

NEW YORK CITY RESCUE MISSION

FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2013**

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NEW YORK CITY RESCUE MISSION

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Board of Trustees
New York City Rescue Mission
New York, NY

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of New York City Rescue Mission (the Mission) which comprise the statement of financial position as of June 30, 2013, and the related statements of activity, cash flows and functional expenses 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 of 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 New York City Rescue Mission as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Mission's 2012 financial statements, and our report dated December 10, 2012, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lambides Arnold, Mouthrop LLP

December 11, 2013

NEW YORK CITY RESCUE MISSION

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 1,799,204	\$ 234,348
Pledges receivable (Note 3)	2,430,865	3,570,734
Grants receivable (Note 13)	2,042,170	-
Prepaid expenses	22,570	32,943
Investments (Note 4)	1,318,396	2,972,465
Land, buildings, and equipment (Note 5)	5,182,238	3,116,658
Total assets	<u>\$ 12,795,443</u>	<u>\$ 9,927,148</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 189,257</u>	<u>\$ 104,202</u>
 Net Assets:		
Unrestricted:		
Undesignated	2,755,896	3,103,831
Board designated	401,141	1,141
Total unrestricted net assets	<u>3,157,037</u>	<u>3,104,972</u>
Temporarily restricted (Note 7)	9,398,578	6,667,403
Permanently restricted (Note 8)	50,571	50,571
Total net assets	<u>12,606,186</u>	<u>9,822,946</u>
Total liabilities and net assets	<u>\$ 12,795,443</u>	<u>\$ 9,927,148</u>

See notes to the financial statements.

Exhibit A

NEW YORK CITY RESCUE MISSION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>	
				<u>2013</u>	<u>2012</u>
Revenues, Gains, and Other					
Support:					
Contributions and grants	\$3,353,757	\$3,257,125		\$ 6,610,882	\$9,905,622
Gifts in kind (Note 9)	1,218,352			1,218,352	646,806
Volunteer services (Note 10)	22,049			22,049	33,002
Investment return (Note 4)	130,492			130,492	(18,422)
Other income	156,255			156,255	25,306
Net assets released from restrictions (Note 6)	<u>525,950</u>	<u>(525,950)</u>		<u>-</u>	<u>-</u>
Total revenues gains, and other support	<u>5,406,855</u>	<u>2,731,175</u>		<u>8,138,030</u>	<u>10,592,314</u>
Expenses:					
Program services	<u>2,865,580</u>			<u>2,865,580</u>	<u>2,213,527</u>
Supporting services:					
Management and general	540,825			540,825	532,796
Fundraising	<u>1,948,385</u>			<u>1,948,385</u>	<u>2,068,301</u>
Total supporting services	<u>2,489,210</u>			<u>2,489,210</u>	<u>2,601,097</u>
Total expenses	<u>5,354,790</u>			<u>5,354,790</u>	<u>4,814,624</u>
Change in Net Assets	52,065	2,731,175		2,783,240	5,777,690
Net Assets at Beginning of Year	<u>3,104,972</u>	<u>6,667,403</u>	\$ 50,571	<u>9,822,946</u>	<u>4,045,256</u>
Net Assets at End of Year	<u>\$3,157,037</u>	<u>\$9,398,578</u>	<u>\$ 50,571</u>	<u>\$12,606,186</u>	<u>\$9,822,946</u>

See notes to the financial statements.

Exhibit B

NEW YORK CITY RESCUE MISSION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,783,240	\$ 5,777,690
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	89,230	90,822
Contributions restricted for capital renovations	(2,059,247)	(2,851,570)
Realized gain on sale of investments	(48,532)	(22,700)
Unrealized (gain) loss on investments	(43,614)	79,297
Realized gain on sale of fixed assets	(151,533)	-
Decrease (increase) in pledges receivable	1,139,869	(3,305,362)
Increase in grants receivable	(2,042,170)	-
Decrease in prepaid expense	10,374	8,905
Increase in accounts payable and accrued expenses	85,055	44,866
Net cash used by operating activities	<u>(237,328)</u>	<u>(178,052)</u>
Cash Flows from Investing Activities:		
Proceeds from contributions restricted for capital renovations	2,059,247	2,851,570
Purchases of fixed assets	(2,435,562)	(1,214,061)
Proceeds from sale of fixed assets	432,285	-
Proceeds from sale of investments	2,173,053	598,165
Purchases of investments	(426,838)	(2,103,786)
Net cash provided by investing activities	<u>1,802,185</u>	<u>131,888</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,564,857	(46,164)
Cash and Cash Equivalents at Beginning of Year	<u>234,348</u>	<u>280,512</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,799,204</u>	<u>\$ 234,348</u>

See notes to the financial statements.

