



Financial Statements

(With Supplementary Financial Information)

**For the Year Ended
December 31, 2016**

SK

SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

City Rescue Mission of Saginaw, Inc.

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Supplemental Information	
Statement of Financial Position – By Fund	16
Statement of Activities – By Fund	17
Statement of Cash Flows – By Fund	18



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

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A VETERAN OWNED BUSINESS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
City Rescue Mission of Saginaw, Inc.

We have audited the accompanying financial statements of the *City Rescue Mission of Saginaw, Inc.* (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 the *City Rescue Mission of Saginaw, Inc.* as of December 31, 2016, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The individual statements by fund on pages 16-18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Smith + Klaczynski PC

Saginaw, Michigan
August 16, 2017

City Rescue Mission of Saginaw, Inc.
Statement of Financial Position
December 31, 2016

<u>Assets</u>	Unrestricted	Permanently Restricted	Total
Current assets			
Cash	\$ 289,231	\$ -	\$ 289,231
Investments	122,587	-	122,587
Accounts receivable	151,495	-	151,495
Pledge receivable, net	32,675	-	32,675
Other receivables (land contract)	2,345	-	2,345
Prepaid expense	8,078	-	8,078
Inventory	711	-	711
Total current assets	<u>607,122</u>	<u>-</u>	<u>607,122</u>
Noncurrent assets			
Other assets	7,119	-	7,119
Endowment investments	-	466,231	466,231
Capital assets	8,673,840	-	8,673,840
Less: accumulated depreciation	<u>(4,250,614)</u>	<u>-</u>	<u>(4,250,614)</u>
Total noncurrent assets	<u>4,430,345</u>	<u>466,231</u>	<u>4,896,576</u>
Total Assets	<u>\$ 5,037,467</u>	<u>\$ 466,231</u>	<u>\$ 5,503,698</u>
 <u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable	\$ 107,059	\$ -	\$ 107,059
Accrued expenses	75,623	-	75,623
Resident advance payments	9,849	-	9,849
Line of credit	5,130	-	5,130
Loan, current	19,585	-	19,585
Notes payable, current	<u>50,004</u>	<u>-</u>	<u>50,004</u>
Total current liabilities	<u>267,250</u>	<u>-</u>	<u>267,250</u>
Noncurrent liabilities			
Accrued compensated absences	29,531	-	29,531
Loan	529,420	-	529,420
Notes payable	<u>341,255</u>	<u>-</u>	<u>341,255</u>
Total noncurrent liabilities	<u>900,206</u>	<u>-</u>	<u>900,206</u>
Total liabilities	1,167,456	-	1,167,456
Net Assets	<u>3,870,011</u>	<u>466,231</u>	<u>4,336,242</u>
Total Liabilities and Net Assets	<u>\$ 5,037,467</u>	<u>\$ 466,231</u>	<u>\$ 5,503,698</u>

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

City Rescue Mission of Saginaw, Inc.
Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Permanently Restricted	Total
Public support and revenue			
Public support			
Contributions	\$ 2,505,302	\$ -	\$ 2,505,302
Special events	190,002	-	190,002
Donated materials	664,358	-	664,358
Legacies and bequests	29,360	-	29,360
Total public support	<u>3,389,022</u>	<u>-</u>	<u>3,389,022</u>
Grants from governmental agencies			
State and local grants	429,835	-	429,835
FHLB	398,229	-	398,229
Total grants from governmental agencies	<u>828,064</u>	<u>-</u>	<u>828,064</u>
Revenue			
Program service fees	1,043,874	-	1,043,874
Investment income (loss)	21,726	-	21,726
Miscellaneous	6,088	-	6,088
Rent from investment property, net of direct costs	24,057	-	24,057
Total revenue	<u>1,095,745</u>	<u>-</u>	<u>1,095,745</u>
Total public support and revenue	<u>5,312,831</u>	<u>-</u>	<u>5,312,831</u>
Expenses			
Program services			
Transient men	384,438	-	384,438
Program men	539,059	-	539,059
Women / Family Enrichment	742,656	-	742,656
Community Village	1,402,408	-	1,402,408
Good Samaritan Mission	1,810,228	-	1,810,228
Total program services	<u>4,878,789</u>	<u>-</u>	<u>4,878,789</u>
Supporting services			
Management and general	276,024	-	276,024
Fundraising	254,364	-	254,364
Total supporting services	<u>530,388</u>	<u>-</u>	<u>530,388</u>
Total expenses	<u>5,409,177</u>	<u>-</u>	<u>5,409,177</u>
Other changes in net assets			
Change in beneficial interest in assets held by foundation (see Note 13)	-	12,309	12,309
Change in Net Assets	<u>(96,346)</u>	<u>12,309</u>	<u>(84,037)</u>
Net Assets, Beginning, as restated	3,966,357	453,922	4,420,279
Net Assets, Ending	<u>\$ 3,870,011</u>	<u>\$ 466,231</u>	<u>\$ 4,336,242</u>

