

COOKEVILLE RESCUE MISSION

DECEMBER 31, 2017

**TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT**

**COOKEVILLE RESCUE MISSION
DECEMBER 31, 2017**

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TAMARA L. BECKMAN, CPA

409 E. Broad Street, Smithville, TN 37166
Phone: (615) 318-1821 Fax: (615) 318-1831

Tamara L. Beckman, CPA, MBA
beckmancpa@frontier.net

Sabrina Cantrell, Auditor
scantrell79@gmail.com

To the Board of Directors of
Cookeville Rescue Mission
Cookeville, Tennessee

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Cookeville Rescue Mission, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cookeville Rescue Mission, Inc. as of December 31, 2017, 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.

Tamara L. Beckman, CPA

January 8, 2019
Smithville, Tennessee

**COOKEVILLE RESCUE MISSION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

CURRENT ASSETS

Cash	\$ 267,921.23	
Undeposited Funds	552.00	
Prepaid Expenses	<u>6,941.26</u>	
Total Current Assets		\$ 275,414.49

CAPITAL ASSETS

Land	150,000.00	
Building & Improvements	1,210,872.71	
Furniture & Equipment	66,202.86	
Vehicles	40,250.53	
Accumulated Depreciation	<u>(824,974.46)</u>	
Total Capital Assets		642,351.64

OTHER ASSETS

Endowment Fund		<u>25,307.57</u>
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Total Assets \$ 943,073.70

CURRENT LIABILITIES

Credit Card Payable	1,307.79	
Direct Deposit Fee Payable	<u>12.25</u>	
Total Current Liabilities		\$ 1,320.04

NET ASSETS

Permanently Restricted	21,000.00	
Unrestricted	<u>920,753.66</u>	
Total Net Assets		<u>941,753.66</u>

Total Liabilities and Net Assets \$ 943,073.70

The Accompanying Notes are an Integral Part of the Financial Statements

**COOKEVILLE RESCUE MISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Contributions	\$ 231,929.97	\$ -	\$ -	\$ 231,929.97
Marsh Chapel Income	39,071.23	-	-	39,071.23
Thrift Store Sales	31,443.98	-	-	31,443.98
Dental Clinic	12,290.00	-	-	12,290.00
Step Upward Farm	700.00	-	-	700.00
Program Fees	17,500.00	-	-	17,500.00
Grant Income	2,875.00	1,000.00	-	3,875.00
Fundraising	135,394.11	-	-	135,394.11
Interest/Investment Income	585.22	-	-	585.22
Laundry & Vending Income	1,672.63	-	-	1,672.63
<u>Total Support</u>	<u>473,462.14</u>	<u>1,000.00</u>	<u>-</u>	<u>474,462.14</u>
 <u>EXPENSES</u>				
Program Services	227,806.19	-	-	227,806.19
Administrative & General	145,437.20	1,000.00	-	146,437.20
Fundraising	12,955.01	-	-	12,955.01
<u>Total Expenses</u>	<u>386,198.40</u>	<u>1,000.00</u>	<u>-</u>	<u>387,198.40</u>
 Increase (Decrease) in Net Assets before				
Non-Support Income (Expenses)	87,263.74	-	-	87,263.74
Gain on Sale of Fixed Assets	4,300.00	-	-	4,300.00
Unrealized Gain on Investments	3,234.42	-	-	3,234.42
<u>Total Non-Support Income (Expenses)</u>	<u>7,534.42</u>	<u>-</u>	<u>-</u>	<u>7,534.42</u>
 <u>Total Increase (Decrease) in Net Assets</u>	 <u>94,798.16</u>	 <u>-</u>	 <u>-</u>	 <u>94,798.16</u>
Net Assets at Beginning of year	806,011.48	-	21,000.00	827,011.48
Prior Period Adjustment	19,944.02	-	-	19,944.02
Net Assets at End of year	<u>\$ 920,753.66</u>	<u>\$ -</u>	<u>\$ 21,000.00</u>	<u>\$ 941,753.66</u>

