



**MIAMI RESCUE MISSION, INC.  
AND SUBSIDIARY**

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2013 and 2012

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Miami Rescue Mission, Inc. and Subsidiary  
Miami, Florida

We have audited the accompanying consolidated financial statements of Miami Rescue Mission, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Miami Rescue Mission, Inc. and Subsidiary  
Miami, Florida

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Miami Rescue Mission, Inc. and Subsidiary as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Atlanta, Georgia  
August 30, 2013

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Consolidated Statements of Financial Position

	June 30,	
	2013	2012
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,791,630	\$ 1,376,749
Cash held for construction	439,000	439,000
Investment	251,129	250,000
Inventory	297,799	352,157
Grants receivable	686,977	701,179
Other assets	361,735	297,011
Property and equipment, at cost–net	10,432,531	9,609,725
<b>Total Assets</b>	<b>\$ 14,260,801</b>	<b>\$ 13,025,821</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Bank line of credit	\$ 110,000	\$ -
Accounts payable	121,096	114,310
Accrued payroll and payroll taxes	241,214	258,695
Agency funds	59,339	58,674
Capital lease obligation	9,353	26,621
<b>Total liabilities</b>	<b>541,002</b>	<b>458,300</b>
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated	2,395,425	2,135,481
Board designated	439,000	439,000
Net investment in property and equipment	10,423,178	9,583,104
	13,257,603	12,157,585
Temporarily restricted	437,196	384,936
Permanently restricted	25,000	25,000
<b>Total net assets</b>	<b>13,719,799</b>	<b>12,567,521</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,260,801</b>	<b>\$ 13,025,821</b>

See notes to consolidated financial statements

## MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

### Consolidated Statements of Activities

	Year Ended June 30,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Support:								
Contributions	\$ 5,079,315	\$ 176,489	\$ -	\$ 5,255,804	\$ 5,041,521	\$ 157,406	\$ -	\$ 5,198,927
Bequests	1,491,119	-	-	1,491,119	736,614	-	-	736,614
Gifts-in-kind	10,018,863	-	-	10,018,863	9,318,518	-	-	9,318,518
	16,589,297	176,489	-	16,765,786	15,096,653	157,406	-	15,254,059
Revenue:								
Sales of donated items	1,070,439	-	-	1,070,439	978,653	-	-	978,653
Program income	145,776	-	-	145,776	163,808	-	-	163,808
Government grants	4,051,096	-	-	4,051,096	4,120,061	-	-	4,120,061
Investment income	3,849	-	-	3,849	5,985	-	-	5,985
Other income	438,953	-	-	438,953	310,348	-	-	310,348
	5,710,113	-	-	5,710,113	5,578,855	-	-	5,578,855
Total Support and Revenue	22,299,410	176,489	-	22,475,899	20,675,508	157,406	-	20,832,914
RECLASSIFICATIONS:								
Net assets released for satisfaction of purpose restrictions	124,229	(124,229)	-	-	64,077	(64,077)	-	-

(continued)

See notes to consolidated financial statements

## MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

### Consolidated Statements of Activities

(continued)

	Year Ended June 30,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program services:								
Miami-Dade	7,870,006	-	-	7,870,006	5,287,912	-	-	5,287,912
Broward	8,618,655	-	-	8,618,655	10,133,829	-	-	10,133,829
Industrial, warehouse, and stores	979,259	-	-	979,259	939,772	-	-	939,772
	17,467,920	-	-	17,467,920	16,361,513	-	-	16,361,513
Supporting activities:								
Management and general	673,208	-	-	673,208	890,913	-	-	890,913
Fund-raising	3,182,493	-	-	3,182,493	3,819,718	-	-	3,819,718
	3,855,701	-	-	3,855,701	4,710,631	-	-	4,710,631
Total Expenses	21,323,621	-	-	21,323,621	21,072,144	-	-	21,072,144
Change in Net Assets	1,100,018	52,260	-	1,152,278	(332,559)	93,329	-	(239,230)
Net Assets, Beginning of Year	12,157,585	384,936	25,000	12,567,521	12,490,144	291,607	25,000	12,806,751
Net Assets, End of Year	\$ 13,257,603	\$ 437,196	\$ 25,000	\$ 13,719,799	\$ 12,157,585	\$ 384,936	\$ 25,000	\$ 12,567,521

