

KANSAS CITY RESCUE MISSION

FINANCIAL STATEMENTS

**Year Ended June 30, 2015
with
Independent Auditors' Report**

KANSAS CITY RESCUE MISSION

FINANCIAL STATEMENTS

June 30, 2015

CONTENTS

	<u>Page</u>
Independent Auditors' 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 - 17



Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kansas City Rescue Mission

We have audited the accompanying financial statements of **Kansas City Rescue Mission** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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.

Auditors' 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 auditors' 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 auditors consider 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.

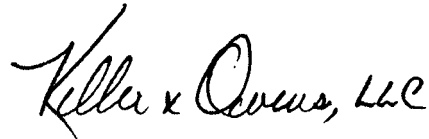
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Kansas City Rescue Mission** as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited **Kansas City Rescue Mission's** 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Keller & Owens, LLC". The signature is written in black ink and is positioned to the right of the date and location text.

Overland Park, Kansas
September 23, 2015

KANSAS CITY RESCUE MISSION

STATEMENT OF FINANCIAL POSITION

June 30, 2015

(With comparative totals as of June 30, 2014)

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 807,220	\$ 1,062,569
Certificates of deposit, at cost	245,693	-
Bequest receivable	-	169,345
Pledges receivable	17,948	16,975
Inventory	110,157	107,991
Investments	40,854	-
Total Current Assets	<u>1,221,872</u>	<u>1,356,880</u>
Property and Equipment, net	<u>3,895,161</u>	<u>3,991,808</u>
Total Assets	<u>\$ 5,117,033</u>	<u>\$ 5,348,688</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts payable	\$ 34,922	\$ 31,466
Accrued liabilities	46,468	39,214
Total Current Liabilities	<u>81,390</u>	<u>70,680</u>
Net Assets:		
Unrestricted	4,915,431	5,141,265
Temporarily restricted	120,212	136,743
Total Net Assets	<u>5,035,643</u>	<u>5,278,008</u>
Total Liabilities and Net Assets	<u>\$ 5,117,033</u>	<u>\$ 5,348,688</u>

See accompanying notes

KANSAS CITY RESCUE MISSION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015			2014
	Temporarily		Total	
	Unrestricted	Restricted		
Support and Revenue:				
Event revenue (excluding contributions)	\$ 1,680	\$ -	\$ 1,680	\$ 2,100
Less: Costs of direct benefits to donors	<u>(3,821)</u>	<u>-</u>	<u>(3,821)</u>	<u>(3,953)</u>
Net revenue (loss) from event	(2,141)	-	(2,141)	(1,853)
Contributions and grants	2,090,655	263,916	2,354,571	3,073,925
Donated services	92,260	-	92,260	101,551
Donated supplies	541,692	-	541,692	685,593
Shelter operation receipts	37,767	-	37,767	23,909
Investment income	361	-	361	6,352
Other income	10,248	-	10,248	11,025
Net assets released from restrictions	<u>280,447</u>	<u>(280,447)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 3,051,289	 (16,531)	 3,034,758	 3,900,502
 Expenses:				
Program services	2,672,000	-	2,672,000	2,896,296
General and administration	263,929	-	263,929	219,646
Resource development	<u>341,194</u>	<u>-</u>	<u>341,194</u>	<u>363,919</u>
 Total Expenses	 <u>3,277,123</u>	 <u>-</u>	 <u>3,277,123</u>	 <u>3,479,861</u>
 Change in Net Assets	 (225,834)	 (16,531)	 (242,365)	 420,641
 Net Assets at Beginning of Year	 <u>5,141,265</u>	 <u>136,743</u>	 <u>5,278,008</u>	 <u>4,857,367</u>
 Net Assets at End of Year	 <u>\$ 4,915,431</u>	 <u>\$ 120,212</u>	 <u>\$ 5,035,643</u>	 <u>\$ 5,278,008</u>

