

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission**

**Financial Statements**

**September 30, 2014 and 2013**

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## Independent Auditors' Report

To the Board of Directors  
Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Detroit, MI

### Report on the Financial Statements

We have audited the accompanying combined financial statements of Detroit Rescue Mission Ministries and Lakeview Farms Mission (collectively the Organization) (a nonprofit organization) which comprise the combined statement of financial position as of September 30, 2014 and 2013, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Detroit Rescue Mission Ministries and Lakeview Farms Mission as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, on our consideration of Detroit Rescue Mission Ministries and Lakeview Farms Mission'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 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 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 Detroit Rescue Mission Ministries and Lakeview Farms Mission's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Ann Arbor, MI  
June 29, 2015

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Combined Statement of Financial Position  
September 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,050,826	\$ 225,876
Investments	11,673	5,136
Accounts receivable		
Federal and other governmental programs	3,705,240	3,351,964
Other receivables	3,421	5,373
Inventories - contributed goods	355,782	362,963
Prepaid expenses	109,722	135,553
Total current assets	5,236,664	4,086,865
Land, building and equipment (net)	18,457,172	18,670,848
Other Assets		
Cash surrender value of life insurance	300,047	285,926
Other assets	4,520	-
Total other assets	304,567	285,926
Total assets	\$ 23,998,403	\$ 23,043,639
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Line of credit	\$ -	\$ 335,340
Accounts payable	316,230	674,330
Other accrued expenses	915	1,163
Accrued payroll and employee benefits	318,515	356,418
Incurred but not reported health claims	316,923	-
Current portion of long-term debt	74,605	72,190
Total current liabilities	1,027,188	1,439,441
Long-term debt - net of current portion	434,154	508,757
Total liabilities	1,461,342	1,948,198
Net Assets		
Unrestricted		
Undesignated	4,561,887	2,883,997
Net investment in land, buildings and equipment (net)	17,948,413	18,089,901
Total unrestricted	22,510,300	20,973,898
Temporarily restricted	26,761	121,543
Total net assets	22,537,061	21,095,441
Total liabilities and net assets	\$ 23,998,403	\$ 23,043,639

See Accompanying Notes to the Combined Financial Statements

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Combined Statement of Activities  
For the Years Ended September 30, 2014 and 2013**

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Contributions	\$ 5,884,539	\$ 269,314	\$ 6,153,853	\$ 6,469,812	\$ 132,882	\$ 6,602,694
Gifts in-kind	2,938,707	-	2,938,707	7,209,548	-	7,209,548
Federal, state and local program revenue	11,132,833	-	11,132,833	11,035,418	-	11,035,418
Rental income	166,975	-	166,975	168,369	-	168,369
Other income	258,047	-	258,047	200,636	-	200,636
Net assets released from restrictions	364,096	(364,096)	-	134,962	(134,962)	-
<b>Total support and revenue</b>	<b>20,745,197</b>	<b>(94,782)</b>	<b>20,650,415</b>	<b>25,218,745</b>	<b>(2,080)</b>	<b>25,216,665</b>
<b>Expenses</b>						
<b>Program services</b>						
Detroit Rescue Mission Ministries						
Housing	9,135,704	-	9,135,704	8,576,582	-	8,576,582
Shelter	912,302	-	912,302	635,967	-	635,967
Treatment	2,781,030	-	2,781,030	2,964,602	-	2,964,602
Spiritual life	329,246	-	329,246	165,630	-	165,630
Outreach	1,269,475	-	1,269,475	1,687,915	-	1,687,915
Community distribution	929,440	-	929,440	713,360	-	713,360
Lakeview Farms Mission	724,823	-	724,823	572,050	-	572,050
<b>Total program services</b>	<b>16,082,020</b>	<b>-</b>	<b>16,082,020</b>	<b>15,316,106</b>	<b>-</b>	<b>15,316,106</b>
<b>Supporting activities</b>						
Administration	1,987,703	-	1,987,703	2,049,449	-	2,049,449
Development	1,139,072	-	1,139,072	1,006,966	-	1,006,966
<b>Total supporting activities</b>	<b>3,126,775</b>	<b>-</b>	<b>3,126,775</b>	<b>3,056,415</b>	<b>-</b>	<b>3,056,415</b>
<b>Total expenses</b>	<b>19,208,795</b>	<b>-</b>	<b>19,208,795</b>	<b>18,372,521</b>	<b>-</b>	<b>18,372,521</b>
<b>Change in net assets</b>	<b>1,536,402</b>	<b>(94,782)</b>	<b>1,441,620</b>	<b>6,846,224</b>	<b>(2,080)</b>	<b>6,844,144</b>
Net assets - beginning of the year	20,973,898	121,543	21,095,441	14,127,674	123,623	14,251,297
<b>Net assets - end of the year</b>	<b>\$ 22,510,300</b>	<b>\$ 26,761</b>	<b>\$ 22,537,061</b>	<b>\$ 20,973,898</b>	<b>\$ 121,543</b>	<b>\$ 21,095,441</b>

