

**DOWNTOWN RESCUE MISSION, INC. &
DOWNTOWN RESCUE MISSION TITLE HOLDING CORP.
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2018**

MERCER & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Downtown Rescue Mission, Inc. &
Downtown Rescue Mission Title Holding Corporation
Huntsville, Alabama

We have audited the accompanying consolidated financial statements of the Downtown Rescue Mission, Inc. (a nonprofit organization) and affiliates, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the period then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Rescue Mission Inc. and affiliates as of June 30, 2018, and the changes in its net assets and their cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Statement of Functional Expenses and Supplemental Chart of Revenues and Expenses on page 10 & 11 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Mercer & Associates, PC

November 2, 2018

**DOWNTOWN RESCUE MISSION, INC. &
DOWNTOWN RESCUE MISSION TITLE HOLDING CORP.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS	Downtown Rescue Mission, Inc.	Downtown Rescue Mission Title Holding Corp.	Consolidated Total
Current Assets			
Cash and Cash Equivalents	\$ 173,114	\$ 486,225	\$ 659,339
Temporarily Restricted Cash	472,649	-	472,649
Total Cash and Cash Equivalents	645,763	486,225	1,131,988
Resident Savings	2,472	-	2,472
Temporarily Restricted Pledge Receivables	899,414	-	899,414
Prepaid Insurance	5,320	-	5,320
Accounts Receivable	31,502	-	31,502
Total Current Assets	1,584,471	486,225	2,070,696
Property and Equipment			
Land & Buildings	9,248,715	230,721	9,479,436
Vehicles	305,154	-	305,154
Furniture and Equipment	273,547	310,828	584,375
Construction in Progress	556,578	6,393,574	6,950,152
Accumulated Depreciation	(3,488,153)	-	(3,488,153)
Total Property and Equipment	6,895,841	6,935,123	13,830,964
Other Assets			
Inventory	49,063	-	49,063
NMTC Receivable (USBCDC)	5,481,500	-	5,481,500
Transfer Account	230,871	(230,871)	0
Total Other Assets	5,761,434	(230,871)	5,530,563
TOTAL ASSETS	\$ 14,241,746	\$ 7,190,477	\$ 21,432,223
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 194,940	\$ 131,836	\$ 326,776
Deposits for Residents	2,472	-	2,472
Accrued Payroll Expenses	18,404	-	18,404
Accrued Salaries	58,184	-	58,184
Accrued Interest	11,368	-	11,368
Accrued Vacation Payable	107,366	-	107,366
NMTC Unearned Revenue	1,116,932	-	1,116,932
Construction Loan	1,377,256	-	1,377,256
Current Portion of Long-Term Debt	198,072	-	198,072
Total current liabilities	3,084,994	131,836	3,216,830
Long-Term Liabilities			
Long-Term Debt - Less Current Portion	1,971,233	7,500,000	9,471,233
Debt issuance costs, net of accumulated amortization of \$0	(62,108)	(441,359)	(503,467)
Total Long-Term Liabilities	1,909,125	7,058,641	8,967,766
Total liabilities	4,994,119	7,190,477	12,184,596
Net Assets			
Unrestricted	4,443,350	-	4,443,350
Temporarily Restricted	4,804,277	-	4,804,277
Total Net Assets	9,247,627	-	9,247,627
TOTAL LIABILITIES AND NET ASSETS	\$ 14,241,746	\$ 7,190,477	\$ 21,432,223

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

**DOWNTOWN RESCUE MISSION, INC. &
DOWNTOWN RESCUE MISSION TITLE HOLDING CORP.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