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

City Rescue Mission of Saginaw, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services					Total
	Mens ES Services	SAVE Program	Womens ES Services	Community Village	Good Samaritan Mission	
Salaries	\$ 115,139	\$ 120,821	\$ 275,217	\$ 498,719	\$ 374,401	\$ 1,384,297
Fringe benefits	25,400	26,654	60,715	86,045	54,389	253,203
Payroll taxes	9,117	9,567	21,792	45,051	29,747	115,274
Total salaries and related expense	149,656	157,042	357,724	629,815	458,537	1,752,774
Professional services	38,738	38,738	38,738	298,861	49,114	464,189
Thrift store	637	1,211	1,147	-	-	2,995
Building maintenance	6,959	7,302	16,634	35,811	34,832	101,538
Client services	1,321	1,321	1,361	3,973	1,881	9,857
Development and public education	41,604	79,047	74,886	3,562	124,999	324,098
Dues	165	2,969	990	7,871	2,716	14,711
Food	8,727	8,727	8,214	97,268	40,896	163,832
Insurance	5,129	5,129	5,129	53,902	15,836	85,125
Interest	1,652	1,652	1,565	-	3,385	8,254
Miscellaneous	1,202	1,202	1,603	6,798	-	10,805
Office supplies	1,864	1,864	1,864	7,500	3,390	16,482
Operating supplies	3,705	4,234	4,234	26,617	4,391	43,181
Donated clothing and furnishings	52,431	99,620	94,377	23,322	378,878	648,628
Postage	4,307	4,307	4,307	1,612	8,033	22,566
Staff training	531	531	547	-	-	1,609
Telephone	2,569	2,569	2,569	9,026	6,304	23,037
Utilities	11,859	26,454	36,488	119,783	130,633	325,217
Vehicle operations	5,031	9,559	9,056	2,610	1,609	27,865
Rent	1,148	1,148	1,148	-	-	3,444
Special events	1,614	1,614	1,614	528	24,708	30,078
Interest on debt	3,045	5,786	5,482	-	-	14,313
Other capital costs	3,891	7,393	7,004	8,289	443,317	469,894
Total expenses before depreciation	347,785	469,419	676,681	1,337,148	1,733,459	4,564,492
Depreciation	36,653	69,640	65,975	65,260	76,769	314,297
Total expenses	<u>\$ 384,438</u>	<u>\$ 539,059</u>	<u>\$ 742,656</u>	<u>\$ 1,402,408</u>	<u>\$ 1,810,228</u>	<u>\$ 4,878,789</u>

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

Supporting Services

Management and General	Fundraising	Total	Total
\$ 163,739	\$ 77,928	\$ 241,667	\$ 1,625,964
36,122	17,191	53,313	306,516
12,965	6,171	19,136	134,410
212,826	101,290	314,116	2,066,890
-	12,913	12,913	477,102
96	96	192	3,187
9,896	4,710	14,606	116,144
-	-	-	9,857
6,241	6,241	12,482	336,580
-	-	-	14,711
2,567	23,101	25,668	189,500
-	31,238	31,238	116,363
1,305	2,522	3,827	12,081
-	-	-	10,805
746	1,118	1,864	18,346
5,116	353	5,469	48,650
7,865	7,865	15,730	664,358
4,307	4,307	8,614	31,180
-	-	-	1,609
1,028	1,541	2,569	25,606
8,210	8,210	16,420	341,637
755	755	1,510	29,375
459	689	1,148	4,592
8,068	40,876	48,944	79,022
457	457	914	15,227
584	584	1,168	471,062
270,526	248,866	519,392	5,083,884
5,498	5,498	10,996	325,293
<u>\$ 276,024</u>	<u>\$ 254,364</u>	<u>\$ 519,392</u>	<u>\$ 5,409,177</u>

