



GOSPEL-RESCUE MISSION OF GRANTS PASS
FINANCIAL STATEMENTS
For the year ended December 31, 2015
with Independent Auditor's Report

**GOSPEL-RESCUE MISSION OF GRANTS PASS
FINANCIAL STATEMENTS
For the year ended December 31, 2015**

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3232 HILLCREST PARK DRIVE
MEDFORD, OR 97504
[OFFICE] 541-779-6600
[FAX] 541-779-6610
WWW.CRAMER-CPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gospel-Rescue Mission of Grants Pass
PO Box 190
Grants Pass, OR 97528

We have audited the accompanying financial statements of Gospel-Rescue Mission of Grants Pass (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gospel-Rescue Mission of Grants Pass as of December 31, 2015, 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.

Cramer & Associates
Medford, Oregon
August 15, 2016

GOSPEL-RESCUE MISSION OF GRANTS PASS
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

CURRENT ASSETS

Cash - unrestricted	\$ 791,040
Cash held on behalf of residents	2,136
Cash - temporarily restricted (see note 5)	<u>284,500</u>

Total cash 1,077,676

Accounts receivable	1,521
Thrift store inventory	<u>50,000</u>

Total current assets \$ 1,129,197

PROPERTY AND EQUIPMENT

Property and equip., net of accum. depreciation - unrestricted	3,482,328
Property and equip., net of accum. depreciation - temporarily restricted (see note 5)	<u>1,490,600</u>

Total property and equipment 4,972,928

Total assets \$ 6,102,125

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 224
Trust accounts payable (residents)	2,136
Accrued vacation payable	5,721
Current portion of long-term debt	<u>20,004</u>

Total current liabilities \$ 28,085

LONG-TERM LIABILITIES

Long-term debt, net of current portion	<u>435,279</u>
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LONG-TERM DEBT, net of current portion 435,279

Total liabilities 463,364

NET ASSETS

Unrestricted	3,863,661
Temporarily restricted	<u>1,775,100</u>

Total net assets 5,638,761

Total liabilities and net assets \$ 6,102,125

**GOSPEL-RESCUE MISSION OF GRANTS PASS
STATEMENT OF ACTIVITIES
For the year ended December 31, 2015**

UNRESTRICTED NET ASSETS		
Public support and revenue:		
Grants and contracts	\$	15,200
Contributions		751,116
Thrift store and resale income		624,132
Resident income		23,484
Gain on sale of property		198,470
Interest		90
Other		29,130
		<u>1,641,622</u>
Net assets released from restrictions		<u>52,213</u>
Total public support and revenue	\$	1,693,835
Expenses:		
Program services:		
Shelters	841,444	
From the Heart	<u>4,672</u>	
Total program services	846,116	
Support services:		
Fundraising	31,258	
Management and general	<u>337,163</u>	
Total support services	368,421	
Total expenses		<u>1,214,537</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS		479,298
TEMPORARILY RESTRICTED NET ASSETS		
Four Way Community Foundation-2015	5,000	
Carrico Family Foundation-2015	10,000	
Ford Family Foundation	14,500	
Allcare	75,000	
River Valley Community Church	200,000	
Net assets released from restrictions	<u>(52,213)</u>	
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		<u>252,287</u>
INCREASE (DECREASE) IN NET ASSETS		731,585
NET ASSETS AT BEGINNING OF YEAR		<u>4,907,176</u>
NET ASSETS AT END OF YEAR	\$	<u><u>5,638,761</u></u>

See independent auditor's report and accompanying notes to the financial statements.

**GOSPEL-RESCUE MISSION OF GRANTS PASS
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015**

	PROGRAM SERVICES			SUPPORT SERVICES			Total
	Shelters	From the Heart	Total program services	Fundraising	Management and general	Total support services	
OPERATING EXPENSES:							
Salaries and wages	\$ 130,186	\$ -	\$ 130,186	\$ -	\$ 238,782	\$ 238,782	\$ 368,968
Payroll tax and expenses	4,537	-	4,537	-	32,223	32,223	36,760
	<u>134,723</u>	<u>-</u>	<u>134,723</u>	<u>-</u>	<u>271,005</u>	<u>271,005</u>	<u>405,728</u>
Program operations	480,639	4,672	485,311	-	6,769	6,769	492,080
Occupancy	83,662	-	83,662	-	4,446	4,446	88,108
Office expense	5,574	-	5,574	-	15,095	15,095	20,669
Travel / training	2,504	-	2,504	-	1,308	1,308	3,812
Insurance expense	140	-	140	-	24,093	24,093	24,233
Advertising / Outreach	-	-	-	31,258	-	31,258	31,258
Professional services	6,035	-	6,035	-	14,212	14,212	20,247
Dues / licenses	820	-	820	-	235	235	1,055
	<u>579,374</u>	<u>4,672</u>	<u>584,046</u>	<u>31,258</u>	<u>66,158</u>	<u>97,416</u>	<u>681,462</u>
Total operating expenses before other expenses	714,097	4,672	718,769	31,258	337,163	368,421	1,087,190
OTHER EXPENSES:							
Depreciation	126,212	-	126,212	-	-	-	126,212
Interest expense	1,135	-	1,135	-	-	-	1,135
	<u>127,347</u>	<u>-</u>	<u>127,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,347</u>
TOTAL EXPENSES	<u>\$ 841,444</u>	<u>\$ 4,672</u>	<u>\$ 846,116</u>	<u>\$ 31,258</u>	<u>\$ 337,163</u>	<u>\$ 368,421</u>	<u>\$ 1,214,537</u>

See independent auditor's report and accompanying notes to the financial statements.

