

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

Financial Statements

September 30, 2017 and 2016



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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, 2017 and 2016, 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, 2017 and 2016, 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 4, 2018 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 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 Detroit Rescue Mission Ministries and Lakeview Farms Mission'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 Detroit Rescue Mission Ministries and Lakeview Farms Mission's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Ann Arbor, MI
June 4, 2018

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission
Combined Statement of Financial Position
September 30, 2017 and 2016**

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 78,798	\$ 419,147
Investments	25,060	19,702
Accounts receivable		
Federal and other governmental programs, net of allowance for doubtful accounts	2,876,306	2,152,224
Related party receivables	673,322	712,858
Other receivables	11,238	151,919
Inventories - contributed goods	560,922	325,629
Prepaid expenses	293,100	224,481
Total current assets	4,518,746	4,005,960
Land, building and equipment - net	17,500,170	18,997,932
Other assets		
Cash surrender value of life insurance	312,683	295,870
Other assets	4,563	4,349
Total other assets	317,246	300,219
Total assets	\$ 22,336,162	\$ 23,304,111
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,795,828	\$ 840,074
Accrued payroll and employee benefits	443,179	438,481
Incurred but not reported health claims	257,022	158,715
Line of credit	514,528	179,607
Current portion of cost settlement payable	113,745	70,939
Current portion of long-term debt	83,600	81,342
Total current liabilities	3,207,902	1,769,158
Long-term liabilities		
Cost settlement payable - net of current portion	159,861	270,297
Long-term debt - net of current portion	203,275	283,009
Total long-term liabilities	363,136	553,306
Total liabilities	3,571,038	2,322,464
Net assets		
Unrestricted		
Undesignated	1,520,273	2,288,937
Net investment in land, buildings and equipment (net)	17,213,295	18,633,581
Total unrestricted	18,733,568	20,922,518
Temporarily restricted		
Total net assets	18,765,124	20,981,647
Total liabilities and net assets	\$ 22,336,162	\$ 23,304,111

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, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Contributions	\$ 5,228,169	\$ 115,000	\$ 5,343,169	\$ 5,037,427	\$ 205,500	\$ 5,242,927
Gifts in-kind	5,109,256	-	5,109,256	3,622,770	-	3,622,770
Federal, state and local program revenue	9,267,122	-	9,267,122	10,419,301	-	10,419,301
Rental income	175,963	-	175,963	150,464	-	150,464
Other income	281,926	-	281,926	227,855	-	227,855
Loss on disposal of land, building and equipment	(1,133,999)	-	(1,133,999)	-	-	-
Net assets released from restrictions	142,573	(142,573)	-	211,660	(211,660)	-
Total support and revenue	19,071,010	(27,573)	19,043,437	19,669,477	(6,160)	19,663,317
Expenses						
Program services						
Detroit Rescue Mission Ministries						
Housing	7,538,688	-	7,538,688	7,520,458	-	7,520,458
Shelter	3,410,268	-	3,410,268	2,027,113	-	2,027,113
Treatment	2,979,234	-	2,979,234	2,831,812	-	2,831,812
Spiritual life	16,744	-	16,744	43,690	-	43,690
Outreach	1,214,121	-	1,214,121	1,834,788	-	1,834,788
Community distribution	1,874,487	-	1,874,487	1,429,047	-	1,429,047
Lakeview Farms Mission	1,113,328	-	1,113,328	890,546	-	890,546
Total program services	18,146,870	-	18,146,870	16,577,454	-	16,577,454
Supporting activities						
Administration	2,009,925	-	2,009,925	2,833,710	-	2,833,710
Development	1,103,165	-	1,103,165	1,244,315	-	1,244,315
Total supporting activities	3,113,090	-	3,113,090	4,078,025	-	4,078,025
Total functional expenses	21,259,960	-	21,259,960	20,655,479	-	20,655,479
Other expense						
Cost settlement	-	-	-	341,236	-	341,236
Total expenses	21,259,960	-	21,259,960	20,996,715	-	20,996,715
Change in net assets	(2,188,950)	(27,573)	(2,216,523)	(1,327,238)	(6,160)	(1,333,398)
Net assets - beginning of the year	20,922,518	59,129	20,981,647	22,249,756	65,289	22,315,045
Net assets - end of the year	\$ 18,733,568	\$ 31,556	\$ 18,765,124	\$ 20,922,518	\$ 59,129	\$ 20,981,647