City Rescue Mission of Saginaw, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2016

Net cash flows from operating activities	
Change in net assets	\$ (96,346)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	325,293
(Increase) decrease in:	
Receivables	(20,075)
Prepaid expenses	5,013
Increase (decrease) in:	
Accounts payable	(186,208)
Accrued expenses	67
Resident advance payments	5,025
Net cash provided by (used in) operating activities	<u>32,769</u>
 Cash flows from capital and related financing activities	
Purchases of property and equipment	<u>(282,422)</u>
 Cash flows from investing activities	
Sale of investments	<u>491</u>
 Cash flows from financing activities	
Proceeds from line of credit	458,229
Principal paid on loan	(10,995)
Principal paid on line of credit	(219,170)
Principal paid on note payable	(47,493)
Net cash provided by (used in) financing activities	<u>180,571</u>
 Net increase (decrease) in cash	(68,591)
 Cash, beginning of year	<u>357,822</u>
 Cash, end of year	<u><u>\$ 289,231</u></u>
 Supplemental cash flow information	
Interest paid during year	<u><u>\$ 15,227</u></u>

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

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1 – Summary of Significant Accounting Policies

The financial statements of the *City Rescue Mission of Saginaw, Inc.* (the “Mission”) have been prepared on the accrual basis of accounting. The Mission’s significant accounting policies are described below to enhance the usefulness of the financial statements to the readers.

Purpose and Tax Status

The *City Rescue Mission of Saginaw, Inc.* is a Michigan non-profit corporation whose purpose is to assist, encourage and promote the well being of mankind. This is accomplished by providing food, shelter and instruction for homeless men, women and children at the Rescue Mission, the Good Samaritan Mission and housing for the elderly at Community Village. The Mission is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Mission has evaluated the provision of ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. The evaluation was performed for the years 2012 through 2015, the years which remain subject to examination by major tax jurisdiction as of year end. The Mission concluded that there are no significant uncertain tax positions requiring recognition in the organization’s financial statements. The Mission does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly increase or decrease in the next twelve months. The Mission does not have any amounts accrued for interest and penalties related to UTBs at year end, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Fund Accounting

The financial activities of the Mission are accounted for in separate funds, described as follows:

Operating Funds - The operating funds include unrestricted resources, which represent the portion of expendable funds that is available for support of the operations of Rescue Mission, Community Village and Good Samaritan Mission.

Endowment Funds – The endowment fund consists of City Rescue Mission and Permanent Fund monies that have been allocated in accordance with the resolution made by the Board of Directors of the *City Rescue Mission of Saginaw, Inc.* dated February 20, 1989. The resolution policy is to preserve principal and expend income in the interest of the welfare of the homeless and the *City Rescue Mission of Saginaw, Inc.* In the event of an emergency, the Board of Directors has the authority to expend the principal.

Cash

The Mission considers all cash on hand and deposits (savings and checking accounts) as cash for purposes of the Statement of Cash Flows.

Concentration of Credit Risk

The Mission maintains its cash in bank deposit accounts, which at times may exceed federally insured limits.

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Donated Facilities, Services, and Materials

The Mission received donated services from a variety of unpaid volunteers during the year. A dollar valuation of their efforts is not reflected in the financial statements since such services do not meet the criteria for recognition.

The Mission received donated materials, such as food, clothing and furniture that meet recognition requirements during the year. The Mission recognized \$664,358 as the estimated value of these materials in the accompanying financial statements, with a like amount included as other program expenses. The Mission recognizes these donated materials as contributions based upon their estimated fair value on the date received.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the Statement of Financial Position. Investment income (which includes realized and unrealized gains and losses on investments, interest, dividends, and fees) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law.

