



# Financial Statements

(With Supplementary Financial Information)

**For the Year Ended  
December 31, 2023**

**SK**

SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

# Rescue Ministries of Mid-Michigan

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SMITH & KLACZKIEWICZ, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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A VETERAN OWNED BUSINESS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rescue Ministries of Mid-Michigan  
Saginaw, MI

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of *Rescue Ministries of Mid-Michigan* (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Rescue Ministries of Mid-Michigan* as of December 31, 2023, 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.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *Rescue Ministries of Mid-Michigan* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about *Rescue Ministries of Mid-Michigan's* ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ***Rescue Ministries of Mid-Michigan's*** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ***Rescue Ministries of Mid-Michigan's*** ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying individual statements by fund are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the individual statements by fund are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024 on our consideration of ***Rescue Ministries of Mid-Michigan's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ***Rescue Ministries of Mid-Michigan's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ***Rescue Ministries of Mid-Michigan's*** internal control over financial reporting and compliance.

*Smith + Klayhewig PC*

***Saginaw, Michigan***

June 4, 2024

**Rescue Ministries of Mid-Michigan**  
**Statement of Financial Position**  
*December 31, 2023*

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<u>Assets</u>	
Current assets	
Cash	\$ 2,165,991
Assets limited as to use - cash	323,077
Investments	520,060
Accounts receivable	243,834
Pledge receivable	1,360
Prepaid expense	35,572
Inventory	600
Total current assets	3,290,494
Noncurrent assets	
Capital assets	14,087,964
Less: accumulated depreciation	(5,107,618)
Total noncurrent assets	8,980,346
Total Assets	\$ 12,270,840
 <u>Liabilities and Net Assets</u>	
Current liabilities	
Accounts payable	\$ 220,133
Accrued expenses	50,925
Total current liabilities	271,058
Noncurrent liabilities	
Accrued compensated absences	61,580
Land contract	60,000
FHLB Loan	1,250,000
Total noncurrent liabilities	1,371,580
Total liabilities	1,642,638
Net assets	
Without donor restrictions	
Undesignated	9,605,125
Designated by the Board - Capital Improvements	700,000
With donor restrictions	323,077
Total net assets	10,628,202
Total Liabilities and Net Assets	\$ 12,270,840

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

**Rescue Ministries of Mid-Michigan**  
**Statement of Activities**  
*For the Year Ended December 31, 2023*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating</b>			
Revenues, gains and other support			
Contributions	\$ 3,303,980	\$ 300,000	\$ 3,603,980
Special events	342,478	-	342,478
Donated materials	1,063,590	-	1,063,590
Legacies and bequests	275,329	-	275,329
 Grants from governmental agencies			
Federal grants	884,315	-	884,315
State and local grants	750,934	-	750,934
 Program service fees	700	-	700
Investment income (loss)	80,526	-	80,526
Baling income	11,821	-	11,821
Rent from investment property, net of direct costs	30,713	-	30,713
Net assets released from restrictions	39,365	(39,365)	-
 Total revenues, gains and other support	<u>6,783,751</u>	<u>260,635</u>	<u>7,044,386</u>
<b>Expenses</b>			
<b>Program services</b>			
City Rescue Mission Mens Emergency Shelter	1,035,496	-	1,035,496
Discipleship Program	309,333	-	309,333
City Rescue Mission Womens Emergency Shelter	1,252,820	-	1,252,820
Impact Designs	515,032	-	515,032
Good Samaritan Rescue Mission Mens Emergency Shelter	881,968	-	881,968
Good Samaritan Rescue Mission Womens Emergency Shelter	850,217	-	850,217
Samaritan Youth Shelter	610,074	-	610,074
Higher Purpose	940	-	940
Total program services	<u>5,455,880</u>	<u>-</u>	<u>5,455,880</u>
<b>Supporting services</b>			
Management and general	444,866	-	444,866
Fundraising	444,605	-	444,605
Total supporting services	<u>889,471</u>	<u>-</u>	<u>889,471</u>
 Total expenses	<u>6,345,351</u>	<u>-</u>	<u>6,345,351</u>
 Increase in net assets from operating activities	438,400	260,635	699,035
<b>Nonoperating</b>			
Gain (loss) on sale of capital assets	1,000	-	1,000
Change in Net Assets	439,400	260,635	700,035
 Net Assets, Beginning	9,865,725	62,442	9,928,167
Net Assets, Ending	<u>\$ 10,305,125</u>	<u>\$ 323,077</u>	<u>\$ 10,628,202</u>

