

***GOSPEL RESCUE MISSION, INC.***



**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT**

**December 31, 2016**



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

P.O. Box 1495 \* Muskogee, Ok 74402  
(918) 687-0189 FAX (918) 687-3594  
[cccpa@yahoo.com](mailto:cccpa@yahoo.com)



Gospel Rescue Mission  
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December 31, 2016

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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, 2016, 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.

## **Opinion**

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, 2016 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 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.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.  
August 18, 2017

Gospel Rescue Mission  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2016

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 152,387
Restricted cash	673,791
Other current assets	3,577
<b>Total Current Assets</b>	<b>829,755</b>

**Fixed Assets:**

Land and building	399,446
Furniture/fixtures/equipment	53,717
Vehicles	13,500
<b>Total Property and Equipment</b>	<b>466,663</b>
Loan application costs	35,000
<b>Total Property/Equipment/Intangible</b>	<b>501,663</b>
Less: Accumulated Depreciation/Amortization	(107,546)
<b>Total Fixed Assets</b>	<b>394,117</b>
 <b>Total Assets</b>	 <b>\$ 1,223,872</b>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$ 0
Accrued payroll liabilities	4,373
<b>Total Current Liabilities</b>	<b>4,373</b>

**Long Term Liabilities:**

Notes Payable	0
<b>Total Liabilities</b>	<b>4,373</b>

**Net Assets:**

Permanently restricted	0
Temporarily restricted	673,791
Unrestricted	545,708
	<b>1,219,499</b>

Net Assets	<b>1,219,499</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$ 1,223,872</b>
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See accompanying notes and independent auditors' report.

Gospel Rescue Mission  
**STATEMENT OF ACTIVITIES**  
December 31, 2016

**SUPPORT AND REVENUE**

**Revenue:**

Donations	\$ 327,436
Special events/fund raising	541,178
Miscellaneous	54,627
Interest income	841
<b>Total Support</b>	<u>924,082</u>

**EXPENSES**

Program services	287,232
General and administrative	57,416
Fund raising expense	18,443
Depreciation expense	13,698
<b>Total Expenses</b>	<u>376,789</u>

<b>Change in Permanently Restricted Net Assets</b>	0
<b>Changes in Temporarily Restricted Net Assets</b>	493,178
<b>Changes in Unrestricted Net Assets</b>	54,115
<b>Net Assets, Beginning of Year</b>	<u>672,206</u>
<b>Net Asset, End of Year</b>	<u><u>\$ 1,219,499</u></u>

See accompanying notes and independent auditors' report.

Gospel Rescue Mission  
**STATEMENT OF CASH FLOW**  
December 31, 2016

**Cash Flows From Operating Activities:**

Increase (Decrease) in Net Assets	\$ 547,293
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	13,698
Decrease/(Increase) in:	
Accounts receivable	0
Prepaid expense	1,435
Increase/(Decrease) in:	
Accounts payable	(3,031)
Accrued expenses	4,372
Net Cash Provided by Operating Activities	<u>563,767</u>

**Cash Flows From Investing Activities:**

Fixed asset additions	(62,357)
Sale of fixed assets	<u>0</u>
Net Cash Used by Investing Activities	<u>(62,357)</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** 501,410

**Cash Balance, December 31, 2015** 324,768

**Cash Balance, December 31, 2016** \$ 826,178

**Supplemental Disclosure of Cash Flow Information:**

Cash paid for interest expense \$ 0

See accompanying notes and independent auditors' report.



Gospel Rescue Mission  
**STATEMENT OF FUNCTIONAL EXPENSES**  
December 31, 2016

	<u>Fundraising</u>	<u>Program</u>	<u>Admin.</u>	<u>Total</u>
Fund raising expenses	\$ 18,443	\$ 0	\$ 0	\$ 18,443
Assistance expenses	0	15,905	0	15,905
Building fund	0	0	130	130
Other program expenses	0	2,698	0	2,698
Staff benefits	0	3,675	648	4,323
Staff training	0	1,811	320	2,131
Food services	0	21,567	0	21,567
Vehicle expense	0	1,714	302	2,016
Insurance	0	13,996	2,470	16,466
Administrative/other	0	0	15,831	15,831
Maintenance and repairs	0	13,258	698	13,956
Staff salaries	0	186,878	32,978	219,856
Telephone	0	7,687	854	8,541
Utilities	0	18,044	3,184	21,228
	<u>\$ 18,443</u>	<u>\$ 287,232</u>	<u>\$ 57,416</u>	<u>\$ 363,091</u>

See accompanying notes and independent auditors' report.