The Accompanying Notes are an Integral Part of the Financial Statements

COOKEVILLE RESCUE MISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2017

	Program Activities										Administrative & General	Fundraising	Total	
	Mens' Building	Lighthouse Family Lodge	Dental Clinic	Marsh Chapel	Thrift Store	Step-Upward Farm	Total Program							
Payroll:														
Salaries & Wages	15,987.50	17,074.64	13,500.00	2,200.00	22,424.52	7,750.00	\$ 78,936.66	\$	90,047.44	\$	-	\$	168,984.10	
Housing/Travel Allowance	-	-	-	6,200.00	-	-	6,200.00	-	1,200.00	-	-	-	7,400.00	
Gifts/Bonuses	150.00	-	70.00	-	25.00	150.00	395.00	-	-	-	-	-	395.00	
Payroll Taxes	1,226.93	1,310.36	1,036.03	168.83	1,720.93	594.76	6,057.85	-	6,910.52	-	-	-	12,968.37	
Other:														
Bank Fees	-	-	-	-	-	-	-	-	317.81	-	-	-	317.81	
Dues & Memberships	-	-	334.50	-	-	-	334.50	-	2,438.11	-	-	-	2,772.61	
Rental Expense	-	-	90.32	-	-	-	90.32	-	-	-	-	-	90.32	
Drug Screening	801.64	801.64	-	-	-	-	1,603.28	-	-	-	-	-	1,603.28	
Food & Supplies	10,203.52	9,488.48	1,049.69	2,705.12	2,053.87	2,018.64	27,519.32	-	7,922.06	-	-	-	35,441.38	
Printing	-	-	-	-	-	-	-	-	-	-	875.33	-	875.33	
Flowers & Gifts	-	-	-	132.26	-	-	132.26	-	987.38	-	-	-	1,119.64	
Utilities Expense	14,419.32	10,838.36	1,793.22	-	-	6,198.74	33,249.64	-	2,251.47	-	-	-	35,501.11	
Interest Expense	-	-	-	-	-	-	-	-	0.41	-	-	-	0.41	
Investment Expenses	-	-	-	-	-	-	-	-	126.59	-	-	-	126.59	
Special Events	-	-	-	-	-	-	-	-	-	-	11,430.68	-	11,430.68	
Prescriptions	-	-	126.07	-	-	-	126.07	-	-	-	-	-	126.07	
Professional Fees	-	-	-	-	-	-	-	-	3,370.47	-	-	-	3,370.47	
Legal Fees	-	-	-	-	-	-	-	-	6,625.00	-	-	-	6,625.00	
Repairs & Maintenance	3,010.79	5,921.03	896.32	466.57	1,080.86	8,619.09	19,994.66	-	945.77	-	-	-	20,940.43	
Staff/Board Development	-	-	-	-	-	-	-	-	2,695.72	-	-	-	2,695.72	
Donations/Tithes	-	-	-	3,635.54	-	-	3,635.54	-	1,000.00	-	-	-	4,635.54	
Insurance	1,525.09	1,628.79	1,287.80	209.86	2,139.13	739.29	7,529.97	-	8,589.86	-	-	-	16,119.83	
Radio Broadcast	-	-	-	1,185.00	-	-	1,185.00	-	-	-	-	-	1,185.00	
Advertising	-	-	-	239.30	4,772.80	-	5,012.10	-	162.46	-	649.00	-	5,823.56	
Miscellaneous	111.08	-	70.84	1,989.28	1,998.02	-	4,169.22	-	1,743.60	-	-	-	5,912.82	
Depreciation	8,759.90	6,810.58	557.90	5,543.65	1,725.00	8,237.77	31,634.80	-	9,102.53	-	-	-	40,737.33	
Total	<u>56,195.77</u>	<u>53,873.89</u>	<u>20,812.69</u>	<u>24,675.42</u>	<u>37,940.13</u>	<u>34,308.29</u>	<u>\$ 227,806.19</u>	<u>\$</u>	<u>146,437.20</u>	<u>\$</u>	<u>12,955.01</u>	<u>\$</u>	<u>387,198.40</u>	

