

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2012



Greene, Dycus & Co, PA

Certified Public Accountants

407-322-0561

www.gdccpa.net

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Rescue Outreach Mission of Central Florida, Inc. (the "Mission"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2012, and the related statements 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 the Mission as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Greene Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
July 11, 2013

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 119,936
Cash and cash equivalents - restricted	62,873
Grants and accounts receivable	19,510
Other assets	170
	<u>170</u>
Total current assets	<u>202,489</u>

Property and Equipment

Land	128,259
Building and improvements	1,138,755
Vehicle	50,737
Furniture and equipment	91,731
Construction in progress	10,313
	<u>1,419,795</u>
Less accumulated depreciation	<u>(456,827)</u>
Net property and equipment	<u>962,968</u>
Total assets	<u>\$ 1,165,457</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 23,981
Total liabilities	<u>23,981</u>

Net Assets

Unrestricted	1,078,603
Temporarily restricted	62,873
	<u>1,141,476</u>
Total liabilities and net assets	<u>\$ 1,165,457</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, 2012**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Support and Revenue			
United Way	\$ 127,040	\$ -	\$ 127,040
Public support and other income	265,818	-	265,818
Special events, net of costs of \$59,174	85,226	-	85,226
Grants	139,488	-	139,488
Shelter fees	37,524	-	37,524
Other revenue	128	-	128
Net assets released from restrictions	37,171	(37,171)	-
Total support and revenue	<u>692,395</u>	<u>(37,171)</u>	<u>655,224</u>
Expenses			
Program services:			
Shelter	380,764	-	380,764
Meals	146,507	-	146,507
Transitional housing	71,860	-	71,860
Total program services	<u>599,131</u>	<u>-</u>	<u>599,131</u>
Support services:			
Management and general	81,633	-	81,633
Fundraising	80,807	-	80,807
Total support services	<u>162,440</u>	<u>-</u>	<u>162,440</u>
Total expenses	<u>761,571</u>	<u>-</u>	<u>761,571</u>
Change in net assets	(69,176)	(37,171)	(106,347)
Net assets beginning of year	<u>1,147,779</u>	<u>100,044</u>	<u>1,247,823</u>
Net assets end of year	<u>\$ 1,078,603</u>	<u>\$ 62,873</u>	<u>\$ 1,141,476</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, 2012

	Program Services				Support Services			
	Shelter	Meals	Transitional Housing	Total Program Services	Management & General	Fund-raising	Total Support Services	Total
Personnel costs	\$ 233,715	\$ 71,230	\$ 48,923	\$ 353,868	\$ 35,052	\$ 52,498	\$ 87,550	\$ 441,418
Food costs	-	25,737	-	25,737	-	-	-	25,737
Insurance	10,802	4,155	-	14,957	1,662	-	1,662	16,619
Repairs and maintenance	29,851	-	-	29,851	-	-	-	29,851
Utilities	30,491	13,668	1,051	45,210	6,308	1,051	7,359	52,569
Depreciation	29,716	9,905	991	40,612	7,924	991	8,915	49,527
Professional fees	-	-	-	-	13,000	3,308	16,308	16,308
Equipment lease	7,839	3,919	980	12,738	5,879	980	6,859	19,597
Travel and training	-	-	-	-	3,241	10,251	13,492	13,492
Other office expense	25,826	6,774	1,270	33,870	6,351	2,117	8,468	42,338
Other costs	1,000	5,024	17,980	24,004	-	7,948	7,948	31,952
Communications	11,524	6,095	665	18,284	2,216	1,663	3,879	22,163
Total expenses	\$ 380,764	\$ 146,507	\$ 71,860	\$ 599,131	\$ 81,633	\$ 80,807	\$ 162,440	\$ 761,571

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (106,347)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	49,527
Changes in operating assets and liabilities:	
Grants and accounts receivable	(5,444)
Other assets	-
Accounts payable	<u>15,024</u>
Net cash used in operating activities	<u>(47,240)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(14,287)</u>
Net cash used in investing activities	<u>(14,287)</u>
Net decrease in cash and cash equivalents	(61,527)
Cash at beginning of year	<u>244,336</u>
Cash at end of year	<u><u>\$ 182,809</u></u>

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:

Cash and cash equivalents - unrestricted	119,936
Cash and cash equivalents - restricted	62,873
	<u><u>182,809</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, 2012

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 for a fee based upon ability to pay. The Mission provided shelter for 1,093 people during 2012. The Mission provided a total of 24,455 bed nights. The Mission’s program “Loaves and Fishes” provides 3 meals a day for shelter residents and 2 meals for local citizens. During 2012 approximately 63,000 meals were served. In addition approximately 136 boxes of food and 256 bags of clothing were provided to needy recipients.

The Transitional Housing program is designed to help families recover from homelessness and attain self-sufficiency and sustainability. The Transitional Housing program guides each family in becoming productive neighbors in the community. In 2012, the Mission helped sixteen 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 their new home.

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, 2012

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 2009.

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, 2012

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.

Construction in progress represents funds expended related to renovating, upgrading and improving the facilities which is scheduled to take place in 2013 and 2014.

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, 2012

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 11, 2013, 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, 2012. The estimated value of donated services is over approximately \$30,000. 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, 2012

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, 2012, 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 government and nonprofit grants and awards, and accounts for more than 50% of total revenues. Thus, the Mission is subject to changes in 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, 2012, cash on deposit with one commercial bank in Florida was approximately \$190,000. 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 two operating lease for office equipment with one expiring in 2014 and another expiring in 2018. The lease payments made during the current year were approximately \$19,000. The minimum lease payments for the remaining fiscal years ended December 31 are as follows:

	<u>Minimum Payment</u>
2013	\$ 8,920
2014	11,840
2015	9,840
2016	9,840
2017	9,840
2018	<u>4,920</u>
	<u>\$ 55,200</u>

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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.

In the normal course of operations, the Mission participates in various governmental and/or non-governmental grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant. An additional liability for reimbursement which may arise as a result of these potential audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

The Mission is subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management, all such matters, if any, are adequately covered by insurance and, if not so covered, are without merit, or involve such amounts as would not have a significant effect on the financial position or results of operations of the Organization if disposed of unfavorably.