

**GOSPEL RESCUE MISSION, INC.**

Financial Statements  
and  
Independent Auditor's Report

For the Fiscal Years Ended September 30, 2023 and 2022

# GOSPEL RESCUE MISSION, INC.

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## **Independent Auditor's Report**

To the Board of Directors of  
Gospel Rescue Mission, Inc.  
Muskogee, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Gospel Rescue Mission, Inc., a non-profit organization, which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, statements of functional expenses and statements of cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gospel Rescue Mission, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Gospel Rescue Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gospel Rescue Mission, Inc.'s ability to continue as a going concern within one year of the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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HOOD & ASSOCIATES CPAs, P.C.

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## Independent Auditor's Report - (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
3. Obtain an understanding of internal control relevant to the audit 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 Gospel Rescue Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gospel Rescue Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Hood & Associates CPAs, P.C.*

Hood and Associates Certified Public Accountants, P.C.  
Tulsa, Oklahoma  
March 27, 2024

# GOSPEL RESCUE MISSION, INC.

## Statements of Financial Position

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (Note A)	\$ 225,556	\$ 157,172
Investments, at fair market value (Note A)	192,698	266,209
Prepaid expenses	33,584	1,657
Other current assets	12,987	174
Total current assets	<u>464,825</u>	<u>425,212</u>
Non-current assets:		
Property and equipment, at historical acquisition cost (Note A):		
Land, building and building improvements	1,568,675	1,568,675
Equipment	169,739	168,651
Furniture and fixtures	140,617	140,017
Vehicles	43,500	13,500
Total property and equipment, at historical acquisition cost	1,922,531	1,890,843
Less: Accumulated depreciation	<u>(391,312)</u>	<u>(321,374)</u>
Total property and equipment, net of accumulated depreciation	<u>1,531,219</u>	<u>1,569,469</u>
Other assets:		
Loan application cost, net of accumulated depreciation	18,085	20,418
Utility deposits	250	250
Total other assets	<u>18,335</u>	<u>20,668</u>
Total assets	<u>\$ 2,014,379</u>	<u>\$ 2,015,349</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 7,440	\$ 7,255
Accrued liabilities (Note D)	17,472	33,426
Accrued payroll taxes payable	6,083	5,658
Total current liabilities	<u>30,995</u>	<u>46,339</u>
Net assets:		
Net assets, without donor restrictions (Notes A and C)	<u>1,983,384</u>	<u>1,969,010</u>
Total net assets	<u>1,983,384</u>	<u>1,969,010</u>
Total liabilities and net assets	<u>\$ 2,014,379</u>	<u>\$ 2,015,349</u>

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

**GOSPEL RESCUE MISSION, INC.**  
**Statements of Activities**  
**For the Fiscal Years Ended September 30, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<u>Changes in net assets, without donor restrictions:</u>		
Support and revenue:		
Donations	\$ 753,860	590,068
Other revenues	160,281	123,617
Interest income	435	489
Total support and revenue, without donor restrictions, before release of donor restrictions	914,576	714,174
 Total support and revenue, without donor restrictions	 914,576	 714,174
Expenses:		
Program service expenses	686,138	703,958
Management and general expenses	153,116	141,659
Fundraising expenses	84,651	93,280
Other expenses:		
Bad debt expense	3,000	-
Interest expense	20	-
Total expenses	926,925	938,897
Other income		
Unrealized gain (loss) on investments	26,723	(7,607)
Changes in net assets, without donor restrictions:	14,374	(232,330)
Net assets, beginning of fiscal year	1,969,010	2,201,340
Net assets, end of fiscal year	\$ 1,983,384	\$ 1,969,010

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

**GOSPEL RESCUE MISSION, INC.**  
**Statements of Functional Expenses**  
For the Fiscal Years Ended September 30, 2023 and 2022

	Program Service Expenses	Supporting Services		2023 Totals	2022 Total
		Management and General Expenses	Fundraising Expenses		
Personnel Expenses:					
Staff salaries	419,386	74,009	-	493,395	518,884
Staff benefits	12,920	2,280	-	15,200	14,775
Staff training	3,463	611	-	4,074	1,298
Payroll tax expense	34,206	6,036	-	40,242	39,198
Total Personnel Expenses	469,974	82,937	-	552,911	574,155
Direct Program Costs:					
Assistance expenses	2,194	-	-	2,194	2,552
Food services	10,760	-	-	10,760	36,403
Other program expenses	2,561	-	-	2,561	1,520
Total Direct Program Costs	15,514	-	-	15,514	40,475
Administrative & Office Expenses:					
Administrative/other	-	34,770	-	34,770	24,572
Fundraising expenses	-	-	84,651	84,651	93,280
Total Administrative & Office Expenses	-	34,770	84,651	119,421	117,852
Occupancy & Maintenance Expenses:					
Utilities	41,755	7,368	-	49,123	40,992
Insurance	48,686	8,592	-	57,278	37,471
Maintenance and repairs	30,476	5,378	-	35,854	40,646
Telephone	17,444	3,078	-	20,522	15,745
Total Occupancy & Maint. Expenses	138,360	24,417	-	162,777	134,854
Transportation Expenses:					
Vehicle expense	859	152	-	1,010	1,096
Total Transportation Expenses	859	152	-	1,010	1,096
Total Expenses	624,708	142,275	84,651	851,634	868,432
Other expenses:					
Depreciation/Amortization	61,431	10,841	-	72,271	70,465
Total Functional Expenses	686,138	153,116	84,651	923,905	938,897