See notes to consolidated financial statements

## MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

### Consolidated Statement of Functional Expenses

Year Ended June 30, 2013

	Program Services			Supporting Activities				
	Miami-Dade	Broward	Industrial, Warehouse, and Stores	Total Program Services	Management and General	Fund- Raising	Total Supporting Activities	Total
Specific aid to individuals, contract payment—grants to other agencies	\$ 1,439,739	\$ 1,348,570	\$ 115,183	\$ 2,903,492	\$ -	\$ -	\$ -	\$ 2,903,492
People—salaries, public relations, tax, benefit, insurance, and professional services	1,300,872	2,769,502	449,197	4,519,571	480,308	666,101	1,146,409	5,665,980
Supplies	4,081,469	1,433,573	13,507	5,528,549	22,375	543,670	566,045	6,094,594
Communication—telephone, mailing, and trucking	30,360	43,066	19,602	93,028	7,729	1,588,149	1,595,878	1,688,906
Occupancy, equipment rental, and maintenance	561,486	2,569,221	102,011	3,232,718	27,349	22,900	50,249	3,282,967
All other expenses	456,080	454,723	279,759	1,190,562	135,447	361,673	497,120	1,687,682
<b>Total Operating Expenses</b>	<b>\$ 7,870,006</b>	<b>\$ 8,618,655</b>	<b>\$ 979,259</b>	<b>\$17,467,920</b>	<b>\$ 673,208</b>	<b>\$ 3,182,493</b>	<b>\$ 3,855,701</b>	<b>\$21,323,621</b>

See notes to consolidated financial statements



## MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

### Consolidated Statement of Functional Expenses

Year Ended June 30, 2012

	Program Services			Supporting Activities				
	Miami-Dade	Broward	Industrial, Warehouse, and Stores	Total Program Services	Management and General	Fund- Raising	Total Supporting Activities	Total
Specific aid to individuals, contract payment—grants to other agencies	\$ 828,278	\$ 2,028,846	\$ 107,020	\$ 2,964,144	\$ -	\$ -	\$ -	\$ 2,964,144
People—salaries, public relations, tax, benefit, insurance, and professional services	1,490,431	3,662,791	422,650	5,575,872	689,997	714,749	1,404,746	6,980,618
Supplies	1,910,555	1,389,993	11,183	3,311,731	19,198	491,544	510,742	3,822,473
Communication—telephone, mailing, and trucking	32,693	46,062	15,790	94,545	8,695	1,618,007	1,626,702	1,721,247
Occupancy, equipment rental, and maintenance	601,455	2,551,175	117,126	3,269,756	19,091	20,926	40,017	3,309,773
All other expenses	424,500	454,962	266,003	1,145,465	153,932	974,492	1,128,424	2,273,889
<b>Total Operating Expenses</b>	<b>\$ 5,287,912</b>	<b>\$ 10,133,829</b>	<b>\$ 939,772</b>	<b>\$ 16,361,513</b>	<b>\$ 890,913</b>	<b>\$ 3,819,718</b>	<b>\$ 4,710,631</b>	<b>\$ 21,072,144</b>