See accompanying notes

KANSAS CITY RESCUE MISSION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	Program Services									General and Administration	Resource Development	2015 Total	2014 Total
	Shelter	Chaplaincy	Case Management	Christian Community of Recovery	Food Service	Health Clinic	Life Skills	Women's Center	Total Program Services				
Building													
Utilities and insurance	\$ 17,503	\$ 8,348	\$ 4,024	\$ 28,710	\$ 22,435	\$ 1,555	\$ 3,702	\$ 23,420	\$ 109,697	\$ 4,666	\$ 2,393	\$ 116,756	\$ 123,423
Maintenance and repairs	6,216	2,965	1,432	10,191	9,132	495	1,315	14,028	45,774	1,642	854	48,270	54,567
Operations													
Equipment	6,017	2,934	1,765	9,653	7,631	998	1,292	7,869	38,159	2,951	1,443	42,553	40,499
Supplies	12,194	2,044	1,141	5,835	18,331	724	1,070	11,196	52,535	1,727	956	55,218	56,075
Community	2,070	2,070	2,570	2,070	2,070	2,070	2,070	2,070	17,060	-	10,820	27,880	40,696
Service fees	-	-	-	-	-	-	-	-	-	32,335	-	32,335	30,155
Bank fees and interest	-	-	-	-	-	-	-	-	-	13,433	-	13,433	18,140
Program	2,402	2,128	2,802	3,732	2,975	1,462	1,844	6,204	23,549	3,537	313	27,399	15,310
Postage	1,461	715	443	2,153	1,685	263	315	1,434	8,469	677	863	10,009	2,982
Resource Development													
Marketing	-	-	-	-	-	-	-	-	-	-	123,618	123,618	142,646
Donor communication	-	-	-	-	-	-	-	-	-	12,961	100,240	113,201	113,169
Personnel													
Payroll and benefits	168,788	88,378	76,895	196,425	151,146	65,779	37,997	437,010	1,222,418	150,218	86,059	1,458,695	1,425,555
Health and personnel insurance	24,439	11,975	22,815	33,806	47,744	18,198	4,963	43,703	207,643	33,112	11,489	252,244	261,816
Staff education	182	143	112	254	205	58	33	1,146	2,133	70	39	2,242	4,722
Direct Assistance													
Meals	-	-	-	-	49,265	-	-	16	49,281	-	-	49,281	41,050
Education and living grants	-	-	-	11,179	-	-	-	2,566	13,745	-	-	13,745	13,213
Clothing, ID and transportation	923	-	3,270	1,650	-	-	17	1,313	7,173	-	-	7,173	6,405
Medical	-	-	-	-	-	672	-	138	810	-	-	810	1,220
Transportation													
Maintenance and insurance	1,283	257	1,604	1,604	3,976	384	257	3,207	12,572	128	128	12,828	14,806
Gasoline and rentals	815	163	1,019	1,019	4,823	245	163	2,039	10,286	82	82	10,450	12,712
Special Projects - Restricted	2,259	802	773	2,260	5,124	2,166	1,681	11,171	26,236	9	5	26,250	35,329
Sub-Total	<u>246,552</u>	<u>122,922</u>	<u>120,665</u>	<u>310,541</u>	<u>326,542</u>	<u>95,069</u>	<u>56,719</u>	<u>568,530</u>	<u>1,847,540</u>	<u>257,548</u>	<u>339,302</u>	<u>2,444,390</u>	<u>2,454,490</u>
Donated Supplies Used													
Donated Supplies Used	109,236	1,788	1,721	2,143	369,163	18,104	1,689	35,423	539,267	167	93	539,527	773,473
Donated Services	4,705	911	12,085	7,635	421	13,563	40,883	11,981	92,184	49	27	92,260	86,368
Depreciation Expense	20,641	10,351	3,655	44,549	31,906	907	3,544	77,456	193,009	6,165	1,772	200,946	165,530
Sub-Total	<u>134,582</u>	<u>13,050</u>	<u>17,461</u>	<u>54,327</u>	<u>401,490</u>	<u>32,574</u>	<u>46,116</u>	<u>124,860</u>	<u>824,460</u>	<u>6,381</u>	<u>1,892</u>	<u>832,733</u>	<u>1,025,371</u>
Total Expenses	<u>\$ 381,134</u>	<u>\$ 135,972</u>	<u>\$ 138,126</u>	<u>\$ 364,868</u>	<u>\$ 728,032</u>	<u>\$ 127,643</u>	<u>\$ 102,835</u>	<u>\$ 693,390</u>	<u>\$ 2,672,000</u>	<u>\$ 263,929</u>	<u>\$ 341,194</u>	<u>\$ 3,277,123</u>	<u>\$ 3,479,861</u>