<u>CHANGES IN UNRESTRICTED NET ASSETS</u>	Downtown Rescue		
	Downtown Rescue	Mission Title	Consolidated
	Mission, Inc.	Holding Corp.	Total
SUPPORT AND REVENUE			
Donations and Grants	\$ 1,034,633	\$ -	\$ 1,034,633
Contributions In Kind - Misson	800,321	-	800,321
Thrift Store Proceeds	2,151,417	-	2,151,417
Charges To Residents	17,865	-	17,865
Projects and Other	181,586	-	181,586
Miscellaneous	1,316	-	1,316
Interest Income	16	-	16
Transfer of Assets from Downtown Rescue Mission Inc.	-	70,757	70,757
TOTAL SUPPORT AND REVENUE	<u>4,187,154</u>	<u>70,757</u>	<u>4,257,911</u>
 Release of restricted assets, expended	 180,713	 -	 180,713
Release of restricted assets to purchase assets and loan costs	-	-	-
 TOTAL SUPPORT, REVENUE & RELEASES	 <u>4,367,867</u>	 <u>70,757</u>	 <u>4,438,624</u>
FUNCTIONAL EXPENSES			
Program services			
Food and Shelter Program	2,258,364	-	2,258,364
Thrift Store Program	1,855,200	-	1,855,200
Total program services	<u>4,113,564</u>	<u>-</u>	<u>4,113,564</u>
Support services			
Fundraising	450,617	-	450,617
Administrative & General	103,715	-	103,715
Total Support Services	<u>554,332</u>	<u>-</u>	<u>554,332</u>
TOTAL EXPENSES	<u>4,667,896</u>	<u>-</u>	<u>4,667,896</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>(300,029)</u>	 <u>70,757</u>	 <u>(229,272)</u>
 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
TEMPORARILY RESTRICTED SUPPORT			
Donations	154,882	-	154,882
 NET ASSETS RELEASED FROM RESTRICTIONS			
Release of Restricted Assets, Expended	(180,713)	-	(180,713)
Release of Restricted Assets to Purchase Assets and Loan Costs	-	(70,757)	(70,757)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(25,831)</u>	<u>(70,757)</u>	<u>(96,588)</u>
 INCREASE IN NET ASSETS	 <u>(325,860)</u>	 <u>-</u>	 <u>(325,860)</u>
Net Assets, Beginning	<u>9,573,487</u>	<u>-</u>	<u>9,573,487</u>
 NET ASSETS, ENDING	 <u>\$ 9,247,627</u>	 <u>\$ -</u>	 <u>\$ 9,247,627</u>

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

**DOWNTOWN RESCUE MISSION, INC. &
DOWNTOWN RESCUE MISSION TITLE HOLDING CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities	Downtown Rescue Mission, Inc.	Downtown Rescue Mission Title Holding Corp.	Consolidated Total
Change in net assets	\$ (325,860)	\$ -	\$ (325,860)
Adjustment to reconcile net income to net cash provided (used) by operating activities:			
Depreciation	182,000	-	182,000
Insurance Proceeds	88,173	-	88,173
Repairs Due to Storm Damage	(88,173)	-	(88,173)
Decrease (increase) in:			-
Resident savings	500	-	500
Accounts Receivable	(13,522)	-	(13,522)
Prepaid Expenses	(5,320)	-	(5,320)
Grants Receivable	1,740,000	-	1,740,000
Pledges Receivable	82,460	-	82,460
USBCDC Receivable	-	-	-
Inventory	17,885	-	17,885
Undeposited Funds	1,500	-	1,500
Increase (decrease) in:			
Accounts payable	11,051	(59,339)	(48,288)
Retainages on Contracts	-	(128,350)	-
Net deposits	(500)	-	(500)
Payroll taxes payable	(10,754)	-	(10,754)
Accrued payroll	(3,326)	-	(3,326)
Accrued vacation	17,869	-	17,869
Unearned Revenue	-	-	-
Accrued interest	(6,632)	(27,750)	(34,382)
Net cash provided (used) by operating activities	<u>1,687,351</u>	<u>(215,439)</u>	<u>1,471,912</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of building and construction	(22,039)	(70,757)	(92,796)
Paid Loan Costs	-	-	-
Proceeds from sale of building & equipment	-	-	-
Net cash provided (used) by investing activities	<u>(22,039)</u>	<u>(70,757)</u>	<u>(92,796)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Mortgage principal and loan reduction payments	(2,158,994)	-	(2,158,994)
Net cash provided (used) by financing activities	<u>(2,158,994)</u>	<u>-</u>	<u>(2,158,994)</u>

Net increase in cash and cash equivalents

<u>(493,682)</u>	<u>(286,196)</u>	<u>(779,878)</u>
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Cash and cash equivalents at beginning of the period

<u>1,139,445</u>	<u>772,421</u>	<u>1,911,866</u>
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Cash and cash equivalents at end of the period

<u>\$ 645,763</u>	<u>\$ 486,225</u>	<u>\$ 1,131,988</u>
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SUPPLEMENTAL DISCLOSURE

Cash paid for interest during the year	<u>\$ 81,347</u>
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NONCASH TRANSACTIONS

