

CAPITAL CITY RESCUE MISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

CAPITAL CITY RESCUE MISSION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Capital City Rescue Mission
Albany, New York

We have audited the accompanying financial statements of the Capital City Rescue Mission (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2019, and the related statements of revenue, support and expenses and functional expenses - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities and net assets - modified cash basis of Capital City Rescue Mission as of December 31, 2019, and its revenue, support and expenses - modified cash basis for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Capital City Rescue Mission for the year ended December 31, 2018 were audited by other auditors whose report, dated October 10, 2019, expressed an unmodified opinion on those financial statements.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
November 20, 2020

CAPITAL CITY RESCUE MISSION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,154,578	\$ 922,846
Investments	<u>4,470,566</u>	<u>2,448,083</u>
Total Current Assets	5,625,144	3,370,929
Property and Equipment, Net	9,096,374	8,906,569
Other Noncurrent Assets		
Restricted Cash	<u>9,848</u>	<u>15,452</u>
Total Assets	<u>\$ 14,731,366</u>	<u>\$ 12,292,950</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Credit Cards Payable	\$ 17,027	\$ 17,734
Long-Term Liabilities		
Deferred Annuity	<u>-</u>	<u>363</u>
Total Liabilities	<u>17,027</u>	<u>18,097</u>
Net Assets		
Without Donor Restrictions:		
Undesignated	14,704,491	12,259,401
With Donor Restrictions:		
Purpose Restricted	<u>9,848</u>	<u>15,452</u>
Total Net Assets	<u>14,714,339</u>	<u>12,274,853</u>
Total Liabilities and Net Assets	<u>\$ 14,731,366</u>	<u>\$ 12,292,950</u>

CAPITAL CITY RESCUE MISSION
STATEMENT OF REVENUE, SUPPORT, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Donations and Bequests	\$ 4,889,140	\$ 486,924	\$ 5,376,064
Special Event - Banquet, Net of Expenses of \$24,553	-	196,714	196,714
Baler Income	54,160	-	54,160
Program Fees	145,571	-	145,571
Investment Returns, Net	192,778	-	192,778
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>689,242</u>	<u>(689,242)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>5,970,891</u>	<u>(5,604)</u>	<u>5,965,287</u>
Expenses			
Program Services	2,587,650	-	2,587,650
Management and General	386,187	-	386,187
Fundraising	<u>551,964</u>	<u>-</u>	<u>551,964</u>
Total Expenses	<u>3,525,801</u>	<u>-</u>	<u>3,525,801</u>
Change in Net Assets	2,445,090	(5,604)	2,439,486
Net Assets, Beginning of Year (as Restated)	<u>12,259,401</u>	<u>15,452</u>	<u>12,274,853</u>
Net Assets, End of Year	<u>\$ 14,704,491</u>	<u>\$ 9,848</u>	<u>\$ 14,714,339</u>

CAPITAL CITY RESCUE MISSION
STATEMENT OF REVENUE, SUPPORT, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Donations and Bequests	\$ 4,140,553	\$ 246,690	\$ 4,387,243
Special Event - Banquet, Net of Expenses of \$28,646	185,063	-	185,063
Baler Income	57,996	-	57,996
Program Fees	146,685	-	146,685
Investment Returns, Net	34,878	-	34,878
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>347,769</u>	<u>(347,769)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>4,912,944</u>	<u>(101,079)</u>	<u>4,811,865</u>
Expenses			
Program Services	3,245,509	-	3,245,509
Management and General	495,519	-	495,519
Fundraising	<u>542,167</u>	<u>-</u>	<u>542,167</u>
Total Expenses	<u>4,283,195</u>	<u>-</u>	<u>4,283,195</u>
Change in Net Assets	629,749	(101,079)	528,670
Net Assets, Beginning of Year	<u>11,629,652</u>	<u>116,531</u>	<u>11,746,183</u>
Net Assets, End of Year (as Restated)	<u>\$ 12,259,401</u>	<u>\$ 15,452</u>	<u>\$ 12,274,853</u>