Promise to Give

Contributions are recognized when the donor makes a promise to give to the Mission that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Inventory

Inventory consists of property that is held for sale. Donated property is stated at State Equalized Value for the 2016 tax year.

Compensated Absences

It is the Mission's policy to permit employees to accumulate a limited amount of earned but unused vacation days. Employees are allowed to accumulate a maximum of 160 hours of annual vacation to which he/she is entitled. Upon separation from the Mission, employees will be paid their balance of unused vacation days.

City Rescue Mission of Saginaw, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2016

Functional Expenses

The Mission Fund allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly. Expenses that are common to several functions are allocated by various statistical bases.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2016, the most recent statement of financial position presented herein, through the August 16, 2017, the date these financial statement were available to be issued. No significant such events or transactions were identified.

Note 2 – Restrictions on Net Assets

Temporarily Restricted

Temporary restrictions are donor-imposed restrictions that require the Mission to expend the contributions as specified by the donor. Temporary restrictions are satisfied by either the passage of time or by actions of the Mission to satisfy those restrictions. At year-end, the Mission did not hold temporarily restricted net assets.

Permanently Restricted

The Mission has an economic interest in an endowment fund (as defined by ASC Topic 958-20) at the Saginaw Community Foundation and the Bay Area Foundation, separate nonprofit corporations. An economic interest exists because the endowment fund was established for the purpose of providing support exclusively to the Mission. The Saginaw Community Foundation and the Bay Area Foundation are governed by independent governing Boards which controls the investments of the endowment funds. The balance of the funds at year-end was \$466,231.

Note 3 – Fair Value Measurements

As defined in authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the *City Rescue Mission of Saginaw, Inc.* uses various methods including market, income and cost approaches. Based on these approaches, the *City Rescue Mission of Saginaw, Inc.* often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The *City Rescue Mission of Saginaw, Inc.* utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the *City Rescue Mission of Saginaw, Inc.* is required to provide the following information according to the fair value hierarch. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities and from model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions, at least one of which is not observable in the market, and projections in determining the fair value assigned to such assets or liabilities.

The *City Rescue Mission of Saginaw, Inc.* utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. Investments are recorded as fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 1 securities include common stock and mutual funds that are traded on an active exchange, such as the New York Stock Exchange, and are traded by dealers or brokers in active over-the-counter markets. Level 2 fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 2 securities include corporate bonds and money market funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

All of the Organization's investments consist of mutual funds and income funds which are valued based on quoted net asset values of the shares held by the Organization (Level 1 inputs) at December 31, 2016. There have been no changes in the methodologies used at December 31, 2016 and 2015.

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2016:

	Level 1
Investments at fair value:	
Cash and equivalents:	
Money markets	\$ 11,590
Fixed income:	
Mutual Fund-Fixed Income	42,696
Equities	
Mutual Fund-Equity	68,301
Total	\$ 122,587

Note 4 – Pledges Receivable

The pledges receivable are unconditional and the balances recorded at year-end consist of the following:

City Rescue Mission Fund:

Gross balance	\$ 34,925
Less:	
Allowance for uncollectible receivables	(10,892)
Net receivable balance	\$ 24,033

Good Samaritan Mission Fund:

Gross balance	\$ 4,999
Less:	
Allowance for uncollectible receivables	-
Net receivable balance	\$ 4,999

Community Village Fund:

Gross balance	\$ 3,643
Less:	
Allowance for uncollectible receivables	-
Net receivable balance	\$ 3,643

Note 5 – Capital Assets

Capital assets are recorded at cost or fair market value at the time they are donated. Expenditures for new acquisitions, renewal and betterments, which increase productive capacity or prolong service lives of the property and equipment, are capitalized. Maintenance and repairs, which do not enhance the value or extend the useful life, are expensed as incurred. Depreciation is calculated on the straight-line basis over the estimated useful lives of the respective assets, which range from five to thirty-one years.

