

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021



Independent Auditors' Report

To the Board of Directors
City Rescue Mission, Inc.

Opinion

We have audited the accompanying financial statements of City Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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 December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Rescue Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City Rescue Mission, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City Rescue Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Rescue Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CPAOKC, PLLC

Oklahoma City, Oklahoma

June 30, 2023

CITY RESCUE MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2022	2021
ASSETS		
Cash and cash equivalents (Note A)	\$ 1,153,330	\$ 1,451,425
Cash reserve for replacement - board restricted (Note B)	400,000	400,000
Investment - Treasury Bills	986,516	-
Grant receivables	88,131	54,670
Inventory	88,250	87,001
Prepaid expenses	127,421	155,810
Property, plant, and equipment, net (Note C)	7,252,036	7,557,414
Right to use assets - operating leases	92,015	-
	\$ 10,187,699	\$ 9,706,320
LIABILITIES		
Accounts payable	\$ 289,628	\$ 140,897
Accrued expenses	1,140	2,541
Right to use liabilities - operating leases	92,015	-
	382,783	143,438
NET ASSETS		
Without donor restrictions:		
Undesignated	8,826,151	8,866,491
Board designated (Note B)	400,000	400,000
	9,226,151	9,266,491
With donor restrictions (Note B)	578,765	296,391
	9,804,916	9,562,882
	\$ 10,187,699	\$ 9,706,320

The accompanying notes are an integral part of these financial statements.

CITY RESCUE MISSION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31

	2022		2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE (Note A)					
Contributions	\$ 5,011,780	\$ 343,409	\$ 5,355,189	\$ 81,814	\$ 5,278,022
Grant Revenue (Note D)	112,550	792,670	905,220	496,312	675,937
In-kind contributions	1,211,086	-	1,211,086	-	1,888,328
Café sales revenue	30,216	-	30,216	-	-
Miscellaneous income	9,985	-	9,985	-	9,662
Interest income	11,252	-	11,252	-	1,122
Gain on sale of assets	10,592	-	10,592	-	14,023
Net assets released from restrictions:					
Satisfaction of program restrictions	853,705	(853,705)	-	(1,852,346)	-
Total net assets released from restrictions	853,705	(853,705)	-	(1,852,346)	-
Total support and revenue	7,251,166	282,374	7,533,540	(1,274,220)	7,867,094
EXPENSES (Note E)					
Program services	4,695,283	-	4,695,283	-	4,974,813
General and administrative	434,624	-	434,624	-	422,743
Fundraising	1,444,251	-	1,444,251	-	1,310,446
Community education and volunteer recruitment	176,681	-	176,681	-	208,486
Depreciation and amortization expense	540,667	-	540,667	-	564,795
Total expenses	7,291,506	-	7,291,506	-	7,481,283
CHANGE IN NET ASSETS	(40,340)	282,374	242,034	(1,274,220)	385,811
NET ASSETS AT BEGINNING OF YEAR	9,266,491	296,391	9,562,882	1,570,611	9,177,071
NET ASSETS AT END OF YEAR	\$ 9,226,151	\$ 578,765	\$ 9,804,916	\$ 296,391	\$ 9,562,882

The accompanying notes are an integral part of these financial statements.

CITY RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 242,034	\$ 385,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	540,667	564,795
Gain on sale of assets	(10,592)	(14,023)
(Increase) decrease in:		
Receivables	(33,461)	(28,862)
Inventory	(1,249)	25,127
Prepaid expenses	28,389	(5,832)
Increase (decrease) in:		
Accounts payable and accrued expenses	147,330	(125,069)
Net cash provided by operating activities	913,118	801,947
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase U.S. Treasury Bills	(986,516)	-
Proceeds from sale of property	10,800	48,474
Net acquisition of property and equipment	(235,497)	(1,694,818)
Net cash used in investing activities	(1,211,213)	(1,646,344)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by financing activities	-	-
Net increase (decrease) in cash	(298,095)	(844,397)
Cash and cash equivalents at beginning of year	1,851,425	2,695,822
Cash and cash equivalents at end of year	\$ 1,553,330	\$ 1,851,425
Interest paid in cash	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Description of the Organization

The City Rescue Mission, Inc. was incorporated in 1961 as a not-for-profit organization to serve those experiencing homelessness in the Oklahoma City metro area. City Rescue Mission offers a clean, safe, temporary place to stay and successful programs and services to help people transform their lives and end their homelessness.