See accompanying notes

KANSAS CITY RESCUE MISSION

STATEMENT OF CASH FLOWS Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	\$ (242,365)	\$ 420,641
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	200,946	165,530
Donated securities	(66,435)	(12,839)
Donated services for capitalized renovation costs	-	(15,184)
Donated materials for capitalized renovation costs	-	(9,441)
Gain on asset disposals	(1,350)	(603)
Realized and unrealized loss (gain) on investments	5,555	(1,900)
Decrease in accounts receivable	-	1,320
Decrease (increase) in bequest receivable	169,345	(122,559)
(Increase) decrease in pledges receivable	(973)	4,721
(Increase) decrease in inventory	(2,166)	97,322
Increase (Decrease) in accounts payable and accrued liabilities	10,710	(80,010)
Net Cash Provided by Operating Activities	73,267	446,998
Cash Flows from Investing Activities:		
Building and equipment additions	(104,299)	(720,874)
Certificates of deposit, at cost, net	(245,693)	450,476
Proceeds from sales of assets	1,350	41,652
Proceeds from sales of securities	20,026	27,412
Net Cash Used by Investing Activities	(328,616)	(201,334)
Cash Flows from Financing Activities:		
Payments on loan payable	-	(450,000)
Net Cash Used by Financing Activities	-	(450,000)
Net Change in Cash and Cash Equivalents	(255,349)	(204,336)
Cash and Cash Equivalents at Beginning of Year	1,062,569	1,266,905
Cash and Cash Equivalents at End of Year	\$ 807,220	\$ 1,062,569

See accompanying notes

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission - Kansas City Rescue Mission (the Mission) is a Missouri non-profit corporation founded in 1950. It operates as a Christ-centered community, offering freedom and hope to the poor and homeless, empowering them to reach their full potential. The primary objective of the Mission is to help homeless and needy men and women in the urban core of Kansas City by providing faith-based services, including temporary shelter, transitional housing, meals, medical services, job training, and recovery programs.

The donor base of the Mission consists primarily of Kansas City area residents.

Advertising - Certain expenses to promote the general purpose and activities of the Mission are expensed as incurred and amounted to \$10,837 and \$23,177 for 2015 and 2014, respectively.

Basis of Accounting - The Mission's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain support and revenue are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, cash includes cash in checking and money market accounts, and cash on hand.

Comparative Financial Information - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Mission's 2014 financial statements from which the summarized information was derived.

Concentration of Cash Risk - The Mission maintains its cash in bank accounts that may exceed federally insured limits at times. The Mission has not experienced any losses in these accounts in the past, and management believes the Mission is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which the Mission deposits funds.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions - The Mission follows the accounting principles under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Property and Equipment - Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Supplies and Services - The Mission receives a significant amount of donated materials and services from businesses and individuals interested in supporting its ministry. The financial statements reflect the value of such items, which include food, clothing, medical supplies, personal care products, and linens, that are received and either used or distributed within the Mission's programs to recipients in need of assistance. The value of these items is determined by estimating the fair value at the date usability is determined, which approximates date of receipt in most cases. In addition, the Mission also receives vehicles which at the Mission's discretion can be either retained for use or resold. The financial statements would reflect the value of vehicles received, if any, at fair value at date of gift, and costs related to vehicle donations would be included as additions to the original fair value of the gift. Any vehicles remaining at year end would be included in the appropriate asset category based on the status determined by the Mission.

The financial statements also reflect the value of donated services, which primarily consisted of medical, ministerial, social service assistance, advertising and construction services. Other donated services were received, but were not recognized in the financial statements because they did not meet the criteria for recognition under FASB ASC 958-605.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958-210. Under FASB ASC 958-210, entities are required to report information regarding their financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are those currently available at the discretion of the Board for use in the entity's operations and those resources invested in land, buildings and equipment.

Temporarily restricted net assets are those which are stipulated by donors for specific operating purposes, special projects, or for the acquisition or construction of land, buildings and equipment.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts. At June 30, 2015 and 2014 there were no permanently restricted net assets.