The Accompanying Notes are an Integral Part of the Financial Statements

**COOKEVILLE RESCUE MISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Cash Flows From Operating Activities</u>		
Cash Received for Operating	\$ 494,439.11	
Cash Paid to/for Employees for Operating	(189,735.22)	
Cash Paid to Vendors for Operating	<u>(159,120.22)</u>	
Net Cash Provided by/(Used by) Operating Activities		\$ 145,583.67
 <u>Cash Flows From Investing Activities</u>		
Purchase of Capital Assets	(24,432.20)	
Proceeds from Sale of Capital Assets	4,300.00	
Net Transfer from/(to) Endowment Fund	<u>(398.23)</u>	
Net Cash Provided by/(Used by) Investing Activities		(20,530.43)
 Cash Flows From Financing Activities		
Principal Paid on Line of Credit	-	
Interest Paid on Line of Credit	<u>-</u>	
Net Cash Provided by/(Used by) Financing Activities		<u>-</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents		 125,053.24
Cash and Cash Equivalents at December 31, 2016		<u>142,867.99</u>
Cash and Cash Equivalents at December 31, 2017		<u>\$ 267,921.23</u>
 <u>Reconciliation of Increase/(Decrease) in Net Assets before Non-Support Income/(Expenses) to Net Cash Provided by/(Used by) Operating Activities</u>		
Increase/(Decrease) in Net Assets before Non-Support Income/(Expenses)	\$ 87,263.74	
Depreciation Expense	40,737.33	
Undeposited Funds Decrease	16,742.55	
Prepaid Expense Increase	(479.99)	
Credit Card Payable Increase	1,307.79	
Direct Deposit Fee Payable Increase	<u>12.25</u>	
		<u>\$ 145,583.67</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**COOKEVILLE RESCUE MISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Note 1 – Summary of Significant Accounting Policies

General:

The accompanying financial statements of the Cookeville Rescue Mission have been prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS 117, the Organization 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.

Description of Programs:

Marsh Chapel- provides sanctuary and church services for program participants.

Men's Dorm – provides lodging to men participating in Mission programs.

Lighthouse Family Lodge – provides lodging for women and families.

Dental Clinic – provides dental care to program participants.

Thrift Store – accepts donations and resells at a low cost to community. All profits are used for charitable purposes.

Step Upward Farm – provides longer-term program services for qualifying participants.

General and Administrative- maintains an office and support staff for programs and contribution administration.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the Mission considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

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 those estimates.

Contributed Services:

The Mission does not recognize any support, revenue, or expense from services contributed by volunteers. If any support, revenue, or expense were recorded it would be determined based on the difference of any amount paid to an individual and the comparable compensation, which would be paid to an individual if they were to occupy these paid positions.

Revenue Sources

Contributions	\$231,929.97	48.12%
Thrift Store	31,443.98	6.52%
Marsh Chapel	39,071.23	8.11%
Dental Clinic	12,290.00	2.55%
Farm Income	700.00	0.15%
Special Events	135,394.11	28.09%
Program Income	17,500.00	3.63%
Grant Income	3,875.00	0.80%
Interest/Other	585.22	0.12%
Laundry/Vending	1,672.63	0.35%
Gain on Sale of Capital Assets	4,300.00	0.89%
Unrealized Gain on Investments	3,234.42	0.67%
Total	<u>\$481,996.56</u>	<u>100.00%</u>

Income Taxes:

The Mission is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization's forms 990, Return of Organizations Exempt from Income Tax, for the years ending 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509 (a) (2).

Expense Allocation:

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Organization.

Note 2 – Capital Assets:

Equipment is capitalized at original cost. Buildings are capitalized based upon appraisal in the year of donation. Accumulated depreciation has been calculated from the date of donation or purchase of the capital assets based upon estimated useful life. In some instances, the insured value was used to determine cost.

Depreciation of capital assets is calculated on the straight-line method over the following estimated useful lives:

Building	40 years
Equipment	5-15 years
Furniture and Fixtures	5-10 years
Office Equipment & Vehicles	5 years

Depreciation expense for the year ended December 31, 2017 was \$40,737.33.

Note 3 – Cash and Investments:

At December 31, 2017, the carrying amount of the Mission's deposits in bank were \$267,921.23 and the current market value of investments in the endowment fund were \$25,307.57.

Note 4 – Compensated Absences

Annual leave does not roll over; therefore, no accrual for compensated absences is included in the financial statements.

Note 5 – Restricted Net Assets

Restricted Net Assets consist of a permanently restricted endowment received in the amount of \$21,000.00. The endowments themselves are permanently restricted while the earnings on the endowments are unrestricted. The current market value of the endowment at December 31, 2017 was \$25,307.57.

Note 6 – Subsequent Events

The Organization has evaluated subsequent events through January 8, 2019, the date in which the financial statements were available to be issued.

Note 7 – Prior Period Adjustment

A prior period adjustment was made to Undeposited Funds in the amount of \$17,294.55, which was understated in the prior year. A prior period adjustment was made to Sales Tax Payable in the amount of \$444.00, Payroll Tax Payable in the amount of \$2,084.70, and Garnishment Payable in the amount of \$120.77, all of which were overstated in the prior year. The net effect of these adjustments was an increase in Unrestricted Net Assets in the amount of \$19,944.02.