Note A - Summary of Significant Accounting Policies

The Organization relies on charitable contributions from individuals, corporations, foundations and other not-for-profit entities to fund the services provided to the homeless population of Oklahoma City. Contributions are recognized as revenue when cash or non-cash gifts are received that do not require the Organization to transfer goods or services to the donor.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Inventory is stated at the estimated fair market value as of the date of donation or purchase. All expenditures for land, building, and equipment in excess of \$1,000 are capitalized; the fair value of donated fixed assets is similarly capitalized. Maintenance and repairs are expensed. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-one years.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note A - Summary of Significant Accounting Policies, continued

The estimated fair market value of in-kind contributions are reported as support and expensed in the period in which the donations are received.

For the purpose of the statement of cash flows, the organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents may include certificates of deposit and commercial paper. The Organization has funds on deposit at a local bank in insured sweep accounts covered by FDIC insurance up to \$250,000. Uninsured funds on deposit total approximately \$1,303,000 and \$540,000 as of December 31, 2022 and 2021, respectively. The organization has treasury bills in the amount of \$986,516 at December 31, 2022 which are backed by the full faith and credit of the United States Government.

The Organization is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, as such pays no income taxes, but is required to file a Federal form 990 with the Internal Revenue Service and Oklahoma State form 512E. The Organization has evaluated its status as a 501(c) (3) entity and does not believe this represents an uncertain tax position but believes this position would be upheld upon examination. The Organization is not aware of any additional tax positions that would not be upheld upon examination by tax authorities. Tax years 2019-2022 remain open to examination.

The Organization has adopted FASB ASU 2016-02, Leases (Topic842) and has recorded right-of-use (ROU) assets and lease liabilities for leases with terms greater than twelve months. Leases are classified as either finance or operating, with classification affecting the recognition of expense in the statement of operations. Leases with a term of 12 months or less will not record a ROU asset and lease liability and the lease payments will be recognized in operations on a straight-line basis over the lease term. The Company has no finance leases.

Note B - Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2022 include funds designated for the following:

Dental services	\$ 60,155
Housing	121,226
Parking lot	346,477
Van	25,000
Culinary Vocational Program at Rise Café	<u>25,907</u>
	<u>\$ 578,765</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note B - Temporarily Restricted Net Assets, continued

Temporarily restricted net assets as of December 31, 2021 include funds designated for the following:

Dental services	\$ 131,160
Housing	324
Rise Café	13,282
Parking lot	26,625
Culinary Vocational Program at Rise Café	<u>125,000</u>
	<u>\$ 296,391</u>

The Organization's board of directors made a voluntary resolution to establish a reserve for replacement in the amount of \$400,000 in 2022 and 2021, respectively, to pay for major repairs and maintenance. This reserve is not included in the above temporarily restricted net assets because the asset is not donor restricted.

Note C - Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. The basis of such assets as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures & equipment	\$1,511,851	\$1,438,532
Vehicles	83,490	83,490
Land and improvements	758,305	736,889
Buildings and improvements	<u>13,441,819</u>	<u>13,306,206</u>
Total	15,795,465	15,565,117
Less accumulated depreciation	<u>8,543,429</u>	<u>8,007,703</u>
Net property, plant, and equipment	<u>\$7,252,036</u>	<u>\$7,557,414</u>

Note D – Grant Revenue

The Organization received grants from Delta Dental in the amount of \$0 and \$40,000 for the years ended December 31, 2022 and 2021, respectively, to provide dental services to its clients.