Functional Expenses - The cost of providing various program and supporting services has been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Mission is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except for taxes on unrelated business income, if any. The Mission has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

In accordance with FASB ASC 740, the Mission's policy is to record a liability for any tax position that is beneficial to the Mission, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2015 and, accordingly, no liability has been accrued. However, in general, the three previous tax years remain open to IRS examination.

Inventories - Inventories consist of donated items such as food, clothing, medical supplies, linens, personal care products, and household items. Inventories are stated at their fair values which were established at the time of recording the items as gifts in kind received.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments in readily marketable securities are stated at fair value based on quoted market prices for identical assets. Realized and unrealized gains and losses are included in investment income in the accompanying Statement of Activities.

Property and Equipment - Property and equipment over a nominal amount are recorded at cost at the date of acquisition or fair value at date of donation, in the case of gift. Maintenance and repairs are charged to expense as incurred. When items of property or equipment are sold or retired, the related cost is removed from the accounts and any gain or loss is included in the change in net assets. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis (three to forty years).

Reclassifications - Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current-year financial statements.

Subsequent Events - Management has evaluated events and transactions that have occurred since June 30, 2015 and reflected their effects, if any, in these financial statements through September 23, 2015, the date the financial statements were available to be issued.

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 assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

2. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 - inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 - inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Mission's financial assets and liabilities are measured on a recurring basis at June 30 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - Investments:				
Short-term investments	<u>\$ 40,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,854</u>
 Total investments – recurring basis	 <u>\$ 40,854</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 40,854</u>

The carrying amounts of financial instruments including cash and cash equivalents, certificates of deposit, pledges receivable, bequest receivable, accounts payable, and accrued liabilities, approximated fair value due to their short-term nature.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

3. PLEDGES RECEIVABLE

Pledges receivable represent estimated future payments from funding sources such as United Way. They are unsecured and considered fully collectible within a one-year period.

4. INVENTORY

Inventory consisted of the following items as of June 30:

	<u>2015</u>	<u>2014</u>
Food	\$ 47,502	\$ 40,820
Clothing	9,193	18,768
Medical	32,523	32,941
Linens	7,711	5,667
Personal care	12,953	9,435
Household items	<u>275</u>	<u>360</u>
Total Inventory	<u>\$ 110,157</u>	<u>\$ 107,991</u>

5. INVESTMENTS

The marketable securities are short-term investments which consist of the following:

Publicly-traded corporate stock	<u>\$ 40,854</u>	<u>\$ -</u>
Total Investments	<u>\$ 40,854</u>	<u>\$ -</u>

Investment income is composed of the following:

Interest and dividend income	\$ 5,916	\$ 4,452
Realized and unrealized gain (loss)	<u>(5,555)</u>	<u>1,900</u>
Total Investment Income	<u>\$ 361</u>	<u>\$ 6,352</u>

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

6. PROPERTY AND EQUIPMENT

Property and equipment is stated at the values described in Note 1 and includes the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 171,302	\$ 171,302
Buildings	4,642,146	4,642,146
Equipment	276,186	291,007
Furniture	50,366	53,381
Vehicles	36,635	39,593
Technology	<u>36,048</u>	<u>27,395</u>
	5,212,683	5,224,824
Less accumulated depreciation	<u>(1,390,363)</u>	<u>(1,233,016)</u>
	3,822,320	3,991,808
Construction in progress	<u>72,841</u>	<u>-</u>
Total Property and Equipment	<u>\$ 3,895,161</u>	<u>\$ 3,991,808</u>

7. DONATED SERVICES

Approximately 2,868 and 3,227 hours of donated services, valued at \$92,260 and \$101,552 have been recorded in the financial statements in 2015 and 2014, respectively. In 2014, the donated services included \$15,184 that was capitalized as part of the Women's Center.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

8. DONATED SUPPLIES

Donated supplies are stated at the values described in Note 1 and include the following:

	<u>2015</u>	<u>2014</u>
Food	\$ 373,818	\$ 398,522
Clothing	93,544	191,986
Medical and hygiene	44,897	49,078
Linens	7,511	4,890
Furniture	887	-
Program and operating	<u>21,035</u>	<u>41,117</u>
Total Donated Supplies	<u>\$ 541,692</u>	<u>\$ 685,593</u>

9. DEFINED CONTRIBUTION PENSION PLAN

The Mission participates in a defined contribution pension plan that is made available to personnel. Employees are eligible to participate on their first day of employment by deferring compensation. Employees who have completed one year of service with 1,000 qualified hours are eligible to receive employer matching benefits. Benefits range from 2-6% of salary based on length of service. The Mission contributed \$23,118 and \$25,175 to the Plan during 2015 and 2014, respectively.