Contributed kitchen food, Thrift store items and miscellaneous ministry needs	<u>\$ 809,219</u>
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**DOWNTOWN RESCUE MISSION, INC. &
DOWNTOWN RESCUE MISSION TITLE HOLDING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Downtown Rescue Mission, Inc. (the “Mission”) & Downtown Rescue Mission Title Holding Corp. (the “Corporation”) are presented for a fiscal period using the accrual method of accounting. The specific policies concerning depreciation, amortization, and other areas of accounting where there is a choice among acceptable accounting alternatives followed by the Mission and the method of applying those policies which affect the statements of financial position, activities and changes in net assets, cash flows, and functional expenses are discussed in footnotes following this one. The Principles of Consolidation are stated in Note 9.

Nature of the Mission

The Mission provides direct assistance to homeless persons in Huntsville in two forms. Physical assistance is provided in the form of food, clothing, shelter, and small cash stipends to needy persons. Spiritual assistance is provided in the form of religious services, work therapy, and moral support in the effort to resist substance abuse or otherwise change in a positive direction. It is the hope of the Mission that a human being’s physical needs can be met while that person rebuilds his confidence and ability to function autonomously in Mission at large. If that person lives at the Mission, he is called a “resident”.

The support for the Mission comes from donations (either in cash or in kind) from the citizens and businesses of Huntsville and various religious organizations. Non-cash items not used directly in the Mission’s activities are generally liquidated through a “thrift” store. “Work therapy” is the term used to refer to the temporary labor service provided by residents to businesses and others for a fee. Work therapy has produced revenue, a large portion of which is paid out to the resident performing the work. The function of work therapy is to reinforce the work ethic in persons who may be otherwise unemployable.

Restricted Net Assets

The Mission is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted, Temporarily restricted and Permanently restricted. In addition, the Mission is required to present a statement of cash flows. Accordingly, all financial transactions have been recorded and reported by the following groups:

- The Unrestricted net assets includes the combination of assets which are not restricted by any third party donor and which are available for use by the Board without restriction.
- The Temporarily Restricted net assets represent donations that are available for donor-specified purposes as ratified by the Board of Directors.
- The Permanently Restricted net assets represents resources permanently restricted by donors to be used only for restricted purposes by the Mission. Currently, the Board has no permanently restricted net assets.

Donated Equipment, Material, and Services

Substantial amounts of support in terms of goods are received from the community. Typically, these items are consumable. These items are reflected separately as increases to unrestricted donations and the appropriate program/line item expense category unless it is determined that the item should be capitalized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Equipment, Material, and Services (continued)

The value placed on these non-cash items for recording purposes on the books is as follows: If these goods are received from a business, they are recorded at the value the business would have charged a normal customer. These items are recorded upon receipt and expensed. These types of goods are normally foodstuffs. If the goods are received from an individual, they are typically placed in the Thrift store for liquidation. They may, however, be recycled into the hands of a qualified needy person at no charge. At this time, the goods are recorded at the price the Thrift store had placed on the item for sale to any other customer. These items are primarily clothing, appliances, and other household goods.

Unrecorded donations - A substantial number of volunteers have donated significant amounts of their time in the organization's program and support services. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. Contributions of items to be liquidated through the Thrift store are also not recorded until they are sold for the same reasons.

Valuation of Thrift Store Inventory

Thrift store inventory is valued at the lower of cost (zero) or market (unknown). The typical inventory item is an item, which is no longer useful to its owner, and whose value is unknown until a buyer or beneficiary is found. New furniture items are purchased by the Mission at wholesale price and are sold in the thrift stores for a profit. The balance of this inventory at June 30, 2018 is \$49,063.

Cash and Cash Equivalents

Cash equivalents are defined as demand deposits or investments such as certificates of deposits, treasury bills, or money market accounts with an original maturity of three months or less.

Expenditures or receipts made on behalf of the Mission & Corporation by disbursing agents such as banks, attorneys, leasing companies, closing agents, and the like are considered to be cash transactions made by the Mission. Furthermore, consideration, which the Mission & Corporation are legally obligated to pay or receive, and which may, by mutual agreement, be satisfied by assets other than cash is considered to be a cash transaction.

Functional Expenses

The Mission allocates expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to the expenditure classification. Various statistical bases allocate other expenses that are common to several functions.