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

Capital assets of the Rescue Mission Fund consisted of the following at year-end:

Land	\$ 57,936	
Buildings	4,242,178	31 years
Equipment and furniture	449,036	5-10 years
Vehicles	<u>91,786</u>	5 years
Total Cost	4,840,936	
Less: accumulated depreciation	<u>(2,326,955)</u>	
Net book value	<u>\$ 2,513,981</u>	

Capital assets of the Community Village Fund consisted of the following at year-end:

Buildings	\$ 1,547,444	31 years
Equipment and furniture	403,659	5-10 years
Vehicles	<u>33,519</u>	5 years
Total Cost	1,984,622	
Less: accumulated depreciation	<u>(1,323,706)</u>	
Net book value	<u>\$ 660,916</u>	

Capital assets of the Good Samaritan Mission Fund consisted of the following at year-end:

Buildings	\$ 1,397,631	31 years
Equipment and furniture	436,976	5-10 years
Vehicles	<u>13,675</u>	5 years
Total Cost	1,848,282	
Less: accumulated depreciation	<u>(599,953)</u>	
Net book value	<u>\$ 1,248,329</u>	

Depreciation expense was charged to the following funds during the year:

Rescue Mission Fund	\$ 183,263
Community Village Fund	65,260
Good Samaritan Mission Fund	<u>76,769</u>
Total	<u>\$ 325,292</u>

Note 6 – Notes Payable

At year-end, notes payable consisted of a consolidated mortgage payable to PNC bank. The terms of the mortgage consist of monthly payments of \$5,460 with interest rate of 4.25% through 2023. Mortgage interest expense for the year was \$25,227.

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

Future principal and interest requirements on the note payable are as follows:

<u>Year Ending</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>
2017	\$ 50,004	\$ 15,514
2018	52,171	13,347
2019	54,432	11,086
2020	56,791	8,727
2021	59,252	6,266
2022-2023	118,609	4,738
Total	<u>\$ 391,259</u>	<u>\$ 59,678</u>

Note 7 – Tax Sheltered Annuity Plan

During 1989, the Mission adopted a tax sheltered annuity plan administered through the Equitable Financial Companies to which the Mission will match employee contributions up to five percent (5%) of an employee’s annual wages. The annuity is available to all employees at every level with at least one year of employment with the Mission as of the beginning of the year. The Mission made no contributions to the plan during the year.

Note 8 – Community Village – Custodial Accounts

Included in the net assets of the Operating Fund is the Community Village Activity Fund. At year-end, the Activity Fund had a balance of \$13,922. These funds are raised primarily through volunteer fund-raising efforts and are typically used for special events and activities for the residents at the Village. Included in resident advance payments of the Operating Fund is a Resident Fund with a balance of \$16,037. This account holds petty cash funds that the residents keep at the Village.

Note 9 – Related Party

The Saginaw Shelter for the Homeless, Inc. is a non-profit Michigan corporation whose purpose is to provide financial assistance to homeless shelters and individuals. The Shelter is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Board members, management and accounting personnel of the Saginaw Shelter for the Homeless, Inc. are provided by the City Rescue Mission of Saginaw, Inc. and all accounting records are maintained at the Rescue Mission. While the Shelter’s Board members are not appointed by the Mission, there is oversight of and economic interest in the Shelter.

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 10 – Allocation of Joint Costs

During the year, the Mission conducted activities that included requests for contributions, as well as program and management and general components. Those activities included direct mail campaigns and special events. The costs of conducting those activities included a total of \$1,978,593 of joint costs, which are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated by various statistical bases as follows:

Program services	\$ 1,461,283
Fundraising	247,825
Management and general	<u>269,485</u>
Total	<u>\$ 1,978,593</u>

Note 11 – Revolving Line of Credit

The Mission has a \$150,000 revolving line of credit with a local financial institution. Advances on the credit line are payable on demand and carry an interest rate of 4.25%. The outstanding balance at year-end was \$0.

Note 12 – Construction Line of Credit

The Mission has a construction line of credit with a local financial institution. Advances on the construction line of credit are payable on demand and carry an interest rate of 4.75%. The outstanding balance at year-end was \$5,130.