See notes to consolidated financial statements

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,152,278	\$ (239,230)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	488,906	492,848
Changes in:		
Inventory	54,358	(26,492)
Grants receivable	14,202	8,937
Other assets	(64,724)	114,384
Accounts payable	6,786	(38,973)
Accrued payroll and payroll taxes	(17,481)	21,915
Agency funds	665	(12,169)
Net Cash Provided by Operating Activities	1,634,990	321,220
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(1,311,712)	(816,038)
Purchase of investment	(251,129)	-
Proceeds from maturity of investment	250,000	-
Net Cash Used by Investing Activities	(1,312,841)	(816,038)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash designated for construction	-	(439,000)
Repayments of capital lease obligation	(17,268)	(17,268)
Proceeds from (repayments of) bank line of credit, net	110,000	(989,624)
Net Cash Provided (Used) by Financing Activities	92,732	(1,445,892)
Change in Cash and Cash Equivalents	414,881	(1,940,710)
Cash and Cash Equivalents, Beginning of Year	1,376,749	3,317,459
Cash and Cash Equivalents, End of Year	\$ 1,791,630	\$ 1,376,749
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	\$ 5,050	\$ 16,264

See notes to consolidated financial statements

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

1. NATURE OF ORGANIZATION:

Miami Rescue Mission, Inc. (MRM), a Florida nonprofit corporation, is a charitable, interdenominational, evangelical, Christian agency providing spiritual, physical, and social services to the poor and needy, including homeless men, women, and children. Its purposes are fulfilled through several centers in Miami-Dade and Broward counties.

History: founded in 1922, MRM is one of the oldest and largest providers of vital services to the homeless and needy in the south Florida community. Until 1993, the primary geographical focus for its services and ministry was Miami-Dade County. Broward County was looking for solutions to their homeless problem and looked to MRM for assistance. This was the beginning of the Broward Outreach Center (BOC). BOC was launched, providing basic temporal relief to homeless individuals in the south Broward community through leased and owned property. A permanent Hollywood facility (the Center) was completed in 1997, providing the first emergency shelter and comprehensive recovery program for the homeless in the southern portion of the county. This Center is owned by MRM. The Center provides 90 beds for males including 39 transitional spaces for graduates to prepare for external housing. In the northern portion of the county, Broward County constructed a 200-bed facility in Pompano Beach. Due to the success of the Center, MRM was chosen to operate the programs and facility. The Pompano Beach facility held its grand opening in September 2002. Broward County owns this facility. Over the years, it has been expanded to include 239 beds to those in need. This includes men, women, and children.

The Hollywood Center for Women and Children was opened in August of 2004, and is located adjacent to the initial Center. It is owned by MRM and is designed to provide services for 45 women (either single or with children). Programs include parenting skills development, computer literacy, education, job placement, budgeting, and assistance with housing.

In Miami-Dade County, there are two residential centers, the Center for Men and the Center for Women and Children. A nonresidential Miami Community Activity Center provides a preventative program for 'at risk' children and youth.

The Center for Men provides 245 beds for programs, which include emergency services, long-term care, and transitional housing. Approximately 190 men per day are involved in an 8 - 14 month intensive program of education, counseling, discipleship training, career preparedness, and job entry called the Regeneration Program. There is also a program for Hispanics that are challenged by the English language called Vida Cambiadas (changed lives). On average, an additional 250 to 350 men per day are provided with a shower, change of clothes, and dinner.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

1. NATURE OF ORGANIZATION, continued:

The Center for Women and Children is a 40-bed facility that serves homeless women and single mothers with small children. A comprehensive program is designed to equip the women to become successful, contributing members of society through classes in anger management, computer education, work skills training, and biblical principles. Those with children are instructed toward becoming loving, supportive mothers to their children through coping and parenting skills. Various volunteers provide special classes in financial management and other practical personal skills including social skills and dressing for the work place.

In November 2001, the Miami Community Activity Center (CAC) was opened to provide preventative programs for adjoining neighborhood children and youth. The goal is to prepare children to become successful in life and to prevent the next generation of homeless. There is a Day Charter School (Center of Life Academy) which provides educational classes for approximately 130 children from first to twelfth grades. There have been three high school graduations. Out-of-school and summer programs are provided to nearly 150 children. Nearly 500 different children have been assisted during the year at the CAC.