During the years ended 2022 and 2021, the Organization received \$0 and \$125,000 in grants, respectively from various foundations for the commencement of a culinary/vocational program that will provide hands-on job skills training and job placement services to its clients.

The Organization received \$539,261 and \$331,312 in ESG-CV Cares Act Funding from the City of Oklahoma City during 2022 and 2021, respectively. The intention of ESG-CV funds is to serve people experiencing homelessness and/or at risk of homelessness impacted by COVID-19 through street outreach, emergency shelter, rapid re-housing, and homelessness prevention.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note D – Grant Revenue, continued

The Organization also received a grant \$8,500 during 2022 from the City of Oklahoma City to assist with a city initiative to identify, case manage, and secure housing for street homeless in an effort to shut down homeless camps.

The Organization received a grant of \$19,909 during 2022 from the City of Oklahoma City to assist with temporarily expanding capacity when certain weather conditions posed a risk to street homeless seeking shelter during cold weather events.

The Organization received \$112,550 and \$179,625 in grants from various foundations for general operations during the years ended December 31, 2022 and 2021, respectively. Grants received for restricted purposes during the year ended December 31, 2022 totaled \$225,000; \$60,000 is for building a new parking lot, \$140,000 for private housing purposes and \$25,000 was donated to purchase a van.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

Note E - Expenses

Expenses incurred for the year ended December 31, 2022:

PROGRAMS:	TOTAL EXPENSES	Compensation		Occupancy		Food & Clothing		Services		Transportation		Staff Development		Other
		Salaries, Taxes and Benefits		Utilities, Rent, Insurance, Security		Health & Welfare Supplies		Telephones, Computer, Insurance, Advertising Consulting, Printing, Fees		Fuel and vehicle maintenance		Training		
Emergency Services	\$ 613,539	\$ 292,818	\$ 77,037	\$ 215,187	\$ 18,333	\$ 3,874	\$ 6,290	\$ -						
Program Services	3,476,721	1,659,303	436,543	1,219,392	103,886	21,951	35,646	-						
Social Services	605,023	236,631	19,681	21,960	306,354	20,397	-	-						
	4,695,283	2,188,752	533,261	1,456,539	428,573	46,222	41,936	-						
Administrative	434,624	250,119	10,421	6,599	154,661	19	12,805	-						
Fundraising	1,444,251	302,937	7,954	10,734	1,111,775	467	10,384	-						
Community Education	176,681	-	-	-	176,681	-	-	-						
Depreciation	540,667	-	-	-	-	-	-	540,667						
	2,596,223	553,056	18,375	17,333	1,443,117	486	23,189	540,667						
	\$ 7,291,506	\$ 2,741,808	\$ 551,636	\$ 1,473,872	\$ 1,871,690	\$ 46,708	\$ 65,125	\$ 540,667						

Expenses incurred for the year ended December 31, 2021:

PROGRAMS:	TOTAL EXPENSES	Compensation		Occupancy		Food & Clothing		Services		Transportation		Staff Development		Other
		Salaries, Taxes and Benefits		Utilities, Rent, Insurance, Security		Health & Welfare Supplies		Telephones, Computer, Insurance, Advertising Consulting, Printing, Fees		Fuel and vehicle maintenance		Training		
Emergency Services	\$ 689,514	\$ 258,026	\$ 63,274	\$ 316,628	\$ 38,657	\$ 6,718	\$ 6,211	\$ -						
Program Services	3,907,246	1,462,150	358,553	1,794,223	219,056	38,066	35,198	-						
Social Services	378,053	107,342	35,251	530	220,391	14,539	-	-						
	4,974,813	1,827,518	457,078	2,111,381	478,104	59,323	41,409	-						
Administrative	422,743	236,408	8,145	8,027	167,963	91	2,109	-						
Fundraising	1,310,446	291,852	5,370	11,541	991,770	177	9,736	-						
Community Education	208,486	-	-	-	208,486	-	-	-						
Depreciation	564,795	-	-	-	-	-	-	564,795						
	2,506,470	528,260	13,515	19,568	1,368,219	268	11,845	564,795						
	\$ 7,481,283	\$ 2,355,778	\$ 470,593	\$ 2,130,949	\$ 1,846,323	\$ 59,591	\$ 53,254	\$ 564,795						