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

**Rescue Ministries of Mid-Michigan**  
**Statement of Functional Expenses**  
*For the Year Ended December 31, 2023*

	Program Services					
	City Rescue Mission Mens Emergency Shelter	Discipleship Program	City Rescue Mission Womens Emergency Shelter	Impact Designs	Good Samaritan Rescue Mission Mens Emergency Shelter	Good Samaritan Rescue Mission Womens Emergency Shelter
Salaries	\$ 363,187	\$ 107,611	\$ 470,798	\$ 134,514	\$ 274,565	\$ 266,245
Fringe benefits	79,557	23,572	103,129	29,465	57,255	55,520
Payroll taxes	26,914	7,974	34,888	9,968	19,571	18,978
Total salaries and related expense	469,658	139,157	608,815	173,947	351,391	340,743
Professional services	49,755	14,742	64,497	18,428	88,288	85,612
Building maintenance	9,927	2,269	10,495	2,836	10,174	9,865
Client services	4,833	1,611	4,833	4,833	1,832	1,832
Development and public education	84,752	25,112	109,864	31,390	40,990	36,750
Dues, licenses and services	17,410	5,803	17,410	17,410	13,116	13,116
Food and kitchen supplies	26,070	8,690	26,070	26,070	20,861	20,861
Insurance	22,681	5,184	23,977	6,480	13,097	12,700
Bank and other fees	8,196	1,873	8,664	2,342	1,952	1,892
Office supplies	13,266	3,931	17,197	4,913	4,052	3,929
Operating supplies	8,101	1,852	8,564	2,315	4,770	4,626
Donated materials	169,880	56,627	169,880	169,880	198,929	198,929
Postage	5,050	1,496	6,546	1,870	3,153	2,827
Staff training	9,924	2,940	12,864	3,676	1,797	1,742
Communication	4,339	1,286	5,624	1,607	1,874	1,818
Utilities	38,572	8,816	40,776	11,021	55,430	53,750
Vehicle operations	6,703	1,915	5,746	3,830	1,454	1,410
Special events	3,290	1,410	3,290	1,410	2,852	2,852
Other capital costs	7,935	2,351	10,286	2,939	8,945	7,454
Total expenses before depreciation	960,342	287,065	1,155,398	487,197	824,957	802,708
Depreciation	75,154	22,268	97,422	27,835	57,011	47,509
Total expenses	<u>\$ 1,035,496</u>	<u>\$ 309,333</u>	<u>\$ 1,252,820</u>	<u>\$ 515,032</u>	<u>\$ 881,968</u>	<u>\$ 850,217</u>