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, 2017**

	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	\$ 2,419,461	\$ 1,015,236	\$1,492,183	\$ 11,495	\$ 359,156	\$ -	\$ 5,297,531	\$ 529,822	\$ 5,827,353	\$ 1,016,424	\$ 79,938	\$1,096,362	\$ 6,923,715
Employee benefits	1,094,521	430,998	396,430	4,373	91,833	-	2,018,155	76,109	2,094,264	283,250	11,874	295,124	2,389,388
Operating expenses	254,302	78,678	88,440	204	179,038	3	600,665	118,526	719,191	280,924	14,960	295,884	1,015,075
Gifts in-kind distribution	1,061,427	1,358,522	461,412	-	118,118	1,874,484	4,873,963	-	4,873,963	-	-	-	4,873,963
Utilities	467,923	134,930	110,431	-	119,423	-	832,707	90,355	923,062	91,589	-	91,589	1,014,651
Direct mail, radio, TV, and newspapers	504	-	-	-	22,717	-	23,221	1,387	24,608	4,336	992,963	997,299	1,021,907
Depreciation	1,005,035	347	190,704	-	76,452	-	1,272,538	36,933	1,309,471	72,638	-	72,638	1,382,109
Food/kitchen	84,694	96,431	29,469	-	21,545	-	232,139	49,076	281,215	16,575	-	16,575	297,790
Repairs and maintenance	961,310	280,430	141,503	-	167,453	-	1,550,696	57,623	1,608,319	116,949	-	116,949	1,725,268
Bad debt	78,801	5,316	8,992	-	-	-	93,109	-	93,109	-	-	-	93,109
Insurance	92,730	5,240	28,736	-	11,539	-	138,245	114,115	252,360	37,953	-	37,953	290,313
Office expense	17,980	4,140	30,934	672	42,530	-	96,256	39,382	135,638	48,508	3,430	51,938	187,576
Interest expense	-	-	-	-	-	-	-	-	-	31,140	-	31,140	31,140
Miscellaneous	-	-	-	-	4,317	-	4,317	-	4,317	9,639	-	9,639	13,956
Total functional expenses	\$ 7,538,688	\$ 3,410,268	\$2,979,234	\$ 16,744	\$ 1,214,121	\$ 1,874,487	\$ 17,033,542	\$ 1,113,328	\$ 18,146,870	\$ 2,009,925	\$ 1,103,165	\$3,113,090	\$21,259,960

