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**COOKEVILLE RESCUE MISSION, INCORPORATED**

**FINANCIAL STATEMENTS**

**For the Year Ended**

**December 31, 2018**

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**DUNCAN, WHEELER  
& WILKERSON, P.C.**  
*Certified Public Accountants*

**COOKEVILLE RESCUE MISSION, INCORPORATED**

**FINANCIAL STATEMENTS**

**December 31, 2018**

**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditor's Report.....	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6



DUNCAN, WHEELER  
& WILKERSON, P.C.  
*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors of  
Cookeville Rescue Mission, Incorporated

We have audited the accompanying financial statements of Cookeville Rescue Mission, Incorporated, which comprise the statement of financial position as of December 31, 2018, 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.

**Carthage:** 302 North Main Street □ P.O. Box 337 □ Carthage, TN 37030 □ 615-735-1139 □ Fax 615-735-2420

**Cookeville:** 228 East Broad Street □ Suite 200 □ Cookeville, TN 38501 □ 931-528-1545 □ Fax 931-526-3597

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 Cookeville Rescue Mission, Incorporated as of December 31, 2018, 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.

*Duncan, Wheeler : Wilkerson, P.C.*

September 11, 2019  
Cookeville, TN

**COOKEVILLE RESCUE MISSION, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2018**

**Assets**

Cash	\$	323,947
Accounts receivable		500
Prepaid expenses		3,741
Current assets		<u>328,188</u>
Property, plant and equipment:		
Land		150,000
Building & improvements		1,210,873
Furniture and equipment		66,203
Transportation equipment		40,250
		<u>1,467,326</u>
Less: Accumulated depreciation		<u>(865,989)</u>
		<u>601,337</u>
Endowment Fund		<u>32,903</u>
Total assets	\$	<u><u>962,428</u></u>

**Liabilities & Net Assets**

Accounts payable	\$	6,948
Credit card payable		4,009
Payroll tax payable		4,294
Other accrued expenses		448
Current liabilities		<u>15,699</u>
Total liabilities		<u>15,699</u>
Net assets:		
Net assets without donor restrictions		915,729
Net assets with donor restrictions		31,000
Total net assets		<u>946,729</u>
Total liabilities and net assets	\$	<u><u>962,428</u></u>

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

**COOKEVILLE RESCUE MISSION, INCORPORATED**  
**STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2018**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues:	
Contributions	\$ 229,274
Marsh Chapel income	36,792
Thrift store sales	28,526
Dental clinic	6,560
Program fees	9,525
Fundraising	118,575
Grant income	3,569
Interest and endowment fund income	340
Laundry & vending income	2,957
Unrealized (loss) on endowment fund	<u>(2,405)</u>
	<u>433,713</u>
Expenses:	
Salaries	202,826
Payroll taxes	15,489
Housing/travel allowance	<u>100</u>
Personnel cost	218,415
Bank fees	281
Dues and membership	4,435
Rental expense	1,894
Drug screening	2,210
Food and supplies	30,213
Printing	90
Flowers and gifts	156
Utilities expense	43,500
Investment expenses	187
Special events	6,396
Professional fees	2,675
Travel	5,037
Repairs and maintenance	31,364
Staff/board development	8,495
Donations/tithes	250
Insurance	19,248
Advertising	13,220
Miscellaneous	9,657
Depreciation and amortization	<u>41,015</u>
	<u>438,738</u>
Decrease in net assets without donor restrictions	<u>(5,025)</u>

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Increase in endowment fund	<u>10,000</u>
Increase in total net assets	4,975
Net assets, beginning of year	<u>941,754</u>
Net assets, end of year	<u>\$ 946,729</u>

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

**COOKEVILLE RESCUE MISSION, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2018**

Cash flows from operating activities:	
Change in net assets	\$ 4,975
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	41,015
Unrealized loss on endowment fund	2,405
(Increase) in accounts receivable	(500)
Decrease in undeposited funds	552
Decrease in prepaid expenses	3,200
Increase in accounts payable	6,948
Increase in credit card payable	2,702
Increase in accrued payroll expenses	4,294
Increase in accrued expenses	<u>435</u>
Net cash provided by operating activities	<u>66,026</u>
Cash flows from investing activities:	
Purchase of short-term investments	<u>(10,000)</u>
Net cash (used in) investing activities	<u>(10,000)</u>
Increase in cash	56,026
Cash and cash equivalents - beginning of year	<u>267,921</u>
Cash and cash equivalents - end of year	<u>\$ 323,947</u>

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

## COOKEVILLE RESCUE MISSION, INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cookeville Rescue Mission, Incorporated ("Mission") is organized under the laws of the State of Tennessee to provide temporary emergency shelter to individuals in need of housing and connects those individuals with local agencies who can provide more permanent housing assistance, job placement, health services and other social services. The Mission's major sources of revenue are contributions and fundraising.

#### Basis of Accounting

The Mission maintains its accounts on the accrual basis, recognizing income when earned and expenses when incurred.

#### Impact of Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method.

#### Description of Programs

***Marsh Chapel*** - provides sanctuary and church services for program participants.

***Men's Dorm*** - provides lodging to men participating in Mission programs.

***Lighthouse Family Lodge*** - provides lodging for women and families.

***Dental Clinic*** - provides dental care to program participants.

***Thrift Store*** - accepts donations and resells at a low cost to community. All profits are used for charitable purposes. The store closed on August 1, 2018.