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



Program Services			Supporting Services			
Samaritan Youth Shelter	Higher Purpose	Total	Management and General	Fundraising	Total	Total
\$ 208,004	\$ -	\$ 1,824,924	\$ 219,658	\$ 132,571	\$ 352,229	\$ 2,177,153
43,375	-	391,873	47,503	28,777	76,280	468,153
14,826	-	133,119	16,113	9,753	25,866	158,985
266,205	-	2,349,916	283,274	171,101	454,375	2,804,291
66,885	-	388,207	31,805	31,805	63,610	451,817
7,707	-	53,273	2,959	2,959	5,918	59,191
916	-	20,690	-	-	-	20,690
35,336	-	364,194	22,762	68,287	91,049	455,243
6,558	940	91,763	-	-	-	91,763
10,431	-	139,053	-	-	-	139,053
9,922	-	94,041	5,224	5,224	10,448	104,489
1,479	-	26,398	1,467	1,467	2,934	29,332
3,070	-	50,358	5,527	5,527	11,054	61,412
3,614	-	33,842	1,880	1,880	3,760	37,602
99,465	-	1,063,590	-	-	-	1,063,590
2,718	-	23,660	1,479	4,437	5,916	29,576
1,361	-	34,304	3,948	3,948	7,896	42,200
1,420	-	17,968	973	2,808	3,781	21,749
41,992	-	250,357	13,908	13,908	27,816	278,173
1,322	-	22,380	707	471	1,178	23,558
5,703	-	20,807	5,202	78,023	83,225	104,032
5,963	-	45,873	7,411	5,921	13,332	59,205
572,067	940	5,090,674	388,526	397,766	786,292	5,876,966
38,007	-	365,206	56,340	46,839	103,179	468,385
<u>\$ 610,074</u>	<u>\$ 940</u>	<u>\$ 5,455,880</u>	<u>\$ 444,866</u>	<u>\$ 444,605</u>	<u>\$ 786,292</u>	<u>\$ 6,345,351</u>

**Rescue Ministries of Mid-Michigan**  
**Statement of Cash Flows**  
*For the Year Ended December 31, 2023*

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Net cash flows from operating activities	\$ 699,035
Change in net assets	\$ 699,035
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	468,383
(Increase) decrease in:	
Receivables	204,885
Prepaid expenses	(9,703)
Increase (decrease) in:	
Accounts payable	14,012
Accrued expenses	13,863
Net cash provided by (used in) operating activities	<u>1,390,475</u>
Cash flows from capital and related financing activities	
Proceeds from sale of capital assets	1,000
Purchases of property and equipment	<u>(927,901)</u>
Net cash provided by (used in) capital and financing activities	<u>(926,901)</u>
Cash flows from financing activities	
Purchase of investments	(520,060)
Principal paid on purchase agreement	<u>(20,000)</u>
Net cash provided by (used in) financing activities	<u>(540,060)</u>
Net increase (decrease) in cash	(76,486)
Cash, beginning of year	<u>2,565,554</u>
Cash, end of year	<u><u>\$ 2,489,068</u></u>
<b>Reconciliation of cash per the Statement of Net Position to the Statement of Cash Flows</b>	
Cash	\$ 2,165,991
Assets limited as to use - cash	323,077
Cash, end of year	<u><u>\$ 2,489,068</u></u>

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

**Rescue Ministries of Mid-Michigan**  
**Notes to Financial Statements**  
*For the Year Ended December 31, 2023*

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**Note 1 – Summary of Significant Accounting Policies**

**Mission**

The *Rescue Ministries of Mid-Michigan* (the “*Organization*”) is a Michigan non-profit corporation whose purpose is to assist, encourage and promote the well being of mankind. This is accomplished by providing food, shelter and instruction for homeless men, women and children at the City Rescue Mission of Saginaw and the Good Samaritan Mission.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization’s significant accounting policies are described below to enhance the usefulness of the financial statements to the readers.

**Basis of Presentation**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future capital improvements.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Uncertainty for Income Taxes**

The Organization has evaluated the provision of ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. The evaluation was performed for the years 2019 through 2023, the years which remain subject to examination by major tax jurisdiction as of year end. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the organization’s financial statements. The Organization does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly increase or decrease in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at year end, and it is not aware of any claims for such amounts by federal or state income tax authorities.

**Rescue Ministries of Mid-Michigan**  
**Notes to Financial Statements**  
*For the Year Ended December 31, 2023*

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**Fund Accounting**

The financial activities of the Organization are accounted for in separate funds, described as follows:

**Operating Funds** - The operating funds include unrestricted resources, which represent the portion of expendable funds that is available for support of the operations of City Rescue Mission, Good Samaritan Mission and Higher Purpose.