Gospel Rescue Mission, Inc.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ending December 31, 2016

### **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 2014, 2015 and 2016 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.

**2. CASH**

At December 31, 2016, the cash balance was \$826,178, which is partially insured by the Federal Deposit Insurance Corporation. Gospel Rescue Mission, Inc had uninsured funds of \$575,928.

**3. FIXED ASSETS**

The following is a summary of the property, plant and equipment accounts at December 31, 2016:

	Balance 12/31/15	Additions	Accumulated Depreciation	Balance 12/31/16
Building, Land, Improvements	\$373,946	\$25,500	(\$46,921)	\$352,525
Furniture, Fixtures & Equipment	51,151	2,566	(46,542)	7,175
Vehicles	13,500	0	(13,500)	0
Loan Application Costs	0	35,000	(583)	34,417
Totals	\$438,597	\$63,066	(\$107,546)	\$394,117

Current year depreciation and amortization was \$13,698.

**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.

**5. FUNDRAISING**

The following is a summary of the fundraising campaigns for the Mission in 2016

2016 Campaigns	Funds Received	Cost of Campaigns	Costs/ Donations
Home Town Run	\$ 11,140	\$ 4,122	37.00%
No Joke	6,911	2,201	31.85%
	\$ 18,051	\$ 6,323	

Building Fund Campaign	Donations Received	Funds Paid Out	Donations/ Funds Paid
	\$ 704,053	\$ 60,500	8.59%

## **6. SUSEQUENT EVENTS**

After the fiscal year end the Mission was awarded a grant from the City of Muskogee Foundation in the amount of \$450,000 payable over a three year period starting in 2017. The Mission was also approved for an Affordable Housing Program loan in the amount of \$500,000 from the Federal Home Loan Bank. These funds will not be paid back as long as the Mission continues to provide people at or below 80% of the area median income level for the next 15 years.

The funds from donations, grant and AHP will be used to renovate the Callahan property that was donated to the Mission in 2014. The property is approximately 13,000 square feet of useable space on 4 acres. The plan is to have housing for 50 men, 20 women and have 5 family units. There is also room for a kitchen, dining hall, food pantry, intake office, handicap apartment, restrooms, separate lounge areas and administrative offices in the main building. There is a free standing building that will be used for a chapel that will hold 200 people. The renovations and relocation to the Callahan property is estimated to cost \$1,500,000.

The renovation contract was awarded to Williams Contracting, Inc. in the amount of \$1,479,000 in February 2017. The Mission has received a total of \$1,699,053 in funding and donation to date and spent \$108,802.

***SUPPLEMENTAL INFORMATION***

Gospel Rescue Mission  
**Budget to Actual Comparison**  
For the Year Ending December 31, 2016

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Revenue</b>				
Contributions/Donations	\$440,000	\$440,000	\$327,436	\$112,564
Fundraising/Direct Mail	10,000	10,000	541,178	(531,178)
Investment Income	0	0	841	(841)
Misc. Income	0	0	54,627	(54,627)
<b>Total Revenue</b>	<b>450,000</b>	<b>450,000</b>	<b>924,082</b>	<b>(474,082)</b>
<b>Expenses</b>				
Food Services	20,000	20,000	21,567	(1,567)
Administration	11,700	11,700	15,831	(4,131)
Office Supplies	10,000	10,000	0	10,000
Building Maintenance	15,000	15,000	14,086	914
Vehicle Maintenance	2,000	2,000	2,016	(16)
Programming	5,000	5,000	2,698	2,302
Staff Salaries	202,750	202,750	219,856	(17,106)
Staff Benefits	21,600	21,600	4,323	17,277
Staff Traingin/Developmnt	3,000	3,000	2,131	869
Insurance	12,000	12,000	16,466	(4,466)
Fund Raising	49,695	49,695	18,443	31,252
Telephone/Internet	10,000	10,000	8,541	1,459
Utilities	24,000	24,000	21,228	2,772
Assistance	30,000	30,000	15,905	14,095
<b>Total Expenses</b>	<b>416,745</b>	<b>416,745</b>	<b>363,091</b>	<b>53,654</b>
<b>Income/(Loss)</b>	<b>\$33,255</b>	<b>\$33,255</b>	<b>560,991</b>	<b>(\$527,736)</b>
Less: Depreciation/Amortization			<u>13,698</u>	
<b>Income per Statement of Activities</b>			<u><u>\$547,293</u></u>	

See accompanying notes and independent auditors' report.