Provisions for Income Tax

The Downtown Rescue Mission, Inc. operates as a nonprofit organization under the guidelines of Section 501c(3) of the Internal Revenue Code and as such, is exempt from federal and state income taxes. Tax years after June 30, 2014 remain subject to examination by taxing authorities.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Total advertising expense for period ended June 30, 2018 was \$22,830.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment may include assets acquired by non-cancelable leases or by gift, in addition to those acquired by purchase.

If acquired by gift and the value is greater than \$5,000, the equipment or property is recorded at appraised value as evidenced by a qualified appraisal. If less than \$5,000, the recorded value is estimated by management.

Property and equipment are stated at the recorded value, less accumulated depreciation. Leasehold improvements (if any) are stated at cost, less accumulated amortization. Depreciation and amortization are provided at rates intended to distribute the cost over their estimated useful life.

Expenditures for maintenance and repair are charged to operations as incurred; expenditures for renewals and betterments are capitalized and written off by depreciation and amortization charges. Property retired or sold is removed from the asset and related accumulated depreciation accounts and any resulting profit or loss is reflected in the statement of operations.

Depreciation expense for the period ended June 30, 2018 was \$182,000.

NOTE 3 – LONG-TERM DEBT AND CONSTRUCTION LOAN

The Mission had outstanding debt at June 30, 2018 in various mortgages and notes payable to creditors. Some debt was paid in 2018, as follows:

On November 29, 2012, the mission consolidated and refinanced all loans from First Commercial and Bryant Bank with First Commercial for a 4.24% fixed rate loan in the amount of \$3,114,324 due December 2, 2022. The loan is payable in a monthly installment of principal and interest in the amount of \$23,517. The balance at June 30, 2018 is \$2,169,305.

On April 11, 2013, the mission entered into a loan to purchase a truck. Redstone Federal Credit Union financed this with a 4% fixed rate loan for \$33,294 due April 15, 2018. The loan is payable in a monthly installment of principal and interest in the amount of \$613. The balance at June 30, 2018 is \$0.

On November 15, 2016, the DRM Title Holding Corporation entered into a loan for \$7,500,000 to finance the construction of a Women's and Children Shelter as part of a new market tax credit. \$5,481,500 is a receivable for the mission. The new market tax credit requires the mission to be operating as a homeless rescue mission 7 years from the creation of the \$7,500,000 loan. The remaining \$2,018,500 will be recognized as temporarily restricted revenue after new market tax credit requirements are met.

Long-term debt consists of:

	Balance June 30, 2018
First Commercial Bank, 4.24% fixed, due 12/2/2022, mortgage	2,169,305
New Market Tax Credit Due 11/15/23	7,500,000
Total Debt	<u>\$9,669,305</u>
Less: Current portion	<u>(198,072)</u>
Long-term debt	<u>\$9,471,233</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE 3 – LONG-TERM DEBT AND CONSTRUCTION LOAN - CONTINUED

Maturities of long-term debt are as follows:

2019	198,072
2020	206,636
2021	215,569
2022	1,549,028
2023	7,500,000
Total Long term debt	<u><u>\$9,669,305</u></u>

On November 15, 2016, the mission entered into a loan for \$4,500,000 to finance the construction of a new Women’s and Children’s Center. Interest payments are made on the outstanding balance of the construction loan monthly at a 2.687% rate. This loan will convert to a mortgage loan once construction is complete. The balance at June 30, 2018 is \$1,377,256.

NOTE 4 – THRIFT STORE REVENUE

The thrift stores are considered a program of the mission. The total revenue for thrift stores for the period were \$2,151,417 with expenditures of \$1,855,200. In kind contributions of \$8,898 were made to the program and used in the store.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Mission & Corporation are a party to certain legal actions arising in the ordinary course of the business. In management’s opinion, the Mission & Corporation have adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Mission & Corporation’s operations or financial position.

NOTE 6 – OPERATING LEASE

An operating lease was entered into for the Huntsville store with a lease term ending December 31, 2019. Monthly rent in the amount of \$11,100 was paid. Monthly rent payments increased to \$12,774 in June 2018. Total lease payments in the current period ending June 30, 2018 are \$68,274. An operating lease was entered into for the Albertville store with a lease term ending July 31, 2020 and with monthly rent payments of \$6,240. Total lease payments for the Albertville store for the period ended June 30, 2018 were \$37,440. An operating lease was entered into for the Madison store with a lease term ending of December 31, 2020 and with monthly rent payments of \$5,200. These monthly lease payments increased to \$5,300 in February 2017. Total lease payments for the Madison store for the period ended June 30, 2018 were \$31,800. An operating lease was entered into for the Huntsville-West store with a lease term ending August 30, 2020 and with monthly rent payments of \$11,007 for total lease payments for period ended June 30, 2018 of \$66,042.

