

**RESCUE OUTREACH MISSION
OF CENTRAL FLORIDA, INC.**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rescue Outreach Mission of Central Florida, Inc.
Sanford, Florida

We have audited the accompanying statement of financial position of the Rescue Outreach Mission of Central Florida, Inc. (the "Mission"), a nonprofit organization, as of December 31, 2011 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Mission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mission as of December 31, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Greene Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
July 3, 2012

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 144,292
Cash and cash equivalents -restricted	100,044
Grants and accounts receivable	14,066
Other assets	<u>170</u>
Total current assets	<u>258,572</u>

Property and Equipment

Land	128,259
Building and improvements	1,138,755
Vehicle	50,737
Furniture and equipment	<u>87,757</u>
	1,405,508
Less accumulated depreciation	<u>(407,300)</u>
Net property and equipment	<u>998,208</u>
Total assets	<u><u>\$ 1,256,780</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ <u>8,957</u>
Total liabilities	<u>8,957</u>

Net Assets

Unrestricted	1,147,779
Temporarily restricted	<u>100,044</u>
Total net assets	<u>1,247,823</u>
Total liabilities and net assets	<u><u>\$ 1,256,780</u></u>

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

**RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Support and Revenue			
United Way	\$ 140,878	\$ -	\$ 140,878
Public support and other income	201,419	-	201,419
Special events, net of costs of \$28,776	67,961	-	67,961
Grants	149,803	123,700	273,503
Shelter fees	24,024	-	24,024
Other revenue	130	-	130
Net assets released from restrictions	23,656	(23,656)	-
Total support and revenue	<u>607,871</u>	<u>100,044</u>	<u>707,915</u>
Expenses			
Program services:			
Shelter	332,250	-	332,250
Meals	155,707	-	155,707
Pathways	72,095	-	72,095
Total program services	<u>560,052</u>	<u>-</u>	<u>560,052</u>
Support services:			
Management and general	118,914	-	118,914
Fundraising	63,458	-	63,458
Total support services	<u>182,372</u>	<u>-</u>	<u>182,372</u>
Total expenses	<u>742,424</u>	<u>-</u>	<u>742,424</u>
Change in net assets	(134,553)	100,044	(34,509)
Net assets beginning of year	<u>1,282,332</u>	<u>-</u>	<u>1,282,332</u>
Net assets end of year	<u>\$ 1,147,779</u>	<u>\$ 100,044</u>	<u>\$ 1,247,823</u>

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

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services			Support Services				Total
	Shelter	Meals	Pathways	Total Program Services	Management & General	Fund- raising	Total Support Services	
Personnel costs	\$ 171,439	\$ 74,406	\$ 35,344	\$ 281,189	\$ 65,492	\$ 46,450	\$ 111,942	\$ 393,131
Food costs	-	29,196	-	29,196	-	-	-	29,196
Insurance	10,247	4,270	-	14,517	1,708	854	2,562	17,079
Repairs and maintenance	19,792	6,597	1,649	28,038	3,298	1,650	4,948	32,986
Subcontract costs	15,122	-	-	15,122	3,781	4,726	8,507	23,629
Utilities	28,463	12,938	2,587	43,988	7,762	-	7,762	51,750
Depreciation	30,445	10,148	1,015	41,608	8,119	1,014	9,133	50,741
Professional fees	-	-	-	-	11,250	3,750	15,000	15,000
Equipment lease	6,918	4,612	2,306	13,836	6,918	2,306	9,224	23,060
Travel	3,101	1,292	-	4,393	517	259	776	5,169
Other office expense	20,142	10,071	4,028	34,241	4,028	2,014	6,042	40,283
Other program costs	22,228	-	24,296	46,524	5,169	-	5,169	51,693
Telephone	4,353	2,177	870	7,400	872	435	1,307	8,707
Total expenses	<u>\$ 332,250</u>	<u>\$ 155,707</u>	<u>\$ 72,095</u>	<u>\$ 560,052</u>	<u>\$ 118,914</u>	<u>\$ 63,458</u>	<u>\$ 182,372</u>	<u>\$ 742,424</u>

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

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (34,509)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	50,741
Changes in operating assets and liabilities:	
Grants and accounts receivable	7,742
Other assets	1,996
Accounts payable	<u>5,725</u>
Net cash provided by operating activities	<u>31,695</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(7,992)</u>
Net cash used in investing activities	<u>(7,992)</u>
Net Increase in cash and cash equivalents	23,703
Cash at beginning of year	<u>220,633</u>
Cash at end of year	<u><u>\$ 244,336</u></u>

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:

Cash and cash equivalents - unrestricted	144,292
Cash and cash equivalents -restricted	100,044
	<u><u>244,336</u></u>

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

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – NATURE OF ACTIVITIES

Rescue Outreach Mission of Central Florida, Inc. (the “Mission”) is incorporated under the laws of the State of Florida as a not-for-profit organization with facilities in Sanford, Florida; to provide food, temporary shelter, transitional housing and guidance to homeless and needy individuals. The Mission is supported primarily through donor contributions, grants and the United Way.