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

**GOSPEL RESCUE MISSION, INC.**  
**Statements of Cash Flows**  
For the Fiscal Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from donors and other sources	\$ 901,328	\$ 713,679
Cash paid to suppliers and employees	(901,925)	(857,948)
Interest income	435	489
	(162)	(143,780)
Net cash provided by or (used in) operating activities		
Cash flows from investing activities:		
Reallocation of investments that are cash equivalents	100,234	-
Purchases of investments	-	(10,000)
Purchases of property and equipment	(31,689)	(4,572)
	68,545	(14,572)
Net cash provided by or (used in) investing activities		
Net increase or (decrease) in cash and cash equivalents	68,383	(158,352)
Cash and cash equivalents, beginning of fiscal year	157,172	315,524
Cash and cash equivalents, end of fiscal year	\$ 225,556	\$ 157,172
Reconciliation of net income or (loss) to net cash provided by or (used in) operating activities:		
Net income or (loss), net of non-cash items (*)	\$ (12,349)	\$ (224,723)
Adjustments to reconcile net income or (loss) to net cash provided by or (used in) operating activities:		
Depreciation expense	72,271	70,465
	12,187	80,943
Total adjustments and changes in assets and liabilities		
Net cash provided by or (used in) operating activities	\$ (162)	\$ (143,780)

\* Non-cash investing activities consist of: Unrealized gain or (loss) on investments of \$26,723 and (\$7,607) for the fiscal years ended September 30, 2023 and 2022, respectively.

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



# GOSPEL RESCUE MISSION, INC.

## Notes to the Financial Statements

As of and For the Fiscal Years Ended September 30, 2023 and 2022

### **NOTE A – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:**

#### Nature of Activities

Gospel Rescue Mission, Inc. (hereafter also referred to as the “Organization”) is a non-profit organization focused on partnering with the community to service those who are in crisis to restore them to freedom and purpose through the transforming power of the gospel.

#### Basis of Accounting

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

#### Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements Not-for-Profit Entities*. Under FASB ASU 2014-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions, and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and disclosures at the date of the financial statements and during the reporting period. Accordingly, actual results could differ from the estimates that were used.

#### Revenue and Revenue Recognition

The Organization previously adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in generally accepted accounting principles (GAAP). This standard also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Organization recognizes contributions when cash, securities or other assets are received; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received are recorded as with “donor-imposed restrictions” or “without donor-imposed restrictions,” depending on the existence and/or nature of any donor-imposed restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. All donor-restricted contributions are reported as an increase in net assets, with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets, with donor restrictions are reclassified to net assets, without donor restrictions and are reported in the statements of activities as net assets released from donor restrictions.

# GOSPEL RESCUE MISSION, INC.

## Notes to the Financial Statements

As of and For the Fiscal Years Ended September 30, 2023 and 2022

### **NOTE A – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):**

#### Contributed Services, Materials and Equipment

The Organization receives services donated by volunteers. No amounts have been reflected in the financial statements for such services as they did not meet the criteria for recognition under FASB ASC 958. The Organization may also occasionally receive donated goods. Donations of goods with fair market values in excess of \$500 are recorded and included in contribution revenues in the accompanying financial statements as “in-kind contributions” at their respective fair market values at the date(s) of receipt.

#### Income Taxes

The Organization is recognized as a not-for-profit corporation by the Internal Revenue Service. The Organization filed a form 1023 with the Internal Revenue Service. As such, the Organization is considered to be a non-profit organization and is thereby exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as being an organization other than a private foundation. The Organization qualifies for deductible contributions as provided for by Section 170(b) of the Internal Revenue Code. The Organization is, however, required to file an IRS Form 990-T with the Internal Revenue Service to report any applicable unrelated business income.

The Organization accounts for uncertain tax positions in accordance with the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. Using the guidance of FASB ASC 740, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will “more-likely-than-not” be sustained upon examination by the taxing authorities. The Organization has analyzed tax positions taken for all required tax filings with the Internal Revenue Service and the state of Oklahoma. The Organization believes that tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material, adverse effect on the Organization’s financial statements. Accordingly, the Organization has not recorded any reserves or related accruals for uncertain income tax positions at September 30, 2023 and 2022.