See Accompanying Notes to the Combined Financial Statements

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Combined Statement of Functional Expenses  
For the Year Ended September 30, 2014**

	Program Services							Supporting Activities					
	Detroit Rescue Mission Ministries							Lakeview Farms Mission	Total Program Services	Administration	Development	Total Supporting Activities	Total
	Housing	Shelter	Treatment	Spiritual Life	Outreach	Community Distribution	Total DRMM						
Salaries	\$ 3,299,054	\$357,403	\$1,371,380	\$ 45,149	\$ 473,164	\$ -	\$ 5,546,150	\$ 309,016	\$ 5,855,166	\$ 941,017	\$ 93,896	\$1,034,913	\$ 6,890,079
Employee benefits	1,080,171	94,134	358,674	11,180	101,850	-	1,646,009	58,456	1,704,465	272,397	16,023	288,420	1,992,885
Operating expenses	514,983	21,919	98,207	1,408	350,793	-	987,310	70,209	1,057,519	359,325	29,928	389,253	1,446,772
Gifts in-kind distribution	1,352,901	220,955	390,735	269,903	-	929,440	3,163,934	2,075	3,166,009	-	-	-	3,166,009
Utilities	665,585	39,546	138,640	1,422	128,861	-	974,054	65,894	1,039,948	142,276	8,531	150,807	1,190,755
Direct mail, radio, TV, and newspapers	185	-	-	-	-	-	185	1,963	2,148	254	975,972	976,226	978,374
Depreciation	941,497	10,210	180,246	-	47,327	-	1,179,280	47,525	1,226,805	82,811	-	82,811	1,309,616
Food/kitchen	192,699	79,490	47,021	-	23,253	-	342,463	35,906	378,369	-	-	-	378,369
Repairs and maintenance	796,097	29,422	99,289	99	112,278	-	1,037,185	66,420	1,103,605	108,892	14,379	123,271	1,226,876
Bad debt	-	50,709	69,817	-	270	-	120,796	-	120,796	-	-	-	120,796
Insurance	98,919	8,071	24,919	70	21,545	-	153,524	27,648	181,172	33,641	-	33,641	214,813
Office expense	193,545	443	2,102	15	9,173	-	205,278	39,711	244,989	23,972	343	24,315	269,304
Interest expense	-	-	-	-	-	-	-	-	-	17,958	-	17,958	17,958
Miscellaneous	68	-	-	-	961	-	1,029	-	1,029	5,160	-	5,160	6,189
<b>Total operating expenses</b>	<b>\$ 9,135,704</b>	<b>\$912,302</b>	<b>\$2,781,030</b>	<b>\$ 329,246</b>	<b>\$ 1,269,475</b>	<b>\$ 929,440</b>	<b>\$15,357,197</b>	<b>\$ 724,823</b>	<b>\$ 16,082,020</b>	<b>\$ 1,987,703</b>	<b>\$ 1,139,072</b>	<b>\$3,126,775</b>	<b>\$19,208,795</b>

See Accompanying Notes to the Combined Financial Statements

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Combined Statement of Functional Expenses  
For the Year Ended September 30, 2013**