GOSPEL-RESCUE MISSION OF GRANTS PASS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Excess / (deficit) of revenue over expense	\$	533,115
Adjustments to reconcile excess of revenue over expense to net cash provided by operating activities:		
Depreciation		126,212
(Increase) decrease in:		
Accounts receivable		(1,470)
Increase (decrease) in:		
Accounts payable		(4,269)
Accrued expenses		<u>(12,312)</u>
Net cash provided / (used) by operating activities		<u>\$ 641,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress		(35,654)
Sale of property		248,470
Net cash provided / (used) by investing activities		<u>212,816</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt		<u>(109,720)</u>
Net cash provided / (used) by financing activities		<u>(109,720)</u>
NET INCREASE / (DECREASE) IN CASH		744,372
CASH, beginning of year		<u>333,304</u>
CASH, end of year		<u><u>\$ 1,077,676</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest		<u><u>\$ 1,135</u></u>

GOSPEL-RESCUE MISSION OF GRANTS PASS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Gospel-Rescue Mission of Grants Pass (GRM) is an Oregon religious nonprofit corporation registered in 1983 for the purpose of providing temporary housing for the homeless in the Grants Pass area. Residents are also provided with counseling services to help them obtain permanent housing, employment, financial assistance, and help with substance abuse problems. GRM operates women's, men's and family shelters which provide food, clothing, counseling and a GED program to the temporarily homeless; and salvage sales and a thrift store (the Second Chance Store) which also include work rehabilitation programs. GRM's principal sources of revenue are substantially generated from donations and sales of donated items from the thrift store and recycling center.

Basis of Accounting

The financial statements of GRM have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities, and recognizes revenues when earned and expenses when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958. Under ASC 958, GRM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include resources that are not temporarily or permanently restricted by the donor and are available for operations of GRM without limitation. Unrestricted net assets also include resources restricted by donor-imposed criteria for which the restrictions are met within the same time period as the funds are received. Unrestricted net assets which have been designated for specific uses by the Board of Directors will also be identified.

Temporarily restricted net assets include those resources restricted by donor / grantor-imposed criteria and which either expire with the passage of time (generally by usage of the funds for the designated purpose) or by actions of GRM.

Permanently restricted net assets include contributions subject to donor-imposed or other legal restrictions with requirements that the principal be invested in perpetuity and only the income is expended for designated purposes.

GRM did not have any net assets classified as permanently restricted as of December 31, 2015.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, GRM considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The carrying values of cash and cash equivalents approximate fair value.

GOSPEL-RESCUE MISSION OF GRANTS PASS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

GRM receives contributions of significant amounts of food for use at the shelters, recorded as in-kind contributions and expenses. Due to the perishable nature and the difficulty of estimating and valuing any significant amount of food at any given time, the organization does not carry food inventory on the books.

GRM also receives contributions of clothing, household, recyclables, and other goods for resale. A substantial amount of the contributions have no market value and create a disposal cost. Contributions that do have a market value are not determinable until sold, therefore contributions of clothing and household goods are not recognized until resale, and recorded as in-kind contributions and expenses at that time.

Estimated values of inventories held at the thrift store at December 31, 2015 are stated at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost is determined using the first in, first out method.

Property and Equipment

Purchased property and equipment over \$5,000 is capitalized at cost. Donations of property and equipment over \$5,000 are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, GRM reports expirations of donor restrictions when the donated or acquired assets are placed in service. GRM reclassifies temporarily restricted net assets to unrestricted net assets at that time. For financial reporting purposes the costs of property and equipment are depreciated over the estimated useful lives of the assets ranging from five to fifty years using primarily the straight-line method.

Contributions

Donations of assets are recorded as support revenue at their estimated fair value at the date of donation. Assets whose estimated fair value cannot be reasonably determined are not recorded. Recorded donations (including cash and securities) are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, GRM reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. GRM reclassifies temporarily restricted net assets at that time.

Donated services are recognized as contributions in accordance with ASC 958, if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by GRM. Volunteers may provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 are not met, or the valuation of such services cannot be reasonably determined.

GOSPEL-RESCUE MISSION OF GRANTS PASS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

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. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical methods.

Program services include expenses directly related to the exempt purpose of GRM, and include the following programs: 1) Women's, Men's and Family Shelters, salvage sales and the Second Chance Store; and 2) From the Heart, which is a joint venture with United Community Action Network (UCAN) to provide medicines to the needy.