***Step Upward Farm*** - provides longer-term program services for qualifying participants.

***Welcome Center and Kitchen*** - provides kitchen and dining facilities for program participants.

***General and Administrative*** - maintains an office and support staff for programs and contribution administration.

## **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 in the near term.

## **Contributed Services**

The Mission does not recognize any support, revenue, or expense from services contributed by volunteers. If any support, revenue, or expense were recorded it would be determined based on the difference of any amount paid to an individual and the comparable compensation, which would be paid to an individual if they were to occupy these paid positions.

## **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Mission that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Management has elected to record bad debts using the direct write-off method. The effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. Accounts are written off when they are deemed uncollectible by management. Accounts are considered to be past due if they have not been collected according to contractual terms.

## **Statement of Cash Flows**

For the purposes of the statement of cash flows, cash is comprised of cash on hand and in demand deposits in banks with original maturities of less than ninety days.

## **Income Taxes**

The Mission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Mission qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Mission's tax-exempt purpose is subject to taxation as unrelated business income. During the year ended December 31, 2018, the Mission had no taxable unrelated business income, and accordingly, no

provision for income taxes is required in the accompanying financial statements.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Mission.

**Date of Management's Review**

The Company has evaluated events for recognition and disclosure through September 11, 2019, which is the date the financial statements were available to be issued.

**NOTE 2 - CAPITAL ASSETS:**

Equipment is capitalized at original cost. Buildings are capitalized based upon appraisal in the year of donation. Accumulated depreciation has been calculated from the date of donation or purchase of the capital assets based upon estimated useful life. In some instances, the insured value was used to determine cost.

Depreciation of capital assets is calculated on the straight-line method over the following estimated useful lives:

Building	40 years
Equipment	5-15 years
Furniture and Fixtures	5-10 years
Office Equipment & Vehicles	5 years

Depreciation expense for the year ended December 31, 2018 was \$41,015.

**NOTE 3 - COMPENSATED ABSENCES:**

Annual leave does not roll over; therefore, no accrual for compensated absences is included in the financial statements.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions consist of an endowment received in the amount of \$22,000 in the prior year, with an additional \$10,000 received in the current year. The endowments themselves are donor restricted while the earnings on the endowments do not have donor restrictions. The current market value of the endowment at December 31, 2018 was \$32,903 as reported by the brokerage firm using readily available market prices.

**NOTE 5 - FUNCTIONAL EXPENSES:**

The cost of providing various program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Program Services for 2018**

	<u>Mens' Building</u>	<u>Lighthouse Family Lodge</u>	<u>Dental Clinic</u>	<u>Marsh Chapel</u>	<u>Thrift Store</u>	<u>Step- Upward Farm</u>	<u>Welcome Center &amp; Kitchen</u>	<u>Total Program</u>	<u>Administrative &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Payroll:</b>											
Salaries & Wages	\$ 19,929	\$ 16,198	\$ 7,020	\$ 4,800	\$ 24,551	\$ 9,900	\$ 500	\$ 82,898	\$ 118,537	\$ 1,391	\$ 202,826
Housing/Travel Allowance	-	-	-	-	-	-	-	-	100	-	100
Payroll Taxes	1,522	1,237	536	367	1,875	756	38	6,331	9,052	106	15,489
<b>Other:</b>											
Bank Fees	-	-	-	-	-	-	-	-	281	-	281
Dues & Memberships	-	-	334	-	-	-	-	334	4,101	-	4,435
Rental Expense	-	-	95	-	-	-	-	95	1,799	-	1,894
Drug Screening	1,105	1,105	-	-	-	-	-	2,210	-	-	2,210
Food & Supplies	6,259	8,550	1,756	819	1,130	633	3,934	23,081	7,132	-	30,213
Printing	-	-	-	-	-	-	-	-	-	90	90
Flowers & Gifts	-	-	-	11	-	-	-	11	145	-	156
Utilities Expense	15,604	11,610	2,447	-	2,632	5,154	-	37,447	6,053	-	43,500
Investment Expenses	-	-	-	-	-	-	-	-	187	-	187
Special Events	-	-	-	-	-	-	-	-	-	6,396	6,396
Professional Fees	-	-	-	-	-	-	-	-	2,675	-	2,675
Travel	-	-	-	-	-	-	-	-	5,037	-	5,037
Repairs & Maintenance	5,922	4,433	305	3,633	1,487	6,927	7,592	30,299	1,065	-	31,364
Staff/Board Development	-	-	-	-	-	-	-	-	8,495	-	8,495
Donations/Tithes	-	-	-	-	-	-	-	-	250	-	250
Insurance	1,891	1,537	666	456	2,330	940	47	7,867	11,249	132	19,248
Advertising	-	-	-	553	218	-	-	771	6,318	6,131	13,220
Miscellaneous	3,263	-	100	1,801	-	-	-	5,164	22	4,471	9,657
Depreciation	8,760	7,320	153	5,244	2,300	8,238	-	32,015	9,000	-	41,015
<b>Total</b>	<b>\$ 64,255</b>	<b>\$ 51,990</b>	<b>\$ 13,412</b>	<b>\$ 17,684</b>	<b>\$ 36,523</b>	<b>\$ 32,548</b>	<b>\$ 12,111</b>	<b>\$ 228,523</b>	<b>\$ 191,498</b>	<b>\$ 18,717</b>	<b>\$ 438,738</b>