10. BOARD DESIGNATED UNRESTRICTED NET ASSETS

The Board has a goal to designate unrestricted net assets as emergency reserves to cover six months of budgeted expenses, which approximates \$1,288,500. At June 30, 2015, after considering the investment in property and equipment, and amounts already designated, the remaining amount of unrestricted net assets available for designation is \$935,120.

In 2015, the Mission received a gift of stock which the donor suggested be set aside for operations in future years. The Board chose to honor the donor's request and designated the fair value of the gift plus cash dividends received for a total of \$41,178 at June 30, 2015. As of June 30, 2015 and 2014, the Board set aside \$43,973, derived from the proceeds from the sale of the previous transitional house known as Jarrette's Place.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include amounts held for the following purposes:

	2015		2014	
	Revenue	Temporary Restrictions Satisfied	Temporarily Restricted Net Assets	Temporarily Restricted Net Assets
Property improvements	\$ 77,416	\$ 97,211	\$ 73,327	\$ 93,122
Health clinic	780	1,829	7,361	8,410
Meals program	8,768	8,768	-	-
Women's center	90,311	93,605	5,032	8,326
Other shelter programs	28,504	21,870	16,544	9,910
Pledges receivable	58,137	57,164	17,948	16,975
Totals	\$ 263,916	\$ 280,447	\$ 120,212	\$ 136,743

Temporarily restricted net assets consist of the following:

	2015	2014
Cash	\$ 102,264	\$ 119,768
Pledges receivable	17,948	16,975
Total Temporarily Restricted Assets	\$ 120,212	\$ 136,743

Per provisions of FASB ASC 958-605 regarding expiration of donor restrictions, the following expenses were incurred which satisfied the restricted purpose or occurrence of events specified by donors:

Purpose restrictions accomplished	\$ 223,283	\$ 967,691
Time restrictions expired	57,164	47,270
Total Net Assets Released From Restrictions	\$ 280,447	\$ 1,014,961

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

12. COMMITMENTS

The Mission has signed agreements for equipment leases and other services with original terms of 12 - 60 months. The following is a schedule by years of future minimum payments under these commitments:

Years ending June 30:	
2016	\$ 6,004
2017	6,004
2018	6,004
2019	<u>2,722</u>
Total Future Minimum Payments	<u>\$ 20,734</u>

For the year ended June 30, 2015, the Mission incurred expenses of \$8,331 related to these commitments.

13. PUBLIC SUPPORT

Unrestricted contributions are gifts from individuals, businesses, clubs and foundations that are not restricted for a special use. Temporarily restricted contributions and grants consist of grants from foundations and corporations for a specific program. Special event revenue includes in-kind contributions for special events. Direct benefit expenses are the cost of the direct benefit or articles furnished to the donors; e.g., the cost of a meal for a fund-raising event.

14. WOMEN'S CENTER

In 2011, the Mission purchased a building to be used for a Women's Center. The Federal Home Loan Bank (FHLB) of Topeka awarded \$450,000 to the Mission for this project under the FHLB Affordable Housing Program (AHP). 100% of these funds have been disbursed and FHLB has awarded the grants in full to the Mission. The FHLB award will be forgiven in its entirety after 15 years providing the property is maintained as low-income housing and all required reports are filed. The forgivable grant accrues no interest.

KANSAS CITY RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

14. WOMEN'S CENTER (continued)

The Missouri Housing Development Commission reserved \$552,043 in tax credits in connection with the Women's Center project. During 2014, donors used \$79,750 in tax credits. Prior to 2014, \$340,293 of tax credits had been used and \$132,000 had expired.

15. MEN'S CENTER

In 2014, the Mission completed the renovation of specific parts of the men's shelter and administrative offices at a cost of \$696,835.

The Missouri Housing Development Commission reserved \$188,420 in tax credits in connection with the Men's Center renovation project begun in 2014. All of the tax credits were used in 2014.