	Program Services							Supporting Activities					
	Detroit Rescue Mission Ministries							Lakeview Farms Mission	Total Program Services	Administration	Development	Total Supporting Activities	Total
	Housing	Shelter	Treatment	Spiritual Life	Outreach	Community Distribution	Total DRMM						
Salaries	\$3,455,833	\$ 310,748	\$1,599,033	\$ 135,792	\$ 477,261	\$ -	\$ 5,978,667	\$ 240,788	\$ 6,219,455	\$ 1,048,340	\$ 64,952	\$1,113,292	\$ 7,332,747
Employee benefits	877,244	76,672	377,328	26,408	96,127	-	1,453,779	44,970	1,498,749	281,361	5,257	286,618	1,785,367
Operating expenses	581,910	16,675	92,085	1,716	769,807	-	1,462,193	57,924	1,520,117	354,722	47,731	402,453	1,922,570
Gifts in-kind distribution	1,218,131	82,306	296,302	-	-	713,360	2,310,099	49,384	2,359,483	-	-	-	2,359,483
Utilities	634,449	34,282	135,909	-	113,147	-	917,787	51,607	969,394	152,224	-	152,224	1,121,618
Direct mail, radio, TV, and newspapers	-	-	-	-	7,500	-	7,500	719	8,219	2,056	861,420	863,476	871,695
Depreciation	821,700	8,664	230,089	-	42,691	-	1,103,144	45,242	1,148,386	75,463	-	75,463	1,223,849
Food/kitchen	187,526	82,433	47,178	-	51,615	-	368,752	32,773	401,525	317	471	788	402,313
Repairs and maintenance	646,694	20,006	161,415	-	83,072	-	911,187	31,000	942,187	49,611	20,256	69,867	1,012,054
Bad debt	2,781	-	-	-	4,313	-	7,094	-	7,094	741	-	741	7,835
Insurance	100,301	655	22,878	70	26,314	-	150,218	12,466	162,684	33,139	-	33,139	195,823
Office expense	50,013	3,526	2,385	1,644	15,118	-	72,686	5,177	77,863	26,308	6,801	33,109	110,972
Interest expense	-	-	-	-	-	-	-	-	-	20,793	-	20,793	20,793
Miscellaneous	-	-	-	-	950	-	950	-	950	4,374	78	4,452	5,402
<b>Total operating expenses</b>	<b>\$8,576,582</b>	<b>\$ 635,967</b>	<b>\$2,964,602</b>	<b>\$ 165,630</b>	<b>\$1,687,915</b>	<b>\$ 713,360</b>	<b>\$ 14,744,056</b>	<b>\$ 572,050</b>	<b>\$ 15,316,106</b>	<b>\$ 2,049,449</b>	<b>\$ 1,006,966</b>	<b>\$3,056,415</b>	<b>\$ 18,372,521</b>

See Accompanying Notes to the Combined Financial Statements



**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Combined Statement of Cash Flows  
For the Years Ended September 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,441,620	\$ 6,844,144
Adjustments to reconcile change in net assets to net cash provided by operations		
Increase (Decrease) in cash surrender value of life insurance	(14,121)	19,163
Depreciation	1,309,616	1,223,849
Net realized and unrealized gain (loss) on investments	(6,537)	(3,828)
Net (gain) loss on disposal of assets	625	-
Bad debt expense	120,796	7,835
Contributed land, building and equipment	-	(4,750,934)
Inventories - contributed goods	7,181	(136,846)
Increase (decrease) in:		
Accounts receivable	(472,120)	(2,000,397)
Prepaid expenses	25,831	63,530
Other assets	(4,520)	-
Accounts payable	(358,100)	50,695
Other accrued expenses	(248)	(125)
Accrued payroll and employee benefits	(37,903)	(441,440)
Incurred but not reported health claims	316,923	-
	<u>2,329,043</u>	<u>875,646</u>
Net cash provided by operating activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of land, building and equipment	(1,096,565)	(1,012,752)
Proceeds from disposal of land, building and equipment	-	21,817
	<u>(1,096,565)</u>	<u>(990,935)</u>
Net cash used by investing activities		
<b>Cash Flows from Financing Activities</b>		
Borrowings from line of credit	-	577,931
Payments on line of credit	(335,340)	(242,592)
Payments on long-term debt	(72,188)	(86,833)
	<u>(407,528)</u>	<u>248,506</u>
Net cash provided (used) by financing activities		
Net change in cash and cash equivalents	824,950	133,217
Cash and cash equivalents, beginning of year	<u>225,876</u>	<u>92,659</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,050,826</u>	<u>\$ 225,876</u>
<b>Supplemental Data</b>		
Contributed land, building and equipment	\$ -	\$ 4,750,934
Cash paid for interest	<u>\$ 17,958</u>	<u>\$ 20,793</u>

See Accompanying Notes to the Combined Financial Statements

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Notes to the Combined Financial Statements  
September 30, 2014 and 2013**

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

**Nature of Activities**

Detroit Rescue Mission Ministries and Lakeview Farms Mission (collectively, the Organization) are non-profit organizations that provide food, shelter and counseling to underprivileged individuals in the Detroit inner-city area. In addition to the traditional homeless shelter activities, the Organization also operates transitional housing facilities, drug and alcohol rehabilitation programs, and a camp. The Organization's revenue is derived principally from governmental grants and public contributions. The organizations comprising the Organization share a common Board of Directors.