The Miami Jeffrey A. Tew Education Center houses the Innovative Computer Learning and Career Development departments which are utilized by all Miami residents. This was started in 1997 and has the capacity to help people learn to read (or improve their reading skills) and obtain their high school diploma. Reading, writing, and arithmetic are the subjects of focus. Along with the educational component, students also learn vital computer skills and common office applications.

MRM operates a thrift store named the Bargain Barn. There are two stores that provide merchandise for sale such as clothing, appliances, furniture, bric-a-brac, etc. Donated items are picked up by their fleet of trucks. Many donated items are put into direct use by the various centers (furniture, paint, clothing, and appliances); the remaining items are sold to help fund the programs. The Bargain Barn also accepts donated cars and other motor vehicles. Those that are not used in the ministry are auctioned off on the first Saturday of the month and provide revenue for various programs. The Bargain Barn is also a place to help train residents for future employment.

The centers in Miami, Hollywood, and Pompano hold special events throughout the year to care for the homeless and needy as well as a tool to engage the homeless into their residential programs. These include the Great Thanksgiving Banquet (nearly 2,500 served for Thanksgiving), Thanksgiving in April (nearly 2,000 served), Bombastic Birthday Party, and many other activities for men, women, and children. Volunteers provide many wonderful and valuable services from serving meals, doing special drives, becoming mentors or tutors, dress for success, personal makeovers, special work days to improve the facilities, and so much more.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

1. NATURE OF ORGANIZATION, continued:

MRM began two radio programs in 2009. Mission Possible: The Good News Program, launched in August of 2009. It is an hour long program on Sunday mornings from 8 AM to 9 AM on WIOD 610. This is a large station that reaches from Palm Beach to Monroe County. This program highlights what is good in the community and includes interviews with other non-profit agencies, businesses, individuals, or organizations, that are doing good things. The program also highlights their residents (personal testimonies), their staff, and special events at their centers.

Life-Changers was started in September 2009. This is a half hour program which airs three days a week from 9:30 PM to 10:00 PM on a Christian talk station, WHIM 1080. The format is similar to Mission Possible but geared for the faith community. In addition, it is broadcast on Radio Luz on Sunday at 8:30 AM.

These radio programs have been well received by listeners, have raised awareness of their centers, and have brought new donors to MRM (individuals, companies, places of worship, etc.).

During 2009, MRM began its external transitional housing program. This program is designed to provide their graduates the next step in integrating fully into society. MRM now owns nine properties (five in Broward County, four in Miami-Dade County). Graduates for this program are selected based on merit and need. They pay fees for living in the units and this is another stream of revenue for MRM programs. MRM has concentrated on purchasing distressed properties and utilizing their staff and clients to renovate them. MRM desires to increase the number of units and seeks additional funding from present donors or other resources.

More than 12,000 people provided over 80,000 hours of volunteering this past year. These included individuals, schools, organizations, and places of worship. The combined centers serve nearly 1,100 men, women, and children each day. Last year, MRM/BOC provided over 860,000 meals, 340,000 nights of safe-shelter, over 190,000 hours of educational assistance, over 6,000 hours of counseling, and helped nearly 700 men and women entering the job market.

MRM acquired a building adjacent to the Miami Center for Men in March 2011. It is anticipated that this building will be used to provide an additional 76 transitional beds for men in the residential program. Part of the building will be utilized for offices and meeting areas.

MRM completed a two year creative process to help better define the mission and vision of MRM/BOC. This included meetings with the Board, senior management, volunteers, supporters, and all staff. This produced new vision, mission, and values statements.

*Vision* : No One is Homeless

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

1. NATURE OF ORGANIZATION, continued:

*Mission* : Transform the lives of homeless men, women, and children through comprehensive residential programs to effect lasting change and empower them to be productive members of society. We provide food, shelter, substance abuse treatment, education, computer literacy, job placement, healthcare, spiritual development, and housing with Christian love, compassion, and encouragement.