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note F – Right to Use Assets – Operating Office Equipment Leases

The Organization determines if an arrangement is a lease at inception or modification of a contract and classifies each lease as either an operating or finance lease based on the terms of the contract. Lease classification is reassessed subsequent to commencement upon a change to the expected lease term or a modification to the contract. A contract contains a lease if the contract conveys the right to control the use of the identified property or equipment, explicitly or implicitly, for a period of time in exchange for consideration. Control of an underlying asset is conveyed if the company obtains the rights to direct the use of and obtain substantially all of the economic benefit from the use of the underlying asset.

An operating lease asset represents the Organization's right to use the underlying asset as a lessee for the lease term and an operating lease liability represents the Organization's obligation to make lease payments arising from the lease. The Organization's leases generally do not provide an implicit rate, therefore the federal treasury rate is used based on the lease term and other information available at the commencement date in determining the present value of lease payments. Lease expense is recognized on a straight-line basis over the applicable lease term.

The Organization leases office equipment for \$1,909 per month. Total rent expense for the year ended December 31, 2022 totaled \$15,855. The operating leases end in March and April 2027. The present value of the remaining lease payments for right to use assets and liabilities is \$92,015 as of December 31, 2022. The weighted-average remaining lease term is 4.3 years and the weighted-average discount rate use is 2.66%. At December 31, 2022, future minimum lease payments due under ASC 842 are summarized below by year:

2023	\$22,913
2024	22,913
2025	22,913
2026	22,913
2027	<u>7,493</u>
Total future lease payments	99,145
Less effect of discounting	<u>(7,130)</u>
Present value of leases liabilities	<u>\$92,015</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note G – Commitments and Contingencies

The Organization entered into a contract with Federal Home Loan Bank of San Francisco (“FHLB”) for matching funds to renovate and expand the Organization’s homeless housing capabilities. The contract provided for a \$1.5 million grant in return for providing housing for the homeless population of Oklahoma City for a period of fifteen years. Certain capital improvement expenditure milestones occurred to receive the grant in two payments of \$750,000 each. At June 30, 2012, the Organization had met the expenditure requirement to receive all of the \$1.5 million. If the terms and conditions of the contract are not met by the Organization, the \$1.5 million grant must be repaid to the FHLB of San Francisco.

The Organization entered into a contract on May 21, 2013 with Federal Home Loan Bank of Topeka for a \$400,000 subsidy to rehabilitate property purchased to house homeless men under the Affordable Housing Program (“AHP”). The property must remain occupied for fifteen years from the date of completion of the project and be affordable for households with incomes at or below the levels committed to be served in the AHP application. If the terms and conditions of the contract are not met by the Organization the \$400,000 subsidy must be repaid to the FHLB of Topeka.

As the Organization has been continuously providing shelter for the homeless since 1961 it is unlikely the Organization will not meet the above contracts’ terms and conditions.

Note H – Risks and Uncertainties

The Organization is subject to threatened litigation in the normal course of operations. All liability incidents involving the Organization are handled by their insurance carrier. There are no pending or threatened lawsuits.

Note I - Statistical Information (unaudited)

The following service statistics are available for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Number of meals served	152,203	119,708
Number of nights men lodged	44,681	32,473
Number of nights women lodged	42,728	24,766
Number of nights children lodged	18,842	8,646
Unique homeless individuals receiving shelter services	2,490	1,814
Percentage of people successfully exiting homelessness	92%	90%
Average number of clients served per month	417	157

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note J – Subsequent Events

Management has evaluated subsequent events through June 30, 2023 which represents the date the financial statements are issued.

There are no items which required adjustment in the accompanying financial statements as of December 31, 2022.