**Basis of Accounting**

The combined financial statements of the Organization have been prepared using the accrual basis of accounting. The preparation of combined financial statements is in accordance with accounting principles generally accepted in the United States of America.

**Principles of Combination**

The combined financial statements include the operations of Detroit Rescue Mission Ministries and Lakeview Farms Mission. All significant intercompany balances and transactions have been eliminated.

**Financial Statement Presentation**

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

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There are no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets related from restrictions.

**Cash and Cash Equivalents**

The Organization considers all cash on deposit and highly liquid investments purchased with an original maturity of three months or less as cash and cash equivalents. As of September 30, 2014 \$174,883 of cash and cash equivalents was in excess of the amount insured by the FDIC.

**Accounts Receivable**

The Organization's accounts receivable are related to various programs and grants and are due within one year. It is the opinion of management that the receivables will be fully collected. Management uses historical collection and aging of receivables to estimate allowances for doubtful accounts. There is no allowance for doubtful accounts for the years ended September 30, 2014 and 2013.

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Notes to the Combined Financial Statements  
September 30, 2014 and 2013**

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Management's policy for determining when receivables should be included in the allocation for doubtful accounts is on a case by case basis. Accounts are written-off when a funding agency indicates that funds are no longer available. Additionally, if an amount is deemed uncollectible due to the age of the receivable, it will be written-off at that time. Due to the nature of the receivables, balances are unsecured, interest is not charged, and accounts are not turned over to collection.

**Inventory**

Inventories are stated at the lower of market value or cost determined by the first-in, first-out method. Contributions of inventory are reported at estimated fair market value at the date of donation. Donated goods inventory consists primarily of nonperishable food, used furniture, clothing and other household goods.

**Investments**

Investments are stated at fair value based on a quoted prices in active markets. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of securities sold. Unrealized gains and losses on investments represent the net change for the reported year in unrealized appreciation between the balance of the beginning and the end of the year. Donated investments are reflected as contributions at their fair values at date of receipt.

**Property and Equipment**

Land, buildings and equipment are reported at cost, or, if donated, at the estimated fair value at the date of the donation. Property and equipment purchases over \$5,000 are capitalized. Purchases less than \$5,000 are expensed as incurred. Depreciation of the buildings and equipment is reported using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years. Certain assets purchased with federal funds may be restricted as to their use and may revert back to the funding agency upon dissolution of the Organization or the related program.

Gifts of land, buildings, equipment and other long-lived assets are also reported as unrestricted revenue and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations or restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

**Donated Services and Goods**

The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their value values in the period received. The Organization recognized donated supplies and services of \$2,938,707 and \$7,209,548 for the years ended September 30, 2014 and 2013, respectively.

While a significant amount of volunteered services were received, many of those services do not meet the criteria to record as donated services.

**Functional Expenses**

The allocation of expenses to the functional programs and management and general categories was computed using allocation percentages historically used during preparation of the Organization's budget. Management believes this is a reasonable approximation of the actual costs of the programs.

**Income Tax Status**

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization other than a private foundation, as described in Section 509(a).

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Notes to the Combined Financial Statements  
September 30, 2014 and 2013**

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**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through June 29, 2015, which is the date the financial statements were available to be issued.

**Note 2 - Land, Building and Equipment**

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 1,047,710	\$ 1,047,710
Land improvements	417,931	417,931
Buildings and building improvements	24,903,864	24,342,155
Furniture and equipment	3,249,126	3,249,126
Vehicles	531,165	510,343
Livestock	3,300	3,300
	<u>30,153,096</u>	29,570,565
Less: accumulated depreciation	<u>(12,474,501)</u>	<u>(11,217,425)</u>
	17,678,595	18,353,140
Construction in progress	<u>778,577</u>	<u>317,708</u>
Net land, building and equipment	<u>\$ 18,457,172</u>	<u>\$ 18,670,848</u>

Depreciation expense for September 30, 2014 and 2013 was \$1,309,616 and \$1,223,849, respectively.