CAPITAL CITY RESCUE MISSION
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,017,741	\$ 207,932	\$ 74,726	\$ 1,300,399
Payroll Taxes	67,712	15,907	5,716	89,335
Employee Benefits	41,653	26,868	2,264	70,785
Retirement	38,744	8,244	1,576	48,564
Food	125,737	-	-	125,737
Occupancy	536,775	5,114	-	541,889
Program Related Expenses	78,744	-	-	78,744
Fundraising	-	55,450	467,682	523,132
Depreciation	342,166	13,393	-	355,559
General Supplies	127,742	847	-	128,589
Public Education	4,823	-	-	4,823
Professional Fees	48,129	9,891	-	58,020
Outside Services	27,980	-	-	27,980
Transportation	32,434	1,001	-	33,435
Baler Expenses	5,910	-	-	5,910
Postage	17,128	6,924	-	24,052
Telephone	20,642	25,319	-	45,961
Office Supplies	50,868	3,147	-	54,015
Conventions and Meetings	2,482	2,480	-	4,962
Dues and Memberships	240	3,670	-	3,910
	<u>\$ 2,587,650</u>	<u>\$ 386,187</u>	<u>\$ 551,964</u>	<u>\$ 3,525,801</u>
Total Expenses	<u>\$ 2,587,650</u>	<u>\$ 386,187</u>	<u>\$ 551,964</u>	<u>\$ 3,525,801</u>

CAPITAL CITY RESCUE MISSION
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 726,886	\$ 273,899	\$ 52,673	\$ 1,053,458
Payroll Taxes	51,280	19,323	3,716	74,319
Employee Benefits	47,845	11,041	2,454	61,340
Retirement	29,135	6,724	1,494	37,353
Food	639,269	-	-	639,269
Occupancy	509,332	33,217	11,072	553,621
Program Related Expenses	567,195	-	-	567,195
Fundraising	-	-	447,715	447,715
Depreciation	279,509	74,536	18,633	372,678
General Supplies	163,798	-	-	163,798
Public Education	79,008	-	-	79,008
Professional Fees	11,406	45,624	-	57,030
Outside Services	4,119	16,475	-	20,594
Transportation	75,057	-	-	75,057
Baler Expenses	11,758	-	-	11,758
Postage	13,229	4,410	4,410	22,049
Telephone	20,296	-	-	20,296
Office Supplies	5,417	8,126	-	13,543
Conventions and Meetings	8,584	2,144	-	10,728
Dues and Memberships	2,386	-	-	2,386
	<u>\$ 3,245,509</u>	<u>\$ 495,519</u>	<u>\$ 542,167</u>	<u>\$ 4,283,195</u>
Total Expenses	<u>\$ 3,245,509</u>	<u>\$ 495,519</u>	<u>\$ 542,167</u>	<u>\$ 4,283,195</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

In 2007 Capital City Rescue Mission (the “Church”) was merged with a newly formed corporation called Capital City Gospel Mission, an article nine, non-membership Church. This new corporation, Capital City Gospel Mission received the assets of the former corporation, Capital City Rescue Mission. Capital City Gospel Mission has legally assumed the name “Capital City Rescue Mission” and is doing business under this name with the Secretary of State. Capital City Rescue Mission is dedicated to proclaiming the life changing gospel of Jesus Christ to the homeless and needy of the capital region, providing for the whole person - body, mind and spirit - to help them return to society maturing in Christ as productive citizens.

Program Services

The Church offers transitional housing as part of its program services.

Basis of Accounting

The financial statements of the Church have been prepared on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Modifications to the modified cash basis of accounting include capitalizing property and equipment, depreciating property and equipment, accruing payroll related liabilities, and recording investments at fair value. Management has determined that the modified cash basis of accounting as described above is an acceptable basis for the preparation of the financial statements in the circumstances.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates include depreciation.

Concentrations of Credit Risk

The Church maintains cash balances at two financial institutions located in New York. Accounts at all institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances at times may exceed federally insured limits. The Church maintains deposits with reputable local banks and management believes there to be no substantial risk of loss.

The Church’s investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, due to the significance of the investments to the Church’s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. All interest, dividends, and realized and unrealized gains and losses are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Property and equipment are reflected at cost, with depreciation provided on a straight-line basis over estimated useful lives of five to forty years. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. The Church's capitalization policy uses a threshold of \$2,000.