Future Lease Payments are as follows:

Fiscal Year End	Huntsville- East	Albertville	Madison	Huntsville- West	Total
2019	\$76,644	\$74,880	\$63,600	\$132,084	\$347,208
2020	0	74,880	31,800	132,084	238,764
2021	0	6,240	0	22,014	28,254
2022	0	0	0	0	0
2023	0	0	0	0	0
Total	\$76,644	\$156,000	\$95,400	\$286,182	\$614,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE 7 – RESIDENT SAVINGS ACCOUNTS

The Mission maintains a savings account for program beneficiaries. These deposits are held solely for the individual discretion of the beneficiaries. The balance of these accounts and the related liability are as follows:

	<u>June 30, 2018</u>
Resident Savings	<u>\$2,472</u>
Deposits from Residents	<u>\$(2,472)</u>

NOTE 8 – TEMPORARILY RESTRICTED ASSETS

The temporarily restricted net assets balance is \$4,804,277 at June 30, 2018. These are donations, receivables, and unearned revenue restricted for future purposes. \$173,784 is receivable to unrestricted cash for restricted expenses paid from unrestricted cash that have not been reimbursed yet.

NOTE 9 – DRM TITLE HOLDING CORPORATION PRINCIPLES OF CONSOLIDATION

The financial statements are consolidated for Downtown Rescue Mission, Inc. and DRM Title Holding Corporation for 2018. Downtown Rescue Mission Inc. has significant influence over DRM Title Holding Corporation. The mission has the power to participate in the financial and operating policies of the Title Holding Corporation. The Mission has significant representation on the supervisory body of the Title Holding Corporation. For these reasons the financial statements were consolidated for these entities.

NOTE 10 – PROPERTY AND EQUIPMENT

The following schedule details the property and equipment for the Mission and Corporation.

Description	12/31/2017 Balance	Amortization Expense	6/30/2018 Balance	
Loan Costs, net of amortization	\$ 503,467	\$ 0	\$ 503,467	
	12/31/2017 Balance	Additions	Deletions	6/30/2018 Balance
Land & Buildings	\$ 9,463,786	\$ 15,650	\$ 0	\$ 9,479,436
Vehicles	305,154	0	0	305,154
Furniture & Equipment	529,811	54,564	0	584,375
Accumulated depreciation	<u>(3,306,153)</u>	<u>0</u>	<u>(182,000)</u>	<u>(3,488,153)</u>
Medical and office equipment, net	\$ 6,992,598	\$ 70,214	\$ (182,000)	\$ 6,880,812
Construction in Progress	\$ 6,927,570	\$ 22,582	\$ 0	\$ 6,950,152

NOTE 11 - INSURANCE PROCEEDS

Insurance Proceeds of \$88,173 were received by the Mission for roof damage due to a storm. Their were corresponding expense of \$88,173 to repair the roof damage. No income was recognized from these insurance proceeds.

NOTE 12- SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is November 2, 2018. The consolidated financial statements were available to be issued at that time.