Note 13 – Loans

During the year, the Mission entered into a business loan with a local financial institution and obtained a loan from the Federal Home Loan Bank Pittsburgh (“*FHLB Pittsburgh*”). The terms of the business loan consist of monthly payments of \$1,794 with interest rate of 4.85% through 2019. The terms of the FHLB Pittsburgh loan bear 0% interest and there is no payment due on the loan unless the Mission sells or moves from the property located at 713 Ninth Street, Bay City, MI within the next 15 years. Interest expense on the business loan for the year was \$1,565.

Future principal and interest requirements on the loans are as follows:

<u>Year</u> <u>Ending</u>	<u>Principal</u> <u>Requirements</u>	<u>Interest</u> <u>Requirements</u>
2017	\$ 19,585	\$ 1,945
2018	20,557	974
2019	8,863	108
2031	<u>500,000</u>	<u>-</u>
Total	<u>\$ 549,005</u>	<u>\$ 3,027</u>

Note 14 – Endowment Funds

The Mission has established endowment funds at the Saginaw Community Foundation and the Bay Area Community Foundation. The balance of these funds at year-end was \$436,965 and \$29,266 respectively. These assets are reported as restricted net assets on the financial statements of the Mission. Activity in the endowment funds was as follows:

City Rescue Mission of Saginaw, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2016

	Saginaw Community Foundation	Bay Area Community Foundation
Balance, beginning	\$ 428,687	\$ 25,235
Contributions	982	1,867
Investment gain (loss)	27,473	1,992
Interest and dividends	6,621	453
Grants	(22,577)	-
Administrative fees	(4,221)	(281)
Balance, ending	\$ 436,965	\$ 29,266

Note 15 – Restatements / Prior Period Adjustments

During the year ended December 31, 2016, restatements were necessary to properly account for the understatement of capital assets and long-term debt in the prior year. The errors have been corrected and had the following effect on the beginning net assets:

	Unrestricted Net Assets
	\$ 3,968,309
Beginning net assets, as previously stated	(101,771)
Adjustment for long-term debt	99,819
Adjustment for capital assets	\$ 3,966,357
Beginning net assets, as restated	
	Rescue Mission Operating Fund
	\$ 2,657,221
Beginning net assets, as previously stated	99,819
Adjustment for capital assets	\$ 2,757,040
Beginning net assets, as restated	
	Good Samaritan Mission Operating Fund
	\$ 1,070,755
Beginning net assets, as previously stated	(101,771)
Adjustment for long-term debt	\$ 968,984
Beginning net assets, as restated	



City Rescue Mission of Saginaw, Inc.
Statement of Financial Position - By Fund
December 31, 2016

	Unrestricted				
	Rescue Mission Funds		Community Village Funds		Good Samaritan
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund	Mission Fund Operating Fund
<u>Assets</u>					
Current assets					
Cash	\$ 191,189	\$ -	\$ 45,196	\$ -	\$ 52,846
Investments	-	122,587	-	-	-
Accounts receivable	71,743	-	47,832	-	31,920
Pledge receivable	24,033	-	3,643	-	4,999
Other receivables (land contract)	-	-	2,345	-	-
Prepaid expense	8,078	-	-	-	-
Inventory	711	-	-	-	-
Intra-program receivables	478,610	-	18,818	-	20,540
Total current assets	<u>774,364</u>	<u>122,587</u>	<u>117,834</u>	<u>-</u>	<u>110,305</u>
Noncurrent assets					
Other assets	7,119	-	-	-	-
Endowment investments	-	-	-	-	-
Capital assets	4,840,936	-	1,984,622	-	1,848,282
Less: accumulated depreciation	(2,326,955)	-	(1,323,706)	-	(599,953)
Total noncurrent assets	<u>2,521,100</u>	<u>-</u>	<u>660,916</u>	<u>-</u>	<u>1,248,329</u>
Total assets	<u>\$ 3,295,464</u>	<u>\$ 122,587</u>	<u>\$ 778,750</u>	<u>\$ -</u>	<u>\$ 1,358,634</u>
<u>Liabilities and Net Assets</u>					
Current liabilities					
Accounts payable	\$ 50,433	\$ -	\$ 38,693	\$ -	\$ 17,933
Accrued expenses	35,306	-	21,195	-	19,122
Resident advance payments	-	-	9,849	-	-
Intra-program payables	219,497	-	225,583	-	72,888
Line of credit	5,130	-	-	-	-
Loan, current	-	-	-	-	19,585
Notes payable, current	50,004	-	-	-	-
Total current liabilities	<u>360,370</u>	<u>-</u>	<u>295,320</u>	<u>-</u>	<u>129,528</u>
Noncurrent liabilities					
Accrued compensated absences	11,168	-	14,074	-	4,289
Loan	-	-	-	-	529,420
Notes payable	341,255	-	-	-	-
Total noncurrent liabilities	<u>352,423</u>	<u>-</u>	<u>14,074</u>	<u>-</u>	<u>533,709</u>
Total liabilities	712,793	-	309,394	-	663,237
Net assets	2,582,671	122,587	469,356	-	695,397
Total Liabilities and Net Assets	<u>\$ 3,295,464</u>	<u>\$ 122,587</u>	<u>\$ 778,750</u>	<u>\$ -</u>	<u>\$ 1,358,634</u>