**Cash**

The Organization considers all cash on hand and deposits (savings and checking accounts) as cash for purposes of the Statement of Cash Flows.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the Statement of Financial Position. Investment income (which includes realized and unrealized gains and losses on investments, interest, dividends, fees, and foreign taxes) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law.

**Concentration of Credit Risk**

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Donated Facilities, Services, and Materials**

The Organization received donated services from a variety of unpaid volunteers during the year. A dollar valuation of their efforts is not reflected in the financial statements since such services do not meet the criteria for recognition.

The Organization received donated materials, such as food, clothing and furniture that meet recognition requirements during the year. The Organization recognized \$1,063,590 as the estimated value of these materials in the accompanying financial statements, with a like amount included as other program expenses. The Organization recognizes these donated materials as contributions based upon their estimated fair value on the date received.

# **Rescue Ministries of Mid-Michigan**

## **Notes to Financial Statements**

*For the Year Ended December 31, 2023*

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### **Promise to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization initially records unconditional promises to give at fair value using the income approach and subsequently amortizes them using the original discount rate. If the original promise to give is due in less than one year it is recorded at net realizable value. All contributions receivable are all due within one year and are deemed fully collectible by management.

### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses in the financial statements.

### **Inventory**

Inventory consists of property that is held for sale. Donated property is stated at State Equalized Value for the 2023 tax year.

### **Compensated Absences**

It is the Organization's policy to permit employees to accumulate a limited amount of earned but unused vacation days. Employees are allowed to accumulate a maximum amount of hours of annual vacation to which he/she is entitled based upon years of service with the Organization. Upon separation from the Organization, employees will be paid their balance of unused vacation days.

### **Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly. Expenses that are common to several functions are allocated by various statistical bases.

### **Income Tax Status**

The *Rescue Ministries of Mid-Michigan* is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for Federal income taxes in the accompanying financial statements. In addition, the *Rescue Ministries of Mid-Michigan* has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Organization files information returns in the U.S. Federal and Michigan jurisdiction.

**Rescue Ministries of Mid-Michigan**  
**Notes to Financial Statements**  
*For the Year Ended December 31, 2023*

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**Subsequent Events**

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2023, the most recent statement of financial position presented herein, through the June 4, 2024, the date these financial statement were available to be issued.

**Note 2 – Liquidity and Availability of Resources**

The *Rescue Ministries of Mid-Michigan* financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,165,991
Investments	520,060
Accounts receivable	<u>243,834</u>
Total	<u>\$ 2,929,885</u>

As part of the *Rescue Ministries of Mid-Michigan* liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 3 – Capital Assets**

Capital assets are recorded at cost or fair market value at the time they are donated. Expenditures for new acquisitions, renewal and betterments, which increase productive capacity or prolong service lives of the property and equipment, are capitalized. Maintenance and repairs, which do not enhance the value or extend the useful life, are expensed as incurred. Depreciation is calculated on the straight-line basis over the estimated useful lives of the respective assets, which range from five to thirty-one years.

# Rescue Ministries of Mid-Michigan

## Notes to Financial Statements

*For the Year Ended December 31, 2023*

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 64,921	\$ -	\$ -	\$ 64,921
Construction in progress	1,768,270	48,745	(1,796,038)	20,977
Total capital assets not being depreciated	1,883,191	48,745	(1,796,038)	85,898
Capital assets being depreciated				
Buildings	9,639,055	2,490,896	-	12,129,951
Equipment and furniture	1,452,397	157,364	-	1,609,761
Vehicles	239,097	26,932	(3,675)	262,354
Total capital assets being depreciated	11,330,549	2,675,192	(3,675)	14,002,066
Less accumulated depreciation	(4,642,910)	(468,383)	3,675	(5,107,618)
Net capital assets being depreciated	6,687,639	2,206,809	-	8,894,448
Total net capital assets	\$ 8,520,830	\$ 2,255,554	\$ (1,796,038)	\$ 8,980,346