Exhibit C

NEW YORK CITY RESCUE MISSION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>	
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL SERVICES</u>	<u>FUNDRAISING</u>		<u>TOTAL</u>
Salaries and wages	\$ 894,521	\$ 274,395	\$ 305,624	\$ 580,019	\$ 1,474,540
Payroll taxes	40,268	18,453	18,911	37,364	77,632
Employee benefits	100,624	13,806	27,896	41,702	142,326
Total salary and related benefits	1,035,413	306,654	352,431	659,085	1,694,498
Contract labor		24,320		24,320	24,320
Professional fees		16,913	15,744	32,657	32,657
Food supplies	595,869			-	595,869
Clothing and apparel	470,393			-	470,393
Social/medical services	20,870	1,179		1,179	22,049
Relief and aid	14,209			-	14,209
General and office supplies	191,401	56,144	8,958	65,102	256,503
Occupancy	193,451	6,593	3,296	9,889	203,340
Telephone	6,675	1,780	445	2,225	8,900
Donor communication	40,247	49,795	1,549,306	1,599,101	1,639,348
Postage and freight	13,673	34,456	6,563	41,019	54,692
Staff education	5,820	6,288	2,658	8,946	14,766
Travel and transportation	14,915	166	1,491	1,657	16,572
Program expense	182,211		3,471	3,471	185,682
Other expenses	6,818	23,153	1,791	24,944	31,762
Total expenses before depreciation	2,791,965	527,441	1,946,154	2,473,595	5,265,560
Depreciation		13,384	2,231	15,615	89,230
Total expenses	\$ 2,865,580	\$ 540,825	\$ 1,948,385	\$ 2,489,210	\$ 5,354,790

See notes to the financial statements.

Exhibit D

NEW YORK CITY RESCUE MISSION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013

1. **Organization:**

New York City Rescue Mission (the Mission) is a nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Mission's principal activity is to provide food, shelter, clothing, and spiritual counseling to those in need.

2. **Summary of Significant Accounting Policies:**

(a) *Accrual Basis Financial statements*

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

(b) *Net assets*

The net assets of the Mission and changes therein are classified and reported as follows:

Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

Temporarily restricted net assets carry specific donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

(c) *Prior-Year Summarized Comparative Information*

The financial information includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Continued

NEW YORK CITY RESCUE MISSION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

2. **Summary of Significant Accounting Policies:** (continued)

(d) *Cash and Cash Equivalents*

Cash includes checking, savings and money market accounts. Certificates of deposit with maturity of three months or less when purchased are considered to be cash equivalents.

(e) *Contributions, Gifts, and Grants*

Contributions, gifts, and grants (including unconditional promises to give) are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a rate which approximates the borrowing rate of the Mission. Amortization of the discount is included in contribution revenue. An allowance for uncollectible contributions is estimated based upon management's judgment and includes factors such as prior collection history.

(f) *Investments and Investment Income*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair values based on quoted prices in active markets (national security exchanges) for identical assets, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair values at date of receipt.

(g) *Land, Building, and Equipment*

Land, building and equipment are stated at cost, or if donated, at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	10-40 years
Equipment	5-20 years

The Mission's capitalization level is \$1,000. To facilitate the budget process, it is the Mission's policy to expense department capital purchases throughout the fiscal year, and then to reclassify them in period thirteen to the Fixed Asset section of the statement of financial position.

Depreciation, following the period thirteen reclassification, is posted for the purchase year beginning with the purchase date. This expense is applied to period thirteen in the purchase year, but is done monthly in subsequent years.

Continued

NEW YORK CITY RESCUE MISSION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

2. Summary of Significant Accounting Policies: (continued)

(h) *Donated Materials and Services*

The Mission receives donations of food, clothing and other materials which are recorded as support at their estimated fair value at the date of donation and are expensed for program services.

The Mission receives significant amounts of donated services from unpaid volunteers who assist in program services and supporting services. The amount recognized in the statement of activities (Exhibit B) satisfy the criteria for recognition according to accounting principles generally accepted in the United States of America for professional services rendered.

(i) *Use of Estimates*

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

3. Pledges Receivable:

All pledged commitments have been made for the Capital Campaign. Pledges are expected to be received as follows:

In less than one year	\$ 1,949,217
In one to five years	<u>541,983</u>
Subtotal	2,491,200
Less: allowance for uncollectable pledges	(29,720)
Less: unamortized discount	<u>(30,615)</u>
Net pledges receivable	<u>\$ 2,430,865</u>

Unconditional promises to give that are due in more than one year are reflected at the present value of estimated cash flows using a discount rate established by management.

The Mission uses the allowance method to determine uncollectible receivables. Any allowance is based on management's experience and analysis for specific accounts.