The Mission’s program “Opportunities and Hope” provides temporary shelter and transitional housing for a fee based upon ability to pay. The Mission provided shelter for 886 people during 2011. The Mission provided a total of 23,536 bed nights. The Mission’s program “Loaves and Fishes” provides 3 meals a day for shelter residents and 2 meals for local citizens. During 2011 approximately 66,810 meals were served. In addition approximately 96 boxes of food were provided to needy recipients.

Pathways to Home, is designed to help families recover from homelessness and attain self-sufficiency and sustainability. The Pathways to Home program guides each family in becoming productive neighbors in the community. In 2011, the Mission helped eleven families move into homes and become self-sufficient. Clients, who successfully enter and complete the program, are provided one full year of extended case management after moving into a Pathways to Home house.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Mission prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Mission is required to report information regarding its financial position & activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Mission has no permanently restricted net assets.

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions and Support

Contributions and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Income Taxes

The Mission is a nonprofit organization recognized as tax exempt by the Internal Revenue Service under Section 501(c)(3).

The Mission adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FASB ASC 740-10). Under this Interpretation, The Mission is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a 501 (c) (3), and the decision not to file a tax return. The Mission has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary.

The Mission files a federal income tax return and is no longer subject to US federal income tax examination by tax authorities for years before 2008.

Cash and Cash Equivalents

Cash equivalents include time deposits, savings accounts, and all highly liquid debt instruments with original maturities of three months or less.

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Equipment and Buildings

Property and equipment additions are recorded at cost, or market value if donated. Gifts of long-lived assets are reported as property and equipment on the Statement of Financial Position and as unrestricted revenue on the Statement of Activities and Changes in Net Assets. The Mission capitalizes property and equipment valued over \$500. Depreciation of equipment is computed using the straight line method. The building is depreciated over 39 years using the straight-line method.

Contributed property and equipment with donor restrictions on how long the assets must be used are recorded as restricted contributions. All other contributions of property and equipment are recorded as unrestricted contributions when the assets are placed in service.

Impairment

The Mission periodically reviews its long-lived assets to be held and used in operations for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets.

Estimates

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Grants and Accounts Receivable

Grants receivable consist of balances due for contractual services provided under contracts typically entered into with Federal, State and Local governments, but not paid as of the end of the accounting period. Accounts receivable consist of balances due for services rendered, to typically non-governmental entities and individuals, but not paid as of the end of the accounting period. Based upon an analysis of both history and past due receivables, it is management's opinion that no allowance for uncollectible accounts is necessary.

Subsequent Events

The Mission has evaluated subsequent events through July 3, 2012, the date which the financial statements were available to be issued.

NOTE 3 – DONATIONS OF SUPPLIES, SERVICES AND FACILITIES

The Mission has not recorded donated services for the year ended December 31, 2011. The estimated value of donated services is over approximately \$110,000. The Mission tracks volunteer hours based on a time reporting system and utilizes a best estimate of the market hourly rate, considering the type of services performed. Services provided by volunteers include volunteer board duties, fund raising, tutoring and mentoring services and shelter assistance such as cooking and housekeeping. These duties are performed by students, business and church volunteers and retirees. These functions are an integral part of the Mission's operations, and are necessary to meet program goals. In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, these services are excluded from the financial statements, as the positions are not funded under current grant agreements, and unrestricted contributions are insufficient to pay for such services.

The Mission also received property and equipment with an approximate value of \$500. These donations have been recorded by the Mission as revenue and property and equipment. In addition the Mission receives a significant amount of donations of food, clothing, electronics and household items that are disbursed to the community.

**RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At times, temporarily restricted net assets include funds advanced but not spent, related to future program services. For the year ended December 31, 2011, this represents the unspent balance from a grant received from the Edyth Bush Charitable Foundation for the purpose of funding a Director of Development position and related expenses for two years.

NOTE 5 – CONCENTRATION RISK

Revenue to support the Mission’s programs is received primarily from U.S. and local government grants and awards, and accounts for more than 50% of total revenues. Thus, the Mission is subject to changes in government policy and funding allocations. In the event these entities discontinue funding these programs, the Mission would have a difficult time achieving current program goals.

Support is received primarily from foundations, businesses, churches, grants and individuals located in the Central Florida area. As a result, continued contributions may be affected by the economy of this region.

At December 31, 2011, cash on deposit with one commercial bank in Florida was approximately \$258,000. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 6 – OPERATING LEASES

The Mission has entered into several operating leases for office equipment that expire in 2014. The lease payments made during the current were approximately \$23,000. The minimum lease payments for the remaining fiscal years ended December 31 are as follows:

	Minimum Payment
2012	\$ 17,000
2013	17,000
2014	9,000
	<u>\$ 43,000</u>

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7 – OTHER ITEMS

The Mission received HUD/CDBG funds in 2007 for the express purpose to renovate and improve portions of their facilities. The “restrictive use covenant” of the agreement requires that the facilities being improved must be used for affordable housing purposes for a period through June 30, 2022.