### **Note 4 – Long-term Debt**

Long-term debt activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Lease purchase	\$ 80,000	\$ -	\$ (20,000)	\$ 60,000	\$ 20,000

In January 2022, the *Rescue Ministries of Mid-Michigan* entered into a purchase agreement for 1131 E. Genesee Ave., Saginaw, MI. The terms of the agreement state that there shall be no interest accrued on the principal balance. The *Rescue Ministries of Mid-Michigan* is required to make quarterly payments of not less than \$5,000 per quarter.

**Rescue Ministries of Mid-Michigan**  
**Notes to Financial Statements**  
*For the Year Ended December 31, 2023*

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Future principal and interest requirements on the purchase agreement is as follows:

Year <u>Ending</u>	Principal <u>Requirements</u>	Interest <u>Requirements</u>
2024	\$ 20,000	\$ -
2025	20,000	-
2026	<u>20,000</u>	<u>-</u>
Total	<u>\$ 60,000</u>	<u>\$ -</u>

**Note 5 – Notes Payable and FHLB Loan**

In 2016, the Organization obtained a loan from the Federal Home Loan Bank Pittsburgh (“*FHLB Pittsburgh*”). The terms of the FHLB Pittsburgh loan bear 0% interest and there is no payment due on the loan unless the Organization sells or moves from the property located at 713 Ninth Street, Bay City, MI within the next 15 years.

Future principal and interest requirements on the FHLB Pittsburgh loan is as follows:

Year <u>Ending</u>	Principal <u>Requirements</u>	Interest <u>Requirements</u>
2031	<u>\$ 500,000</u>	<u>\$ -</u>

In 2022, the Organization obtained a loan from the Federal Home Loan Bank Pittsburgh (“*FHLB Pittsburgh*”). The terms of the FHLB Pittsburgh loan bear 0% interest and there is no payment due on the loan unless the Organization sells or moves from the property located at 400 N. Madison Ave, Bay City, MI within the next 15 years.

Future principal and interest requirements on the FHLB Pittsburgh loan is as follows:

Year <u>Ending</u>	Principal <u>Requirements</u>	Interest <u>Requirements</u>
2037	<u>\$ 750,000</u>	<u>\$ -</u>

**Note 6 – Tax Sheltered Annuity Plan**

During 1989, the Organization adopted a tax sheltered annuity plan administered through the Equitable Financial Companies to which the Organization will match employee contributions up to five percent (5%) of an employee’s annual wages. The annuity is available to all employees at every level at time of employment with the Organization. During the year ended December 31, 2023, the employer contributed \$50,826 to the plan and employees contributed \$58,086. At December 31, 2023, there were 36 plan members. Plan provisions and contribution requirements are established and may be amended by the Organization’s Board of Directors.



**Rescue Ministries of Mid-Michigan**  
**Notes to Financial Statements**  
*For the Year Ended December 31, 2023*

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**Note 7 – Related Party**

The Saginaw Shelter for the Homeless, Inc. is a non-profit Michigan corporation whose purpose is to provide financial assistance to homeless shelters and individuals. The Shelter is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Board members, management and accounting personnel of the Saginaw Shelter for the Homeless, Inc. are provided by the *Rescue Ministries of Mid-Michigan* and all accounting records are maintained at the *Rescue Ministries of Mid-Michigan*. While the Shelter's Board members are not appointed by the Organization, there is oversight of and economic interest in the Shelter.

During the year the *Rescue Ministries of Mid-Michigan* paid B.E.A.M Industries, Inc. \$352,069 for the purchase of staffing services. B.E.A.M Industries, Inc. is owned by a board member of the *Rescue Ministries of Mid-Michigan*. These purchases were made on the same terms and conditions as those entered into with other unrelated vendors and service providers.