Permanently Restricted Fund	Total
\$ -	\$ 289,231
-	122,587
-	151,495
-	32,675
-	2,345
-	8,078
-	711
-	517,968
<u>-</u>	<u>1,125,090</u>
-	7,119
466,231	466,231
-	8,673,840
-	(4,250,614)
<u>466,231</u>	<u>4,896,576</u>
<u>\$ 466,231</u>	<u>\$ 6,021,666</u>

\$ -	\$ 107,059
-	75,623
-	9,849
-	517,968
-	5,130
-	19,585
-	50,004
<u>-</u>	<u>785,218</u>
-	29,531
-	529,420
-	341,255
<u>-</u>	<u>900,206</u>
-	1,685,424
466,231	4,336,242
<u>\$ 466,231</u>	<u>\$ 6,021,666</u>

City Rescue Mission of Saginaw, Inc.
Statement of Activities - By Fund
For the Year Ended December 31, 2016

	Unrestricted				Good Samaritan Mission Fund
	Rescue Mission Funds		Community Village Funds		
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund	
Public support and revenue					
Public support					
Contributions	\$ 1,770,095	\$ -	\$ 43,991	\$ -	\$ 691,216
Special events	108,707	-	22,094	-	59,201
Donated materials	262,158	-	23,322	-	378,878
Legacies and bequests	17,000	-	-	-	12,360
Total public support	<u>2,157,960</u>	<u>-</u>	<u>89,407</u>	<u>-</u>	<u>1,141,655</u>
Grants from governmental agencies					
State and local grants	319,722	-	-	-	110,113
FHLB	-	-	-	-	398,229
Total grants from governmental agencies	<u>319,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,342</u>
Revenue					
Program service fees	19,488	-	1,024,386	-	-
Investment income (loss)	22,217	(491)	-	-	-
Miscellaneous	-	-	3,136	-	2,952
Rent from investment property, net of direct costs	12,555	-	-	-	11,502
Total revenue	<u>54,260</u>	<u>(491)</u>	<u>1,027,522</u>	<u>-</u>	<u>14,454</u>
Total public support and revenue	<u>2,531,942</u>	<u>(491)</u>	<u>1,116,929</u>	<u>-</u>	<u>1,664,451</u>
Expenses					
Program services					
Transient men	384,438	-	-	-	-
Program men	539,059	-	-	-	-
Women / Family Enrichment	742,656	-	-	-	-
Community Village	-	-	1,402,408	-	-
Good Samaritan Mission	-	-	-	-	1,810,228
Total program services	<u>1,666,153</u>	<u>-</u>	<u>1,402,408</u>	<u>-</u>	<u>1,810,228</u>
Supporting services					
Management and general	276,024	-	-	-	-
Fundraising	254,364	-	-	-	-
Total supporting services	<u>530,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,196,541</u>	<u>-</u>	<u>1,402,408</u>	<u>-</u>	<u>1,810,228</u>
Other changes in net assets					
Write off of interfund loans	(509,770)	(138,737)	788,885	(12,568)	(127,810)
Change in beneficial interest in assets held by foundation (see Note 13)	-	-	-	-	-
Change in Net Assets	<u>(174,369)</u>	<u>(139,228)</u>	<u>503,406</u>	<u>(12,568)</u>	<u>(273,587)</u>
Net assets, beginning, as restated	<u>2,757,040</u>	<u>261,815</u>	<u>(34,050)</u>	<u>12,568</u>	<u>968,984</u>
Net assets, ending	<u>\$ 2,582,671</u>	<u>\$ 122,587</u>	<u>\$ 469,356</u>	<u>\$ -</u>	<u>\$ 695,397</u>