Net Assets

Net assets of the Church, and changes therein, are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Church and/or the passage of time.

Revenue and Revenue Recognition

Revenue is recognized when received under the modified cash basis of accounting. Contributions are reported at fair value at the date the contribution is received. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor/grantor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same reporting period are shown as revenue without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated on a reasonable basis that is consistently applied among the programs benefitted. Salaries and benefits are allocated on the basis of estimates of time and effort; this methodology is also used for office expenditures that benefit multiple programs and may include professional fees, telephone, printing, maintenance costs, insurance, dues and publications and depreciation of equipment. Other costs such as occupancy, building maintenance and building depreciation are allocated on a square footage basis.

Income Taxes

The Church is exempt from income tax filing under the Internal Revenue Code 501(c)(3) since it is organized as a "church."

Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

The Accounting Standards Codification (ASC) requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the Church would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through November 20, 2020, the date the financial statements were available to be issued. Management has identified one matter to disclose as follows:

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Church operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Act* (CARES Act) was enacted to, among other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

In the State of New York, where the Church operates, the Governor issued Executive Order 202.6, during March 2020, which limited concentrations of individuals outside of their homes to workers providing essential services. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Church.

CAPITAL CITY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019 AND 2018

2. INVESTMENTS

Investments reflected at fair value using a Level 1 measurement at December 31, 2019 and 2018 consist of the following:

	<u>2019</u>			<u>2018</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Money Market	\$ 28,636	\$ 28,636	\$ -	\$ 21,566	\$ 21,566	\$ -
Fixed Income	2,787,442	2,802,365	14,923	2,406,551	2,426,517	19,966
Mutual Fund						
Equities	<u>1,636,740</u>	<u>1,639,565</u>	<u>2,825</u>	-	-	-
	<u>\$ 4,452,818</u>	<u>\$ 4,470,566</u>	<u>\$ 17,748</u>	<u>\$ 2,428,117</u>	<u>\$ 2,448,083</u>	<u>\$ 19,966</u>

Investment returns, net for the years ended December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Bank interest income	\$ 44	\$ 113
Interest and dividend income	172,892	13,560
Realized and Unrealized gain on investments, net	19,894	21,205
Investment expense	(52)	-
	<u>\$ 192,778</u>	<u>\$ 34,878</u>

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net is comprised of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land and Buildings	\$ 13,350,320	\$ 12,821,019
Furniture, Fixtures and Equipment	<u>751,145</u>	<u>721,598</u>
Total	14,101,465	13,542,617
Less: Accumulated Depreciation	<u>(5,005,091)</u>	<u>(4,636,048)</u>
	<u>\$ 9,096,374</u>	<u>\$ 8,906,569</u>

Depreciation expense was \$355,559 and \$372,678 for the years ended December 31, 2019 and 2018, respectively.

4. NET ASSETS

Net assets with donor restrictions represent amounts received and restricted by donors for the following specific purposes. When the restriction has been met, the amounts will be released from net assets with donor restrictions and reclassified to net assets without donor restrictions. Balances in net assets with donor restrictions, which are also shown as restricted cash, consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Code Blue Program	\$ 1,100	\$ -
Blessingdales Program	100	-
Learning Center	<u>8,648</u>	<u>15,452</u>
	<u>\$ 9,848</u>	<u>\$ 15,452</u>

5. NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2019</u>	<u>2018</u>
Purpose and other restrictions accomplished for the following:		
Code Blue Program	\$ 400	\$ -
Learning Center	13,525	16,973
Building Improvements	<u>675,317</u>	<u>330,796</u>
	<u>\$ 689,242</u>	<u>\$ 347,769</u>

6. RETIREMENT PLANS

SEP IRA Plan

The Church contributes 5% of salaries for all eligible full-time employees who completed three years of service to a SEP IRA. Only the Church can make contributions to this plan. The Church contributed \$48,564 and \$37,353 to the plan in 2019 and 2018, respectively.

403(b) Plan

The Church established a 403(b) Plan for all eligible full-time employees who completed one year of service. Only the employees can make contributions to this plan through payroll deductions.

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Church has \$5,625,144 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of \$1,154,578 in cash and \$4,470,566 in investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Church has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$588,000. The Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.