**Note 8 – Revolving Line of Credit**

The Organization has a \$600,000 revolving line of credit with a local financial institution. Advances on the credit line are payable on demand and carry an interest rate of 8.00%. During the year, the Organization drew a total of \$85,000 from the line of credit and paid the balance off during the year. The outstanding balance at year-end was \$0.

**Note 9 – Construction Line of Credit**

The Organization has a \$750,000 construction line of credit with a local financial institution. Advances on the construction line of credit are payable on demand and carry an interest rate of 4.75%. The outstanding balance at year-end was \$0 and there was no activity during the year.

**Note 10 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

Subject to expenditure for a specified purpose:

Good Samaritan Rescue Mission youth housing	\$ 23,077
Higher Purpose	<u>300,000</u>
Total	<u>\$ 323,077</u>

**Note 11 – Endowment Funds**

The *Rescue Ministries of Mid-Michigan* is the beneficiary of generous donors, which are maintained by three separate outside trustees, the Saginaw County Community Foundation, the

# **Rescue Ministries of Mid-Michigan**

## **Notes to Financial Statements**

*For the Year Ended December 31, 2023*

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Bay Area Community Foundation and Tri-Star Trust Bank. Investment and spending policies for the endowments are in accordance with the Organization's policies. The ***Rescue Ministries of Mid-Michigan*** has determined that their endowment funds are with donor restrictions. The Foundations and the bank maintain unilateral variance power and legal ownership over a portion of the endowment funds; therefore, principal balances of this portion are not reflected in these financial statements. The remaining portion of the endowment funds consists of contributions made by ***Rescue Ministries of Mid-Michigan*** in which ***Rescue Ministries of Mid-Michigan*** is the beneficiary. These funds are reflected in the financial statements. Income from the trust, which consists substantially of interest and dividends, is to be used for operations.

The balance of the endowments was \$564,997 for the year ended December 31, 2023. Of this balance, \$0 was recognized on the Organization's balance sheet as of December 31, 2023.

### **Return Objectives and Risk Parameters**

The Organization has adopted a policy to ensure a total return (yield plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the principal of the funds, and at the same time, provide a dependable source of support for current projects of the Organization.

### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization's return objective is to optimize total real rate of return based on the policies of Saginaw County Community Foundation, Bay Area Community Foundation and Tri-Star Trust Bank.

### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

Saginaw County Community Foundation, Bay Area Community Foundation and Tri-Star Trust Bank spending policy's are governed by the agency agreements with the Foundations and the bank. The amount of money available for distributions from the fund for appropriation and administrative costs is computed annually under each Foundation's spending policy. This is consistent with the Organization's objectives to maintain the purchasing power of the endowment assets and to provide additional real growth through new gifts and investment return.