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NEW YORK CITY RESCUE MISSION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

4. Investments:

Investments at June 30, 2013 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Common stock	\$ 562,683	\$ 673,536
Mutual funds	579,353	597,644
Money market funds	46,216	46,216
Real estate investment trust	<u>1,000</u>	<u>1,000</u>
	<u>\$1,189,251</u>	<u>\$1,318,396</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2013.

	<u>Unrestricted</u>
Dividends and interest	\$ 38,346
Realized gains on sale of securities	48,532
Unrealized gain	<u>43,614</u>
	<u>\$ 130,492</u>

5. Land, Buildings, and Equipment:

Land, buildings, and equipment at June 30, 2013 are as follows:

Land	\$ 76,055
Buildings and improvements	1,764,483
Equipment	409,230
Construction in progress	<u>3,887,238</u>
	6,137,006
Less accumulated depreciation	<u>(954,768)</u>
	<u>\$ 5,182,238</u>

There was a sale of property and land during this fiscal year which resulted in a gain of \$151,533. The board has designated \$400,000 from the sale of the proceeds towards the Phase IV Construction Project.

Continued

NEW YORK CITY RESCUE MISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

6. Net Assets Released from Restrictions:

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes which for the year ended June 30, 2013 were as follows:

Learning Center	\$ 2,109
Great Thanksgiving Banquet	91,990
Food service	98,605
Mother's Day Banquet	44,978
Technology	883
Program grads	2,304
Staff Christmas/Payroll related	28,100
Christmas catalogue	4,206
Hurricane Sandy Relief	1,919
Additional Floors dormitory expansion	249,885
Washer/Dryer	970
	<u>\$ 525,950</u>

7. Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30, 2013 are available for the following purposes:

Additional floors dormitory expansion	\$ 9,370,512
Washer/Dryer	530
Learning Center	7,541
Clinic	1,250
Program Grads	224
NYC Marathon	1,524
Hurricane Sandy Relief	16,501
Other	497
	<u>\$ 9,398,578</u>

8. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support general operations.

Continued

NEW YORK CITY RESCUE MISSION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

9. Gifts in Kind:

Gifts in kind for the year ended June30, 2013 consisted of the following:

Food	\$ 458,507
Clothing	470,393
Supplies	<u>289,452</u>
	<u>\$ 1,218,352</u>

10. Volunteer Services:

The value of donated services included as contributions in the financial statements and the corresponding program expense for the year ended June 30, 2013:

Medical and other services	<u>\$22,049</u>
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11. Pension:

The Mission provides a qualified 401(k) retirement plan for its employees. The Mission will contribute 3% based on the employees' compensation, plus up to an additional 6% matching contribution based on 1.5% for every 1% that the employee contributes to the plan. The total pension expense for the year ended June 30, 2013 was \$95,425

12. Related Party Transactions:

A member of the Mission's Board provided architectural services totaling \$116,577. Another Board member provided legal services related to the sale of Mission's property located in New Jersey and totaling \$1,500.

13. Grant Receivable:

The Mission has been awarded a subsidy in the amount of \$2.7 million to help finance a three-story expansion project. The award is to be disbursed in partial payments over the life of the project, after all applicable information and documentation substantiating the use of the funds has been submitted. During the year ended June 30, 2013, payments totaling \$657,830 were received by the Mission. (See Note 15)

14. Commitments:

The Mission has entered into agreements with two companies; an architectural firm and a construction company for the design and building of a three-story addition to the existing structure. The total contract sums for the two contracts are \$650,000 and \$6,642,363, respectively. At June 30, 2013, the remaining balances on the contracts for the services not yet performed totaled \$21,027 and \$4,732,942 respectively.

Continued

NEW YORK CITY RESCUE MISSION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

15. Contingent Liability:

During the fiscal year ended June 30,2013, the Mission entered into an a agreement with Astoria Federal Savings Bank as a Sponsor under the Affordable Housing Program of the Federal Home Loan Bank (FHLB) , whereby the FHLB will provide a maximum grant amounting to \$2.7 million to be used for the three-story expansion project. The term of the agreement is fifteen years. The agreement provides that, should the Mission sell their facility or cease providing affordable housing during the agreement period, the Mission must reimburse the FHLB for the total amount of the grant. After the termination of the agreement period the Mission is under no further obligation as to the grant proceeds. (See Note 13)

16. Concentration of Credit Risk:

As of June 30, 2013, the Mission had cash deposits in excess of federal insured limit in Astoria Federal Savings Bank totaling \$1,048,652.

17. Subsequent Events:

The Mission has evaluated events and transactions for potential subsequent event recognition or disclosure through December 11, 2013, the date the financial statements were available to be issued. No material subsequent events were noted.