

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2015



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, 2015, 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.

Robert Kimelman, CPA
Thomas J. Frank, CPA

William T. Royster, CPA (Retired)
Jack I. Greene, CPA (Deceased)
James R. Dycus, CPA (Deceased)

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, 2015, 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 Dupuis & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
September 6, 2016

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 13,818
Cash and cash equivalents - restricted	-
Grants and accounts receivable	26,596
Pledges receivable	124,164
Other assets	420
	164,998
Total current assets	164,998

Property and Equipment

Land	199,895
Building and improvements	1,950,096
Vehicle	50,469
Furniture and equipment	95,983
	2,296,443
Less accumulated depreciation	(612,141)
Net property and equipment	1,684,302
Total assets	\$ 1,849,300

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 4,001
Accrued payroll	10,900
Mortgage payable	45,130
	60,031
Total liabilities	60,031

Net Assets

Unrestricted	1,789,269
Temporarily restricted	-
	1,789,269
Total net assets	1,789,269
Total liabilities and net assets	\$ 1,849,300

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, 2015**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Support and Revenue			
United Way	\$ 122,402		\$ 122,402
Public support and other income	285,732		285,732
Special events, net of costs of \$57,781	44,616		44,616
Grants	116,687		116,687
Shelter fees	15,643		15,643
Other revenue	8		8
Net assets released from restrictions	17,259	(17,259)	-
Total support and revenue	<u>602,347</u>	<u>(17,259)</u>	<u>585,088</u>
Expenses			
Program services:			
Shelter	317,757	-	317,757
Meals	112,862	-	112,862
Transitional housing	144,123	-	144,123
Total program services	<u>574,742</u>	<u>-</u>	<u>574,742</u>
Support services:			
Management and general	89,006	-	89,006
Fundraising	25,690	-	25,690
Total support services	<u>114,696</u>	<u>-</u>	<u>114,696</u>
Total expenses	<u>689,438</u>	<u>-</u>	<u>689,438</u>
Change in net assets	(87,091)	(17,259)	(104,350)
Net assets beginning of year	<u>1,876,360</u>	<u>17,259</u>	<u>1,893,619</u>
Net assets end of year	<u>\$ 1,789,269</u>	<u>\$ -</u>	<u>\$ 1,789,269</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, 2015

	Program Services				Support Services			
	Shelter	Meals	Transitional Housing	Total Program Services	Management & General	Fund-raising	Total Support Services	Total
Personnel costs	\$ 194,131	\$ 40,149	\$ 108,674	\$ 342,954	\$ 45,532	\$ 9,419	\$ 54,951	\$ 397,905
Food costs	-	29,845	-	29,845	-	-	-	29,845
Insurance	13,577	5,222	-	18,799	2,089	-	2,089	20,888
Repairs and maintenance	22,569	2,033	-	24,602	813	-	813	25,415
Utilities	24,492	10,979	845	36,316	5,067	845	5,912	42,228
Depreciation	39,027	13,009	1,301	53,337	10,407	1,301	11,708	65,045
Professional fees	-	-	-	-	16,379	-	16,379	16,379
Equipment lease	4,507	2,254	563	7,324	3,380	563	3,943	11,267
Travel and training	1,306	1,306	1,306	3,918	1,306	1,306	2,612	6,530
Other office expense	5,383	2,392	2,392	10,167	1,196	598	1,794	11,961
Other costs	-	-	23,369	23,369	-	10,240	10,240	33,609
Communications	12,765	5,673	5,673	24,111	2,837	1,418	4,255	28,366
Total expenses	\$ 317,757	\$ 112,862	\$ 144,123	\$ 574,742	\$ 89,006	\$ 25,690	\$ 114,696	\$ 689,438

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (104,350)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	65,045
Imputed interest	840
Changes in operating assets and liabilities:	
Grants and accounts receivable	(16,781)
Pledges receivables	6,453
Other assets	(328)
Accounts payable	(4,350)
Accrued payroll	<u>(8,517)</u>
Net cash provided by operating activities	<u>(61,988)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(2,343)</u>
Net cash used in investing activities	<u>(2,343)</u>
Net increase in cash and cash equivalents	(64,331)
Cash at beginning of year	<u>78,149</u>
Cash at end of year	<u><u>\$ 13,818</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, 2015

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 650 men, women and children during 2015. The Mission provided a total of 15,610 bed nights. The Mission’s program “Loaves and Fishes” provides 3 meals a day for shelter residents and 2 meals for local citizens. During 2015 approximately 33,000 meals were served. In addition approximately 130,000 pounds of food and 240,000 articles of clothing and shoes 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 2015, the Mission helped fifty families move into stable housing. 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.

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.

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions and Support - Continued

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 2013.

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.

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. Buildings are 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.

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 September 6, 2016, the date which the financial statements were available to be issued.

**RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 – DONATIONS OF SUPPLIES, SERVICES AND FACILITIES

The Mission has not recorded donated goods and services for the year ended December 31, 2015. The estimated value of donated goods and services is over approximately \$10,000. 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.

NOTE 4 – MORTGAGE PAYABLE

The Mission was provided property to be utilized in its Transitional Housing Program for the benefit of eligible low or moderate income residents of Seminole County. Seminole County has sold the property to the Mission and is holding a mortgage with a \$57,727 face value with “deferred payment zero percent (0%) interest rate with a maturity date of August 17, 2030 (the end of the Affordability Period. If the Mission complies with the Affordability Period requirements as of August 17, 2020 and August 17, 2030, 50% and 100% of the principal of the Mortgage will be forgiven, respectively.

Mortgage payable gross	57,727
Imputed interest at 3.5%	<u>(12,582)</u>
Mortgage payable net	<u><u>45,145</u></u>

NOTE 5 – 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, 2015, there were no such funds.

**RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 – CONCENTRATION RISK

Revenue to support the Mission’s programs is received primarily from government/nonprofit grants and awards, and accounts for over 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, 2015, cash on deposit with one commercial bank in Florida was approximately \$13,000. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 7 – OPERATING LEASES

The Mission has entered into two operating lease for phone and copy equipment with one expiring in 2017 and another expiring in 2018. The lease payments made during the current year were approximately \$22,000. The minimum lease payments for the remaining fiscal years ended December 31 are as follows:

	Minimum Payment
2016	\$ 21,972
2017	12,742
2018	5,412
	<u>\$ 40,126</u>

NOTE 8 – OTHER ITEMS

The Mission received approximately \$770,000 HUD/CDBG funds in 2014/2013 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, 2034. In addition the Mission received approximately \$400,000 HUD/CDBG funds in 2007 for the same purposes and agreed to a “restrictive use covenant” until June 30, 2022.

The Mission pledged “Real Property” as collateral for this grant, and if the “restrictive use covenant” is not complied with the grant will need to be re-paid or the “Real Property” pledged as collateral may transfer to the Grantor.

RESCUE OUTREACH MISSION OF CENTRAL FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8 – OTHER ITEMS - Continued

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 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.