**Rescue Ministries of Mid-Michigan**  
**Statement of Financial Position - By Fund**  
*December 31, 2023*

	Without Donor Restrictions			With Donor Restrictions	Total
	City Rescue Mission Funds Operating Fund	Good Samaritan Mission Fund Operating Fund	Higher Purpose		
<u>Assets</u>					
Current assets					
Cash	\$ 1,526,683	\$ 568,725	\$ 70,583	\$ -	\$ 2,165,991
Assets limited as to use - cash	-	-	-	323,077	323,077
Investments	520,060	-	-	-	520,060
Accounts receivable	121,447	122,387	-	-	243,834
Pledge receivable	1,360	-	-	-	1,360
Prepaid expense	31,115	4,457	-	-	35,572
Inventory	600	-	-	-	600
Intra-program receivables	142,720	10,847	-	-	153,567
Total current assets	<u>2,343,985</u>	<u>706,416</u>	<u>70,583</u>	<u>323,077</u>	<u>3,444,061</u>
Noncurrent assets					
Capital assets	8,512,329	5,564,658	10,977	-	14,087,964
Less: accumulated depreciation	<u>(3,695,517)</u>	<u>(1,412,101)</u>	<u>-</u>	<u>-</u>	<u>(5,107,618)</u>
Total noncurrent assets	<u>4,816,812</u>	<u>4,152,557</u>	<u>10,977</u>	<u>-</u>	<u>8,980,346</u>
Total assets	<u>\$ 7,160,797</u>	<u>\$ 4,858,973</u>	<u>\$ 81,560</u>	<u>\$ 323,077</u>	<u>\$ 12,424,407</u>
<u>Liabilities and Net Assets</u>					
Current liabilities					
Accounts payable	\$ 137,938	\$ 82,195	\$ -	\$ -	\$ 220,133
Accrued expenses	30,757	20,168	-	-	50,925
Intra-program payables	40,893	112,674	-	-	153,567
Total current liabilities	<u>209,588</u>	<u>215,037</u>	<u>-</u>	<u>-</u>	<u>424,625</u>
Noncurrent liabilities					
Accrued compensated absences	49,985	11,595	-	-	61,580
Land contract	60,000	-	-	-	60,000
FHLB Loan	-	1,250,000	-	-	1,250,000
Total noncurrent liabilities	<u>109,985</u>	<u>1,261,595</u>	<u>-</u>	<u>-</u>	<u>1,371,580</u>
Total liabilities	319,573	1,476,632	-	-	1,796,205
Net assets					
Without donor restrictions					
Undesignated	6,541,224	2,982,341	81,560	-	9,605,125
Designated by the Board	300,000	400,000	-	-	700,000
With donor restrictions	-	-	-	323,077	323,077
Total net assets	<u>6,841,224</u>	<u>3,382,341</u>	<u>81,560</u>	<u>323,077</u>	<u>10,628,202</u>
Total Liabilities and Net Assets	<u>\$ 7,160,797</u>	<u>\$ 4,858,973</u>	<u>\$ 81,560</u>	<u>\$ 323,077</u>	<u>\$ 12,424,407</u>

**Rescue Ministries of Mid-Michigan**  
**Statement of Activities - By Fund**  
**For the Year Ended December 31, 2023**

	Without Donor Restrictions				Total
	City Rescue Mission Funds Operating Fund	Good Samaritan Mission Fund Operating Fund	Higher Purpose	With Donor Restrictions	
<b>Operating</b>					
Revenues, gains and other support					
Contributions	\$ 2,188,610	\$ 1,032,870	\$ 82,500	\$ 300,000	\$ 3,603,980
Special events	203,008	139,470	-	-	342,478
Donated materials	566,267	497,323	-	-	1,063,590
Legacies and bequests	247,809	27,520	-	-	275,329
Grants from governmental agencies					
Federal grants	606,326	277,989	-	-	884,315
State and local grants	368,366	382,568	-	-	750,934
Program service fees	700	-	-	-	700
Investment income (loss)	80,526	-	-	-	80,526
Baling income	11,821	-	-	-	11,821
Rent from investment property, net of direct costs	-	30,713	-	-	30,713
Net assets released from restrictions	-	39,365	-	(39,365)	-
<b>Total revenues, gains and other support</b>	<b>4,273,433</b>	<b>2,427,818</b>	<b>82,500</b>	<b>260,635</b>	<b>7,044,386</b>
<b>Expenses</b>					
Program services					
City Rescue Mission Mens Emergency Shelter	1,035,496	-	-	-	1,035,496
Discipleship Program	309,333	-	-	-	309,333
City Rescue Mission Womens Emergency Shelter	1,252,820	-	-	-	1,252,820
Impact Designs	515,032	-	-	-	515,032
Good Samaritan Rescue Mission Mens Emergency Shelter	-	881,968	-	-	881,968
Good Samaritan Rescue Mission Womens Emergency Shelter	-	850,217	-	-	850,217
Samaritan Youth Shelter	-	610,074	-	-	610,074
Higher Purpose	-	-	940	-	940
<b>Total program services</b>	<b>3,112,681</b>	<b>2,342,259</b>	<b>940</b>	<b>-</b>	<b>5,455,880</b>
Supporting services					
Management and general	299,382	145,484	-	-	444,866
Fundraising	297,375	147,230	-	-	444,605
<b>Total supporting services</b>	<b>596,757</b>	<b>292,714</b>	<b>-</b>	<b>-</b>	<b>889,471</b>
<b>Total expenses</b>	<b>3,709,438</b>	<b>2,634,973</b>	<b>940</b>	<b>-</b>	<b>6,345,351</b>
Increase (decrease) in net assets from operating activities	563,995	(207,155)	81,560	260,635	699,035
<b>Nonoperating</b>					
Gain (loss) on sale of capital assets	-	1,000	-	-	1,000
Change in Net Assets	563,995	(206,155)	81,560	260,635	700,035
Net assets, beginning	6,277,229	3,588,496	-	62,442	9,928,167
Net assets, ending	<b>\$ 6,841,224</b>	<b>\$ 3,382,341</b>	<b>\$ 81,560</b>	<b>\$ 323,077</b>	<b>\$ 10,628,202</b>

