

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



**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT**

**FOR THE NINE MONTHS ENDING  
September 30, 2017**



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

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Gospel Rescue Mission  
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September 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Gospel Rescue Mission, Inc.

We have audited the accompanying financial statements of Gospel Rescue Mission, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, 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 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 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 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 statements.

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 Gospel Rescue Mission, Inc., as of September 30, 2017, 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 black ink that reads "Clothier & Company CPA's". The signature is written in a cursive, flowing style.

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

June 25, 2018

Gospel Rescue Mission  
**STATEMENT OF FINANCIAL POSITION**  
September 30, 2017

**ASSETS**

<b>Current Assets:</b>	
Cash and cash equivalents	\$ 42,532
Restricted cash	588,883
Grant Receivable	217,285
Other current assets	2,140
Total Current Assets	850,840
<b>Fixed Assets:</b>	
Land and building	813,640
Furniture/fixtures/equipment	54,717
Vehicles	13,500
Total Property and Equipment	881,857
Loan application costs	35,000
Total Property/Equipment/Intangible	916,857
Less: Accumulated Depreciation/Amortization	(123,520)
Total Fixed Assets	793,337
Total Assets	\$ 1,644,177

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>	
Accounts payable	\$ 179,632
Accrued payroll liabilities	4,861
Total Current Liabilities	184,493
<b>Long Term Liabilities:</b>	
Notes Payable	0
Total Liabilities	184,493
<b>Net Assets:</b>	
Permanently restricted	0
Temporarily restricted	761,785
Unrestricted	697,899
Net Assets	1,459,684
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,644,177</b>

See accompanying notes and independent auditor's report.

Gospel Rescue Mission  
**STATEMENT OF ACTIVITIES**  
September 30, 2017

**SUPPORT AND REVENUE**

**Revenue:**

Donations	\$ 153,744
Special events/fundraising	372,285
Miscellaneous	39,217
Interest income	75
<b>Total Support</b>	<u>565,321</u>

**EXPENSES**

Program services	235,442
General and administrative	47,453
Fundraising expense	26,267
Depreciation expense	15,974
<b>Total Expenses</b>	<u>325,136</u>

<b>Change in Permanently Restricted Net Assets</b>	0
<b>Changes in Temporarily Restricted Net Assets</b>	87,994
<b>Changes in Unrestricted Net Assets</b>	152,191
<b>Net Assets, Beginning of Year</b>	<u>1,219,499</u>
<b>Net Asset, End of Year</b>	<u><u>\$ 1,459,684</u></u>

See accompanying notes and independent auditor's report.

Gospel Rescue Mission  
**STATEMENT OF CASH FLOWS**  
September 30, 2017

<b>Cash Flows From Operating Activities:</b>	
Increase (Decrease) in Net Assets	\$ 240,185
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	15,974
Decrease/(Increase) in:	
Accounts receivable	(217,295)
Prepaid expense	1,447
Increase/(Decrease) in:	
Accounts payable	179,632
Accrued expenses	488
Net Cash Provided by Operating Activities	<u>220,431</u>
 <b>Cash Flows From Investing Activities:</b>	
Fixed asset additions	(415,194)
Sale of fixed assets	<u>0</u>
Net Cash Used by Investing Activities	<u>(415,194)</u>
 <b>Cash Flows From Financing Activities:</b>	
Proceeds from borrowings	0
Payments on borrowings	<u>0</u>
Net Cash Used by Financing Activities	<u>0</u>
 <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	 (194,763)
 <b>Cash Balance, December 31, 2016</b>	 <u>826,178</u>
 <b>Cash Balance, September 30, 2017</b>	 <u><u>\$ 631,415</u></u>
 <b>Supplemental Disclosure of Cash Flow Information:</b>	
Cash paid for interest expense	<u><u>\$ 0</u></u>

See accompanying notes and independent auditor's report.



Gospel Rescue Mission  
**STATEMENT OF FUNCTIONAL EXPENSES**  
September 30, 2017

	<u>Fundraising</u>	<u>Program</u>	<u>Admin.</u>	<u>Total</u>
Fundraising expenses	\$ 26,267	\$ 0	\$ 0	\$ 26,267
Assistance expenses	0	10,144	0	10,144
Building fund	0	0	0	0
Other program expenses	0	7,009	0	7,009
Staff benefits	0	2,009	355	2,364
Staff training	0	1,641	290	1,931
Food services	0	15,988	0	15,988
Vehicle expense	0	2,844	502	3,346
Insurance	0	10,539	1,860	12,399
Administrative/other	0	0	14,223	14,223
Maintenance and repairs	0	16,524	870	17,394
Staff salaries	0	145,788	25,727	171,515
Telephone	0	6,482	720	7,202
Utilities	0	16,473	2,907	19,380
	<u>\$ 26,267</u>	<u>\$ 235,442</u>	<u>\$ 47,453</u>	<u>\$ 309,162</u>

See accompanying notes and independent auditor's report.