Permanently Restricted Fund	Total
\$ -	\$ 2,505,302
-	190,002
-	664,358
-	29,360
<u>-</u>	<u>3,389,022</u>
-	429,835
-	398,229
<u>-</u>	<u>828,064</u>
-	1,043,874
-	21,726
-	6,088
-	24,057
<u>-</u>	<u>1,095,745</u>
<u>-</u>	<u>5,312,831</u>
-	384,438
-	539,059
-	742,656
-	1,402,408
-	1,810,228
<u>-</u>	<u>4,878,789</u>
-	276,024
-	254,364
<u>-</u>	<u>530,388</u>
<u>-</u>	<u>5,409,177</u>
-	-
<u>12,309</u>	<u>12,309</u>
<u>12,309</u>	<u>(84,037)</u>
<u>453,922</u>	<u>4,420,279</u>
<u>\$ 466,231</u>	<u>\$ 4,336,242</u>

City Rescue Mission of Saginaw, Inc.
Statement of Cash Flows - By Fund
For the Year Ended December 31, 2016

	Rescue Mission Funds		Community Village Funds	
	Operating Fund	Endowment Fund	Operating Fund	Endowment Fund
Net cash flows from operating activities				
Change in net assets	\$ (174,369)	\$ (139,228)	\$ 503,406	\$ (12,568)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	183,264	-	65,260	-
(Increase) decrease in:				
Receivables	10,484	-	(13,068)	-
Prepaid expenses	3,964	-	-	-
Intra-program receivables	492,737	138,737	142,740	15,343
Increase (decrease) in:				
Accounts payable	(109,128)	-	28,145	-
Accrued expenses	3,479	-	(7,460)	-
Resident advance payments	-	-	5,025	-
Intra-program payables	(242,080)	-	(724,860)	(2,775)
Net cash provided by (used in) operating activities	<u>168,351</u>	<u>(491)</u>	<u>(812)</u>	<u>-</u>
Cash flows from capital and related financing activities				
Purchases of property and equipment	<u>(132,552)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Cash flows from investing activities				
Sale of investments	<u>-</u>	<u>491</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities				
Proceeds from loan	-	-	-	-
Principal paid on loan	-	-	-	-
Principal paid on line of credit	(49,870)	-	-	-
Principal paid on note payable	(47,493)	-	-	-
Net cash provided by (used in) financing activities	<u>(97,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(61,564)	-	(5,812)	-
Cash, beginning of year	<u>252,753</u>	<u>-</u>	<u>51,008</u>	<u>-</u>
Cash, end of year	<u>\$ 191,189</u>	<u>\$ -</u>	<u>\$ 45,196</u>	<u>\$ -</u>
Supplemental cash flow information				
Interest paid during year	<u>\$ 15,227</u>			

Good Samaritan Mission Fund	
Operating Fund	Total
\$ (273,587)	\$ (96,346)
76,769	325,293
(17,491)	(20,075)
1,049	5,013
154,773	944,330
(105,225)	(186,208)
4,048	67
-	5,025
25,385	(944,330)
(134,279)	32,769
(144,870)	(282,422)
-	491
458,229	458,229
(10,995)	(10,995)
(169,300)	(219,170)
-	(47,493)
277,934	180,571
(1,215)	(68,591)
54,061	357,822
<u>\$ 52,846</u>	<u>\$ 289,231</u>
	<u>\$ 15,227</u>