**Rescue Ministries of Mid-Michigan**  
**Statement of Cash Flows - By Fund**  
**For the Year Ended December 31, 2023**

	Without Donor Restrictions			With Donor Restrictions	Total
	City Rescue Mission Funds Operating Fund	Good Samaritan Mission Fund Operating Fund	Higher Purpose		
Net cash flows from operating activities					
Change in net assets	\$ 563,995	\$ (207,155)	\$ 81,560	\$ 260,635	\$ 699,035
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	278,348	190,035	-	-	468,383
(Increase) decrease in:					
Receivables	12,407	192,478	-	-	204,885
Prepaid expenses	(10,616)	913	-	-	(9,703)
Intra-program receivables	296,372	62,201	-	-	358,573
Increase (decrease) in:					
Accounts payable	(5,219)	19,231	-	-	14,012
Accrued expenses	13,042	821	-	-	13,863
Intra-program payables	(173,710)	(184,863)	-	-	(358,573)
Net cash provided by (used in) operating activities	<u>974,619</u>	<u>73,661</u>	<u>81,560</u>	<u>260,635</u>	<u>1,390,475</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	1,000	-	-	1,000
Purchases of property and equipment	(807,900)	(109,024)	(10,977)	-	(927,901)
Net cash provided by (used in) capital and financing activities	<u>(807,900)</u>	<u>(108,024)</u>	<u>(10,977)</u>	<u>-</u>	<u>(926,901)</u>
Cash flows from financing activities					
Purchase of investments	(520,060)	-	-	-	(520,060)
Principal paid on purchase agreement	(20,000)	-	-	-	(20,000)
Net cash provided by (used in) financing activities	<u>(540,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(540,060)</u>
Net increase (decrease) in cash	(373,341)	(34,363)	70,583	260,635	(76,486)
Cash, beginning of year	1,900,024	603,088	-	62,442	2,565,554
Cash, end of year	<u>\$ 1,526,683</u>	<u>\$ 568,725</u>	<u>\$ 70,583</u>	<u>\$ 323,077</u>	<u>\$ 2,489,068</u>



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A VETERAN OWNED BUSINESS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Rescue Ministries of Mid-Michigan  
Saginaw, MI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ***Rescue Ministries of Mid-Michigan*** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ***Rescue Ministries of Mid-Michigan's*** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Rescue Ministries of Mid-Michigan's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***Rescue Ministries of Mid-Michigan's*** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *Rescue Ministries of Mid-Michigan's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Smith + Klayhewig PC*

*Saginaw, Michigan*

June 4, 2024