Fund-raising activities provide the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Management and General activities include the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of GRM's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the organization.

Tax-Exempt Status

GRM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and received their latest determination letter from the IRS in June 1995 which extended their original status from January 1983. However, income from certain activities not directly related to the Chapter's tax-exempt purpose is subject to taxation as unrelated business income. GRM qualifies for the charitable contribution deduction and has also been classified as an organization that is not a private foundation under Section 509(a) because it is an organization described in Section 170(b)(1)(A)(vi).

GRM's Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after filing.

GRM has been classified and registered as a religious domestic non-profit with the Oregon Secretary of State Corporate Division. As such, they have no annual state reporting filing requirement other than renewal of their registration with the Secretary of State.

Date of Management's Review

Management has evaluated subsequent events through August 15, 2016, the date on which the financial statements were available to be issued.

**GOSPEL-RESCUE MISSION OF GRANTS PASS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015**

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

	<u>12/31/2014</u>	<u>additions</u>	<u>deletions</u>	<u>12/31/2015</u>
Land	\$ 246,294	\$ -	\$ 50,000	\$ 196,294
Machinery and equipment	78,670	-	-	78,670
Vehicles	47,450	-	-	47,450
Buildings and improvements	<u>6,193,857</u>	<u>35,654</u>	<u>293,884</u>	<u>5,935,627</u>
	6,566,271	<u>\$ 35,654</u>	<u>\$ 343,884</u>	6,258,041
Less: accumulated depreciation	<u>1,452,785</u>	<u>\$ 126,212</u>	<u>\$ 293,884</u>	<u>1,285,113</u>
Net book value	<u>\$ 5,113,486</u>			<u>\$ 4,972,928</u>

Depreciation expense for the year ended December 31, 2015 was \$126,212.

NOTE 3—DEBT

Long-term debt consisted of the following at December 31, 2015:

Mortgage payable to Evergreen Fedral Bank. \$1,667 due monthly (zero interest note) until maturity in 2031. The note is secured by a real property trust deed.	475,287
Less: current portion	<u>(20,004)</u>
	<u>\$ 455,283</u>

Principal payments on long-term debt for each of the next five years and in total will be:

Year ended December 31:	2016	\$ 20,004
	2017	20,004
	2018	20,004
	2019	20,004
	2020	20,004
	thereafter	<u>355,263</u>
		<u>\$ 455,283</u>

NOTE 4—RELATED PARTY TRANSACTIONS

Gospel Rescue Mission of Grants Pass Foundation (the Foundation) was created in 1999 to raise money to support GRM. The Foundation has a separate and independent board, although cross membership does occur. During the year ended December 31, 2015, GRM received \$10,200 in grants from the Foundation.

GOSPEL-RESCUE MISSION OF GRANTS PASS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

NOTE 5—TEMPORARILY RESTRICTED NET ASSETS

GRM receives funds from contributions, grants and contracts with donor stipulations as outlined in Note 1, above. At December 31, 2015, GRM held the following net balances as temporarily restricted:

Current year grant balances:		
Four Way Community Foundation	\$	5,000
Carrico Family Foundation		10,000
Ford Family Foundation		14,500
Allcare		75,000
River Valley Community Church		<u>180,000</u>
Total current year grant balances	\$	284,500
Construction funds:		
Fikso women's shelter		554,000
Wagner Hall men's shelter		<u>936,600</u>
Total construction funds:		<u>1,490,600</u>
Total temporarily restricted net assets	\$	<u>1,775,100</u>

GRM received two grants from the Federal Home Loan Bank of Seattle. One grant was for construction of the Fikso Women's Shelter and the other was for the construction of Wagner Hall. Both grants require GRM to enter into Affordable Housing Program Regulatory Agreements. The Regulatory Agreements set forth operating restrictions on the facilities and require income restrictions on the tenants. Compliance with both grants is secured by Trust Deeds on the properties. The full balance of both grants is included as temporarily restricted net assets until the compliance period expires.

NOTE 6—CONCENTRATIONS

Concentration of contributions

In the normal course of operations, GRM receives grant funds, certain contracts, and donations from various agencies, private foundations, and individuals. A significant portion of their funding was obtained from these contributions and grants. All grant programs are subject to the administrative directives, rules and regulations, and audits of federal, state and local regulatory agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Such administrative directives, rules and regulations are subject to changes which may occur with little notice or could make GRM susceptible to inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change or an audit. GRM believes any liability for reimbursement which may arise as the result of these changes, or costs related to potential changes, audits, or otherwise are not material to this financial statement presentation. GRM is also subject to the whim of individual contributors for both monetary funds and donations to the shelters and thrift and recycle programs. A significant decline in these contributions would be detrimental to the organization and it is unlikely that additional funding sources could be acquired to rapidly replace lost revenues. Management believes the level of contributions to be adequate based on historical reference and feels no threat to the immediate future of the organization's operations.