**Note 3 - Line of Credit**

The Organization has a revolving line-of-credit agreement providing for maximum borrowings of \$1,000,000, collateralized with a blanket lien on all assets. The interest rate is variable and was 3.25 percent at September 30, 2014 and 2013. Total outstanding borrowings from this line-of-credit at September 30, 2014 and 2013, was \$0 and \$335,340, respectively.

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Notes to the Combined Financial Statements  
September 30, 2014 and 2013**

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**Note 4 - Notes Payable**

	2014	2013
Mortgage payable, secured by the real properties of Lakeview Farms Mission, due in monthly installments of \$7,520, including interest at the bank's prime rate (effective rate of 3.25% per annum at September 30, 2014), maturing December 1, 2015.	<b>\$ 508,759</b>	\$ 580,947
Less current portion	<b>(74,605)</b>	(72,190)
Total note payable	<b>\$ 434,154</b>	\$ 508,757

Interest expenses for 2014 and 2013, amounted to \$17,958 and \$20,793, respectively.

Annual note maturities are scheduled as follows:

2015	\$ 74,605
2016	434,152
	<b>\$ 508,757</b>

**Note 5 - Retirement Plan**

The Organization has a defined contribution plan (the Plan) as defined under Section 403(b) of the U.S. Internal Revenue Code covering all employees normally working 20 hours or more per week. Eligible employees are able to begin contributing on their first day of employment with the Organization. Employees may not receive matching contributions until they complete 1,000 hours of service during the plan year and are employed on the last day of the plan year. The Organization may contribute a discretionary matching contribution each year. The match percentage includes only elective deferrals up to 100% match up to \$250 per year of each employee's compensation. Employees are 100% invested in all accounts at all times. The total expense for the years ended September 30, 2014 and 2013 was approximately \$32,202 and \$33,379, respectively.

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Notes to the Combined Financial Statements  
September 30, 2014 and 2013**

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**Note 6 - Operating Leases**

The Organization leases office equipment under an operating lease agreement that expires in 2019. Future minimum lease payments consist of the following:

2015	\$ 36,864
2016	36,864
2017	36,864
2018	36,864
2019	<u>30,720</u>
Total	<u>\$ 178,176</u>

Lease expense for 2014 and 2013 was \$68,148 and \$74,405, respectively.

**Note 7 - Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2014</u>	<u>2013</u>
Detroit Rescue Mission	\$ 23,137	\$ 62,407
Oasis	668	668
Wildwood Ranch	-	55,512
Women's Shelter (Genesis House II)	<u>2,956</u>	<u>2,956</u>
	<u>\$ 26,761</u>	<u>\$ 121,543</u>

**Note 8 - Related Party Transactions**

The Organization's president is one of the three board members of SAY Detroit. The purpose of SAY Detroit is to help the homeless population in Detroit and assist the agencies who take care of them, with the goal of protecting, feeding, and sheltering the homeless, and ultimately returning them to everyday society as independent and productive individuals.

The Organization provides for the operations of the SAY Detroit Clinic and these expenses are reimbursed by the SAY Detroit Foundation (Foundation). Total reimbursable operating expenses incurred by the Organization and billed to the Foundation for the years ended September 30, 2014 and 2013, were \$473,226 and \$443,753, respectively. Related receivable from SAY Detroit for the years ended September 30, 2014 and 2013, were \$92,009 and \$206,139, respectively.

**Detroit Rescue Mission Ministries  
and Lakeview Farms Mission  
Notes to the Combined Financial Statements  
September 30, 2014 and 2013**

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**Note 9 - Concentration**

The Organization receives approximately half of its revenue from governmental entities, including federal, state, and local units. The majority of its services are provided to individuals located in the City of Detroit. Many of its programs are funded in part upon successful reaffirmation from its accreditation agency, Commission on Accreditation of Rehabilitation Facilities (CARF). In 2012, the Organization received a renewed reaffirmation for three years, which is the longest period of time allowed by CARF. Due to this substantial government funding, the Organization is subject to a risk that the program funds will be reduced or eliminated. A significant reduction in funding from these sources could have a materially adverse financial impact in the near term.

**Note 10 - Legal Matters**

The Organization is a defendant in two lawsuits. One is being contested by the Organization and the other is in the initial stages. Management believes, after consultation with legal counsel, that there is no basis to these claims and no judgment will be made against the Organization.