND REVENUE

Revenue:

Donations	\$ 250,562
Fema funds	4,843
Special events/fund raising	46,366
Miscellaneous	5,083
Interest income	1,059
Total Support	<u>307,913</u>

EXPENSES

Program services	255,363
General and administrative	49,603
Fund raising expense	38,934
Total Expenses	<u>343,900</u>

Change in Permanently Restricted Net Assets	0
Changes in Temporarily Restricted Net Assets	0
Changes in Unrestricted Net Assets	(35,987)
Net Assets, Beginning of Year	<u>708,193</u>
Net Asset, End of Year	<u><u>\$ 672,206</u></u>

See accompanying notes and independent auditors' report.

Gospel Rescue Mission
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2015

	<u>Program</u>	<u>Admin.</u>	<u>Total</u>
Auditing/accounting fees	\$0	\$5,603	\$5,603
Consulting fees	0	8,170	8,170
Convention/travel	0	3,049	3,049
Donations/memorial expense	0	569	569
Dues, membership fees, licenses	0	2,449	2,449
Fuel expense	1,601	0	1,601
Insurance	12,050	1,339	13,389
Maintenance & repairs	9,312	1,035	10,347
Miscellaneous expense	0	1,386	1,386
Office expenses/postage & frieght	0	9,804	9,804
Security expense	2,960	0	2,960
Supplies	0	6,397	6,397
Telephone	0	4,926	4,926
Utilities expense	19,040	2,115	21,155
Website fees	0	1,710	1,710
Salaries - Director	87,544	0	87,544
Salaries and wages	62,680	0	62,680
Employee benefits	3,863	0	3,863
Employee/Volunteer appreciation	4,847	0	4,847
Medical/dental assistance	760	0	760
Transportation assistance	3,955	0	3,955
Utilities assistance	7,791	0	7,791
Rent assistance	3,805	0	3,805
Other assistance	149	0	149
Drug testing	270	0	270
Food/kitchen expense	19,604	0	19,604
Literature & books	104	0	104
Software expense	5,564	0	5,564
Depreciation	9,464	1,052	10,516
	<u>\$255,363</u>	<u>\$49,603</u>	<u>\$304,967</u>

See accompanying notes and independent auditors' report.

Gospel Rescue Mission
STATEMENT OF CASH FLOW
For the Year Ending December 31, 2015

Cash Flows From Operating Activities:

Increase (Decrease) in Net Assets	\$ (35,987)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	10,516
Decrease/(Increase) in:	
Accounts receivable	0
Prepaid expense	(398)
Increase/(Decrease) in:	
Accounts payable	(1,255)
Accrued expenses	(3,234)
Net Cash Provided by Operating Activities	<u>(30,358)</u>

Cash Flows From Investing Activities:

Fixed asset additions	(18,082)
Sale of fixed assets	<u>0</u>
Net Cash Used by Investing Activities	<u>(18,082)</u>

Cash Flows From Financing Activities:

Proceeds from borrowings	0
Payments on borrowings	<u>0</u>
Net Cash Used by Financing Activities	<u>0</u>

Net Increase/(Decrease) in Cash and Cash Equivalents (48,440)

Cash Balance, December 31, 2014 373,208

Cash Balance, December 31, 2015 \$ 324,768

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest expense \$ 0

See accompanying notes and independent auditors' report.

Gospel Rescue Mission, Inc.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

Gospel Rescue Mission, Inc. is incorporated under the laws of the state of Oklahoma. The Mission is organized and operated for charitable purposes in connection with providing food and shelter for indigent and needy persons and families.

Basis of Accounting

The accompanying financial statements of Gospel Rescue Mission, Inc. have been prepared on an accrual basis of accounting. Contributions and other Revenues are recorded as received.

Cash

For the purpose of reporting cash flows, Gospel Rescue Mission, Inc. considers all highly liquid instruments with an original maturity of three months or less to be cash.

Fixed Assets

Property and equipment, (Fixed Assets), are capitalized at their historical cost and depreciated over their useful lives using the straight line method. Expenditures for maintenance and repairs are charged to expenses as incurred.

When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts.

Income Taxes

Gospel Rescue Mission, Inc. is a non-profit organization generally exempt from income taxes under Internal Revenue Code Section 501(c)(3).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Expense Allocation

All directly identifiable expenses are charged to program services. Expenses not identifiable to program services are allocated to general and administrative expenses, which have been allocated between personnel expenses and other expenses.

Gospel Rescue Mission, Inc.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donations.

Advertising

The Mission did several fund raising campaigns during 2015 to raise extra funds for assistance to needy families. The cost of the advertising was expensed in the current year. The total the Mission spent on advertising during the year was \$2,202 and fundraising was \$36,732.

Subsequent Events

The management of Gospel Rescue Mission has evaluated subsequent events through the date of these financial statements and no events have occurred that will effect these financial statements.

2. CASH

At December 31, 2015, the cash balance was \$324,768, which is partially insured by the Federal Deposit Insurance Corporation. Gospel Rescue Mission, Inc had uninsured funds of \$75,009 at December 31, 2015.

3. FIXED ASSETS

The following is a summary of the property, plant and equipment accounts at December 31, 2015:

	Balance 12/31/14	Additions	Accumulated Depreciation	Balance 12/31/15
Building, Land, Improvements	\$353,364	\$18,082	(\$34,934)	\$336,512
Furniture & Fixtures	51,151	0	(42,205)	8,946
Vehicles	13,500	0	(13,500)	0
Totals	<u>\$418,015</u>	<u>\$18,082</u>	<u>(\$90,639)</u>	<u>\$345,458</u>

Current year depreciation was \$10,516.

4. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Gospel Rescue Mission, Inc.

5. FUNDRAISING

The following is a summary of the fundraising campaigns for the Mission in 2015

	Funds Received	Cost of Campaigns	Costs/ Donations
2015 Campaigns	46,366	38,934	83.97%