*Values* : Compassion, Hope, Restoration, Transformation

Miami Mission Association, Inc. (MMA) is a Florida nonprofit corporation. MRM assumed the operation of MMA's women's and children's center beginning on July 1, 1993. MMA is exempt from income taxes under Section 501(c)(3) of the Code and comparable state laws. MMA is also classified as a publicly supported organization, which is not a private foundation under section 509(a)(2) of the Code. Contributions to MMA are deductible for income tax purposes.

Both MRM and MMA (collectively referred to as the Organization) receive the majority of their support from Florida individuals, corporations, churches, foundations, civic organizations, thrift store sales of donated items, and governmental grants. The ministry is not affiliated with any church denomination but seeks to represent the church in its mandated service to the poor among us.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the balances and financial activities of MRM and MMA. All significant intercompany transactions and balances have been eliminated from the consolidated financial statements.

### CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, the Organization considers cash on hand, bank checking accounts, money markets and certificates of deposit with original maturities of three months or less to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENT

Investment consists of a certificate of deposit recorded at cost. Investment income, which consists of interest and dividends, is included in unrestricted investment income in the accompanying consolidated statements of activities.

#### INVENTORIES

Inventory is valued and reported at estimated fair market value. There is no reserve for obsolescence recorded at June 30, 2013 and 2012, as all inventory is considered sellable at market value.

#### GRANTS RECEIVABLE

Grants receivable consist primarily of BOC project costs incurred but not yet reimbursed.

#### PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, or if donated, at estimated fair value and useful life at the date of receipt. Items purchased with governmental funds greater than \$750 are capitalized and depreciated over their estimated useful lives. All other nongovernmental purchases of property and equipment greater than \$1,000 are capitalized and depreciated over their estimated useful lives. Gifts of property and equipment are reported as unrestricted support unless explicit donor restrictions specify how the assets are to 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 any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Generally, these lives are as follows:

Buildings and improvements	15 - 31.5 years
Vehicles and equipment	4 - 5 years

#### CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets:

*Unrestricted* net assets are currently available for operations under the direction of the board, designated by the board for a specific use, or invested in property and equipment.

*Temporarily restricted* net assets are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, for the acquisition of property and equipment, or not currently available for use until commitments regarding their use have been fulfilled.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS, continued

*Permanently restricted* net assets are those which are contributed with donor restrictions requiring that they be held in perpetuity with the investment income earned to be used to fund scholarships. Assets funding these agreements are included as part of cash and cash equivalents. The disclosures required by the *Reporting Endowment Funds* topic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in the consolidated financial statements due to immateriality.

#### SUPPORT, REVENUE, AND EXPENSES

Revenue is reported when earned and support when contributions are made, which may be when cash is received or unconditionally promised or when ownership of donated assets is transferred to the Organization. Bequests are reported as support at the time the Organization has an established right to the bequest and proceeds are measurable. Grants are reported when services are rendered and billed to the appropriate agency. Gifts-in-kind consists primarily of donated food, clothing, and general merchandise used in the Organization's operations. Sales of donated items consist primarily of vehicle and thrift store sales. Gifts of cash and other assets are reported as restricted revenue if they are received with donor stipulations that limit their use or that must be used to acquire long-lived assets. 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 consolidated statements of activities as net assets released for satisfaction purpose restrictions.

Expenses are reported when incurred. Gifts-in-kind expenses are reported in the accompanying consolidated statements of functional expenses, primarily as supplies and other services, as well as specific assistance to individuals.

#### GIFTS-IN-KIND AND CONTRIBUTED SERVICES

The ministries of the Organization could not be fully achieved without the dedicated efforts of many volunteers. Churches, synagogues, businesses, clubs, youth groups, students, and individuals give of their time and talents to help the homeless. They serve meals, conduct chapel services, tutor children, teach classes, and help maintain the facilities. The reporting of these contributed services is regulated by three different, often conflicting standards. None of these contributed services are reported as revenue and expenses on the IRS form 990.

However, in accordance with generally accepted accounting principles (GAAP), reported in the consolidated financial statements are services volunteered by licensed or credentialed professionals, volunteering services in their fields of specialization. These have been reported in the amounts of \$198,047 and \$997,484 for the years ended June 30, 2013 and 2012, respectively.



# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### GIFTS-IN-KIND AND CONTRIBUTED SERVICES, continued

The Organization also reports the value of below market rentals on facilities as contribution revenue. For both years ended June 30, 2013 and 2012, \$1,920,000 was reported as part of gifts-in-kind support for these facilities. All the client services facilities are owned by the Organization except the Pompano Beach facility. It was built and is owned by Broward County and leased to the Organization for \$1 a year. This lease agreement can be canceled with a sixty day notice.

#### FUNCTIONAL ALLOCATION OF EXPENSES AND JOINT COSTS

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities that benefited from those expenditures. The Organization incurred no joint costs. All costs associated with publications are charged directly to fund-raising.

#### ADVERTISING EXPENSES

The Organization uses advertising to communicate the needs it has to the general public. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2013 and 2012, was \$229,082 and \$358,134, respectively.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of June 30, 2013, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

The Organization files information tax returns in the U.S. and various states. The Organization is generally no longer subject to U.S. federal and state tax examinations by tax authorities for years before 2009.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

3. INVENTORY:

Inventory consists of the following:

	June 30,	
	2013	2012
Donated vehicles	\$ 8,368	\$ 7,161
Thrift store donated goods	161,352	139,303
Donated food	128,079	205,693
	\$ 297,799	\$ 352,157

4. OTHER ASSETS:

Other assets consist of:

	June 30,	
	2013	2012
Contribution receivable	\$ 100,000	\$ 150,000
Prepaid insurance	65,017	72,190
Refundable deposits	39,650	10,740
Donated note receivable	13,367	16,361
Property held for sale	18,790	18,790
Utility and postage deposits	7,188	4,915
Other	117,723	24,015
	\$ 361,735	\$ 297,011

5. PROPERTY AND EQUIPMENT - AT COST-NET:

Property and equipment consists of:

	June 30,	
	2013	2012
Land	\$ 1,694,925	\$ 1,694,925
Buildings and improvements	12,159,743	12,053,453
Vehicles and equipment	1,955,624	2,633,343
	15,810,292	16,381,721
Less accumulated depreciation	(6,737,605)	(6,967,420)
Construction in progress	1,359,844	195,424
	\$ 10,432,531	\$ 9,609,725

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

6. BANK LINE OF CREDIT:

The Organization has a \$250,000 revolving working capital line of credit that is due on demand, subject to renewal in November 2014, and bears interest at the prime rate (3.25% at June 30, 2013). Borrowings under this line of credit are collateralized by a certificate of deposit held at the financial institution. Outstanding borrowings under this line of credit totaled \$110,000 for the year ended June 30, 2013. For the year ended June 30, 2012, there were no outstanding borrowings under this line of credit.

7. CONTINGENT LIABILITIES:

The City of Miami, Florida authorized a \$298,299 loan to the Organization for the acquisition of land and construction of new buildings. The loan is noninterest bearing and secured by a mortgage. As long as the Organization continues to provide a last resort facility, payments on this loan will be waived.

Approximately \$900,000 of the buildings reported in Note 5 were funded with Community Development Block Grant (CDBG) federal awards, to assist with the construction costs of the BOC. Buildings acquired with CDBG funds, and no longer needed for the originally authorized purpose, are subject to certain federal restrictions and requirements should these buildings ever be disposed of by the Organization.

8. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS:

Temporarily and permanently restricted net assets consist of the following:

	June 30,	
	2013	2012
Temporarily restricted net assets:		
Pompano center	\$ 89,657	\$ 89,657
Hollywood center	4,735	6,085
Carole Brook grant for chapel furniture	18,845	18,845
Thatcher Foundation facility project	50,148	58,730
Thatcher Foundation dining project	6,674	6,674
Spanish language program	19,542	19,008
Reading room	18,376	8,358
John Stella education fund	26,177	21,908
Miami men alumni	1,342	1,342
Miami food donation	-	65
Batchelor Foundation	190,291	142,855
CAC Hope Fund	10,150	10,150
Veterans funding for veterans	1,259	1,259
	\$ 437,196	\$ 384,936

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

8. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS, continued:

	Year Ended June 30,	
	2013	2012
Permanently restricted net assets:		
Learning Center scholarship fund	\$ 25,000	\$ 25,000

9. SALES OF DONATED ITEMS:

Sales of donated items are as follows:

	Year Ended June 30,	
	2013	2012
Vehicles	\$ 65,225	\$ 85,956
General merchandise	1,005,214	892,697
	\$ 1,070,439	\$ 978,653

10. COMMITMENTS AND CONTINGENCIES:

*Operating leases:* the Organization has several operating lease agreements, primarily for certain office equipment. These leases have various expiration dates through 2016. Rental expense was \$91,144 and \$94,870 for the years ended June 30, 2013 and 2012, respectively. Future minimum lease payments under operating leases that have remaining lease terms in excess of one year are as follows:

Year Ending June 30,	
2014	\$ 75,729
2015	55,846
2016	43,380
	\$ 174,955

*Capital lease obligation:* during the year ended June 30, 2009, the Organization entered into a capital lease for certain equipment. The lease requires monthly principal and interest installments of \$1,860 through maturity in June 2015. The outstanding balance on the capital lease obligation at June 30, 2013 and 2012, totaled \$9,353 and \$26,621, respectively.

11. CONCENTRATIONS:

During the years ended June 30, 2013 and 2012, two donors contributed approximately 16% and 18%, respectively, of total contributions.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

12. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2013 and 2012, the Organization engaged in certain related party transactions with a member of the Board of Directors for legal services. Payments for legal services totaled \$1,341 and \$8,913, respectively.

13. CONTINGENT GRANT RECEIVABLE:

In 2011, the Organization received a grant from a local financial institution in the amount of \$1,000,000 to assist with the purchase and/or rehabilitation of 78 multifamily rental units in the Miami, Florida area. Construction is expected to be substantially completed during the fiscal year ending June 30, 2014, and accordingly, none of the funds have been received as of June 30, 2013.

14. GOVERNMENT GRANTS:

Government grants consist of:

Title of Grant	Grant or Contract Number	Year Ended June 30,	
		2013	2012
Nonfederal funds:			
Miami Dade county		\$ 82,125	\$ 82,350
Community in School		8,000	6,000
Homeless trust emergency shelter		241,146	176,508
Broward County HIP–Homeless Assistance Center–3 year grant–South HAC		1,421,706	1,487,394
Broward County HIP–Homeless Assistance Center–3 year grant–North HAC		2,272,101	2,307,044
Federal funds:			
FEMA Phase 24 & 26	LRO 159400-027	26,018	37,736
Pass thru United Way of Miami Dade County			
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Pass thru Broward County (COATCH)	SAHCS-SAMHSA-BOC-03	-	23,029
Total government grants		<u>\$ 4,051,096</u>	<u>\$ 4,120,061</u>

Broward County, Florida, Grants Management–Research and Development Division entered into two grants with the BOC. The grant agreements require that all monies received from the county shall be included in the consolidated financial statements by explicit disclosure, as presented above.

# MIAMI RESCUE MISSION, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

15. RETIREMENT PLANS:

The Organization has established a 403(b) retirement plan (the Plan). The Organization contributes to the Plan on behalf of all full-time employees participating through elective salary reductions. The Organization matches employee contributions equal to 3% of elective deferrals, up to 100% of eligible pay. Employees are eligible for the Plan if they are at least 18 years old and have completed 90 days of service. Participants become fully vested after five years of services. As of July 1, 2009, the Organization has suspended employer contributions to the Plan.

The Organization has a tax-sheltered annuity plan whereby employees may elect to make contributions pursuant to a salary reduction agreement. The Organization made no contributions to the plan for the years ended June 30, 2013 and 2012.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.