DOWNTOWN RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

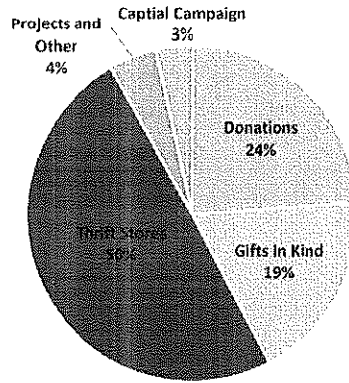
	Program Services			Support Services			Total All Expenses
	Food and Shelter Program	Thrift Store	Total	General and Administrative	Fund Raising	Total	
Advertising and public relations	\$ 0	\$ 16,939	\$ 16,939	\$ 0	\$ 5,891	\$ 5,891	\$ 22,830
Bank Fees & service charges	6,630	42,695	49,325	0	9,223	9,223	58,548
Building rent	858	219,041	219,899	0	0	0	219,899
Depreciation and amortization	137,015	44,985	182,000	0	0	0	182,000
Designated expenses	14,476	0	14,476	0	859	859	15,335
Dues and memberships	6,496	0	6,496	775	2,402	3,177	9,673
Education	450	0	450	0	450	450	900
Employee benefits - Health Insurance	99,538	79,636	179,174	9,204	32,605	41,809	220,983
Employee benefits - Workmen's Comp	5,118	8,953	14,071	1,278	1,279	2,557	16,628
Employee relations	2,064	5,862	7,926	133	353	486	8,412
Equipment	33,700	33,810	67,510	5,884	17,754	23,638	91,148
Equipment rental	2,770	2,180	4,950	0	0	0	4,950
Hazard and liability insurance	50,339	20,907	71,246	1,518	1,518	3,036	74,282
Interest expense	55,334	30,359	85,693	0	0	0	85,693
Kitchen and food supplies	24,824	10,562	35,386	208	0	208	35,594
Licenses & permits	4,127	4,016	8,143	542	542	1,084	9,227
Maintenance, Building & Grounds	71,855	12,994	84,849	172	172	344	85,193
Miscellaneous Expense	43	0	43	0	294	294	337
Payroll taxes	25,252	71,024	96,276	4,406	9,968	14,374	110,650
Pension expense	12,983	1,574	14,557	0	3,611	3,611	18,168
Postage	629	119	748	0	13,511	13,511	14,259
Printing and reproduction	624	1,393	2,017	0	182,042	182,042	184,059
Professional fees	14,756	0	14,756	3,325	0	3,325	18,081
Program expenses	18,147	0	18,147	0	0	0	18,147
Purchases	0	142,348	142,348	0	262	262	142,610
Salaries	486,090	849,167	1,335,257	56,225	127,730	183,955	1,519,212
Special Events	339	0	339	0	17,231	17,231	17,570
Supplies	30,848	30,250	61,098	4,157	3,257	7,414	68,512
Telephone and internet	18,847	25,563	44,410	2,955	8,817	11,772	56,182
Training and conventions	11,928	1,477	13,405	4,448	3,306	7,754	21,159
Useage of contributions in-kind	800,321	8,898	809,219	0	0	0	809,219
Utilities	97,141	92,227	189,368	4,662	4,702	9,364	198,732
Vehicle gas and oil	17,692	12,037	29,729	1,750	1,897	3,647	33,376
Vehicle maintenance and rental	14,235	41,384	55,619	1,132	0	1,132	56,751
Waste disposal	12,182	44,800	56,982	941	941	1,882	58,864
*Capital Campaign Expenses	180,713	0	180,713	0	0	0	180,713
TOTAL FUNCTIONAL EXPENSES	\$ 2,258,364	\$ 1,855,200	\$ 4,113,564	\$ 103,715	\$ 450,617	\$ 554,332	\$ 4,667,896

*Capital Campaign Expenses are paid from releases of temporarily restricted net assets. These are for the Capital Campaign started in 2015.

**DOWNTOWN RESCUE MISSION, INC.
SUPPLEMENTAL CHART OF REVENUES & EXPENSES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018**

Support & Revenues

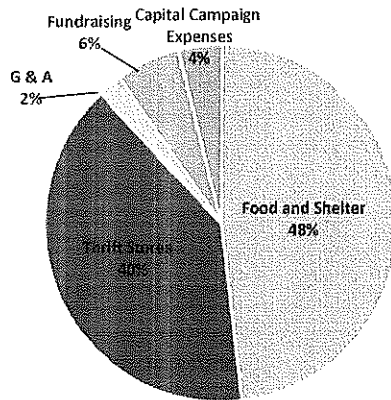
Donations	\$	1,034,633
Gifts in Kind		800,321
Thrift Stores		2,151,417
Projects and other		200,783
Capital Campaign Cont.		<u>154,882</u>
	\$	<u><u>4,342,036</u></u>



- ▨ Donations
- ▨ Gifts in Kind
- ▨ Thrift Stores
- ▨ Projects and other
- ▨ Capital Campaign Cont.

Expenditures, Excluding Interest Expense

Food and Shelter	\$	2,203,030
Thrift Stores		1,824,841
G & A		103,715
Fundraising		269,904
Capital Campaign Expenses		<u>180,713</u>
	\$	<u><u>4,582,203</u></u>



- ▨ Food and Shelter
- ▨ Thrift Stores
- ▨ G & A
- ▨ Fundraising
- ▨ Capital Campaign Expenses