Gospel Rescue Mission, Inc.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ending September 30, 2017

### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

Gospel Rescue Mission, Inc. (the “Mission”) 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 the Mission 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, the Mission considers all highly liquid instruments with an original maturity of three months or less to be cash.

#### Fixed Assets

Property and equipment 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

The Mission 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 2015, 2016, and 2017 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 Mission generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Mission.

#### 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.

### **NOTE 2 – CASH**

At September 30, 2017, the cash balance was \$631,415, which included deposits of \$250, and is partially insured by the Federal Deposit Insurance Corporation. The Mission had uninsured funds of \$381,165.

### **NOTE 3 – GRANT RECEIVABLE**

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 with the first payment being received in August 2017. The grant receivable of \$217,285 is the amount expended on the Callahan property but not yet received during the grant term starting July 1, 2017 thru September 30, 2017.

### **NOTE 4 – FIXED ASSETS**

The following is a summary of the property, plant, and equipment accounts at September 30, 2017:

	Balance 12/31/16	Additions	Accumulated Depreciation	Balance 9/30/17
Building, Land, & Improvements	\$399,447	\$414,194	(\$56,195)	\$757,446
Furniture, Fixtures, & Equipment	53,716	1,000	(50,909)	3,807
Vehicles	13,500	0	(13,500)	0
Loan Application Costs	35,000	0	(2,916)	32,084
Totals	<u>\$501,663</u>	<u>\$415,194</u>	<u>(\$123,520)</u>	<u>\$793,337</u>

Current year depreciation and amortization was \$15,974.

### **NOTE 5 – 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.

## NOTE 6 – FUNDRAISING

The following is a summary of the fundraising campaigns for the Mission in 2017:

2017 Campaigns	Funds Received	Cost of Campaigns	Costs/ Donations
Easter 2017	\$ 8,477	\$ 2,344	27.66%
Summer 2017	15,861	2,576	16.24%
2017 September Newsletter	1,996	2,511	125.79%
	<u>\$ 26,334</u>	<u>\$ 7,432</u>	
	Donations Received	Funds Paid Out	Donations/ Funds Paid
Building Fund Campaign	<u>\$ 325,549</u>	<u>\$ 414,194</u>	157.19%

## NOTE 7 – FISCAL YEAR

The Board approved to change its fiscal year end from December 31 to September 30. This change is effective for the period ending September 30, 2017. The attached financials represent the nine month period ending September 30, 2017.

## NOTE 8 – SUBSEQUENT EVENTS

The Mission was approved for an Affordable Housing Program (AHP) loan in the amount of \$500,000 from the Federal Home Loan Bank that will be received in 2018. These funds will not be required to be repaid as long as the Mission continues to provide for people at or below 80% of the area median income level for the next 15 years.

The funds from donations, grants, and AHP are being 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 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 \$1,704,053 in funding and donations to date and has spent \$522,996.

***SUPPLEMENTAL INFORMATION***

Gospel Rescue Mission  
**Budget to Actual Comparison**  
For the Year Ending September 30, 2017

	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Revenue</b>				
Contributions/Donations	\$440,000	\$440,000	\$153,744	\$286,256
Fundraising/Direct Mail	10,000	10,000	372,285	(362,285)
Investment Income	0	0	75	(75)
Misc. Income	0	0	39,217	(39,217)
<b>Total Revenue</b>	<b>450,000</b>	<b>450,000</b>	<b>565,321</b>	<b>(115,321)</b>
<b>Expenses</b>				
Food Services	20,000	20,000	15,988	4,012
Administration	11,000	11,000	14,223	(3,223)
Office Supplies	9,000	9,000	0	9,000
Building Maintenance	20,000	20,000	17,393	2,607
Vehicle Maintenance	5,500	5,500	3,346	2,154
Programming	20,500	20,500	7,009	13,491
Staff Salaries	254,600	254,600	171,515	83,085
Staff Benefits	15,000	15,000	2,364	12,636
Staff Training/Developmnt	13,500	13,500	1,931	11,569
Insurance	14,000	14,000	12,399	1,601
Fundraising	46,000	46,000	26,267	19,733
Telephone/Internet	7,000	7,000	7,202	(202)
Utilities	30,000	30,000	19,380	10,620
Assistance	0	0	10,144	(10,144)
<b>Total Expenses</b>	<b>466,100</b>	<b>466,100</b>	<b>309,161</b>	<b>156,939</b>
<b>Income/(Loss)</b>	<b>(\$16,100)</b>	<b>(\$16,100)</b>	<b>256,160</b>	<b>(\$272,260)</b>
Less: Depreciation/Amortization			<u>15,974</u>	
<b>Income per Statement of Activities</b>			<u><u>\$240,185</u></u>	

See accompanying notes and independent auditor's report.