#### Promises to Give/Pledges Receivable

Contributions are recognized as revenues only when the donor makes a promise to give or pledge to the Organization that is, in substance, unconditional. At the time a pledge is made, the contributions that are expected to be collected within one year are recorded as revenue at their net realizable value. Pledges that are expected to be collected in future years are recorded as revenue at the present value of their estimated future cash flows and are discounted at a current annual rate. In accordance with FASB ASC 958, *Not-for-Profit Entities*, conditional promises to give are not recognized as contribution revenue and receivables until the conditions on which they depend are substantially met or explicitly waived and the conditional promise becomes an unconditional promise.

#### Cash and Cash Equivalents

For purposes of the financial statements, cash and cash equivalents consist of all highly liquid bank deposit holdings available for current use with original maturities of three (3) months or less, when initially purchased. Cash and cash equivalents consist of checking accounts that are carried at historical acquisition cost, which approximates fair market value.

#### Pledges Receivable

Pledges receivable are recorded as receivables when they are pledged and are presented in the statements of financial position at the amount that management expects to collect from the outstanding balance.

# **GOSPEL RESCUE MISSION, INC.**

## **Notes to the Financial Statements**

**As of and For the Fiscal Year Ended September 30, 2023 and 2022**

### **NOTE A – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):**

#### Property and Equipment, Net of Accumulated Depreciation

The Organization's capitalization policy is to consider capitalization for any individual property and equipment item with a historical acquisition cost of \$500 or greater. Lesser amounts are expensed. Depreciation of property and equipment is recorded using straight-line depreciation over the estimated useful lives of the respective assets, which currently range from five (5) to forty (40) years.

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Organization to conclude that impairment indicators exist and that long-lived assets may be impaired.

Depreciation and amortization for September 30, 2023 and 2022 was \$72,271 and \$70,465, respectively.

#### Functional Expense Allocations

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional expense category are allocated to the program or service category benefited based on estimates made by management of the Organization by using a percentage-based cost allocation.

#### Fundraising Expenses

Fundraising expenses includes actual costs. Fundraising expenses for the fiscal year ended September 30, 2023 and 2022 were \$84,651 and \$93,280, respectively.

#### Advertising Costs

Advertising costs includes actual costs. No indirect costs have been allocated to advertising costs.

#### Date of Management's Review and Subsequent Events

Management has evaluated subsequent events through March 27, 2024, which is the date that the financial statements were available for issuance, noting no events that required recognition or disclosure in the accompanying financial statements and footnotes.

### **NOTE B – CONCENTRATION OF CUSTODIAL CREDIT RISK:**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its deposits or investments that are held in the possession of an outside party. The Organization maintains cash and cash equivalents balances with two financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. September 30, 2023, the Organization did not exceed FDIC deposit insurance at any financial institution.

### **NOTE C – NET ASSETS:**

#### Net Assets, Without Donor Restrictions:

Net assets, without donor restrictions of the Organization are those net assets which are available for the daily operations and general use of the Organization. Net assets, without donor restrictions also include the historical acquisition cost, net of accumulated depreciation, of the Organization's property and equipment, including those items which may have been previously released from donor-imposed restrictions.

**GOSPEL RESCUE MISSION, INC.**  
Notes to the Financial Statements  
As of and For the Fiscal Years Ended September 30, 2023 and 2022

**NOTE C – NET ASSETS – (Continued):**

Net Assets, With Donor Restrictions:

Net assets, with donor restrictions of the Organization are those net assets which are subject to donor-imposed restrictions for specified programs and activities of the Organization and pledges which are time restricted, if applicable.

The following classifications reflect the nature of restrictions on net assets without donor restrictions as of September 30, 2023 and 2022 was \$1,983,384 and \$1,969,010, respectively.

**NOTE D – COMPENSATED ABSENCES AND PAID TIME OFF:**

Employees of the Organization are entitled to paid vacation and sick days depending upon job classification, length of service and various other factors. In accordance with FASB ASC 710, *Compensation-General*, the Organization has accrued compensated absences for the fiscal year ended September 30, 2023 and 2022 which were \$17,472 and \$33,426, respectively.

**NOTE E – LIQUIDITY AND AVAILABILITY OF RESOURCES:**

The Organization is funded primarily from grants and contributions from donors, fundraising and facilities rental. Certain donor contributions may contain restrictions on the use of funds that require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As a part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following reflects the Organization's financial assets as of the respective dates of the statements of financial position, reduced by amounts not available for general use because of donor-imposed restrictions:

	<u>2023</u>
Financial assets at fiscal year-end	\$ 225,556
Less: Financial assets unavailable for general expenditures within one year, due to:	
With donor restrictions	_____ (0)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 225,556</u>