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, 2016**

	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	\$ 2,740,797	\$ 1,025,378	\$ 1,393,807	\$ 34,385	\$ 492,390	\$ -	\$ 5,686,757	\$ 514,606	\$ 6,201,363	\$ 1,066,413	\$ 83,730	\$ 1,150,143	\$ 7,351,506
Employee benefits	907,686	297,338	337,734	7,459	127,911	-	1,678,128	28,530	1,706,658	429,356	17,364	446,720	2,153,378
Operating expenses	386,457	125,904	106,276	1,124	148,928	-	768,689	63,133	831,822	416,222	19,226	435,448	1,267,270
Gifts in-kind distribution	845,519	165,138	454,129	-	598,625	1,429,047	3,492,458	-	3,492,458	-	-	-	3,492,458
Utilities	637,302	117,758	102,267	252	133,104	-	990,683	84,909	1,075,592	112,675	1,511	114,186	1,189,778
Direct mail, radio, TV, and newspapers	-	-	-	-	70,426	-	70,426	2,107	72,533	4,972	1,118,234	1,123,206	1,195,739
Depreciation	951,972	10,210	178,203	-	73,238	-	1,213,623	35,381	1,249,004	72,629	-	72,629	1,321,633
Food/kitchen	161,702	144,644	47,138	980	9,746	-	364,210	40,696	404,906	2,550	-	2,550	407,456
Repairs and maintenance	779,318	116,279	169,022	(510)	126,430	-	1,190,539	56,989	1,247,528	151,029	3,499	154,528	1,402,056
Bad debt	-	-	-	-	-	-	-	-	-	425,876	-	425,876	425,876
Insurance	90,987	7,203	27,833	-	14,280	-	140,303	42,131	182,434	34,585	-	34,585	217,019
Office expense	18,718	17,261	15,403	-	34,906	-	86,288	21,764	108,052	86,476	1	86,477	194,529
Interest expense	-	-	-	-	425	-	425	-	425	20,088	-	20,088	20,513
Miscellaneous	-	-	-	-	4,379	-	4,379	300	4,679	10,839	750	11,589	16,268
Total functional expenses	\$ 7,520,458	\$ 2,027,113	\$ 2,831,812	\$ 43,690	\$ 1,834,788	\$ 1,429,047	\$ 15,686,908	\$ 890,546	\$ 16,577,454	\$ 2,833,710	\$ 1,244,315	\$ 4,078,025	\$ 20,655,479

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, 2017 and 2016**

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ (2,216,523)	\$ (1,333,398)
Adjustments to reconcile change in net assets to net cash provided by operations		
Change in cash surrender value of life insurance	(16,813)	(5,946)
Depreciation	1,382,109	1,321,633
Net realized and unrealized gain on investments	(5,358)	(8,394)
Loss on disposal of land, building and equipment	1,133,999	-
Bad debt expense	93,109	425,876
Inventories - contributed goods	(235,293)	(129,050)
Increase (Decrease) in		
Accounts receivable	(636,974)	(660,460)
Prepaid expenses	(68,619)	(63,656)
Other assets	(214)	-
Accounts payable	955,754	336,876
Accrued payroll and employee benefits	4,698	63,455
Cost Settlement payable	(67,630)	341,236
Incurred but not reported health claims	98,307	(43,955)
	420,552	244,217
 Cash Flows from Investing Activities		
Purchase of land, building and equipment	(1,018,346)	(2,115,224)
 Cash Flows from Financing Activities		
Borrowings from line of credit	334,921	179,607
Payments on long-term debt	(77,476)	(69,803)
	257,445	109,804
 Change in cash and cash equivalents	(340,349)	(1,761,203)
Cash and cash equivalents, beginning of year	419,147	2,180,350
 Cash and cash equivalents, end of year	\$ 78,798	\$ 419,147
 Supplemental Data		
Cash paid for interest	\$ 31,140	\$ 20,513

See Accompanying Notes to the Combined Financial Statements

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission
Notes to the Combined Financial Statements
September 30, 2017 and 2016**

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 released 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, 2017, the entire balance of cash and cash equivalents was insured by the FDIC.

Investments

Investments are stated at fair value based on a quoted price 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.

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission
Notes to the Combined Financial Statements
September 30, 2017 and 2016**

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. The allowance for doubtful accounts for the years ended September 30, 2017 and 2016 was \$67,630 and \$0, respectively.

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.

Prepaid Expenses

Prepaid expenses are amounts paid in advance for future expenses. All amounts are expected to be utilized in one year.

Land, Building 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 \$5,109,256 and \$3,622,770 for the years ended September 30, 2017 and 2016, 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.

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission
Notes to the Combined Financial Statements
September 30, 2017 and 2016**

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).

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 4, 2018, 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>2017</u>	<u>2016</u>
Land	\$ 1,027,710	\$ 1,047,710
Land improvements	574,120	574,120
Buildings and building improvements	26,734,554	27,726,402
Furniture and equipment	3,254,607	3,328,126
Vehicles	557,208	557,208
Livestock	<u>3,300</u>	<u>3,300</u>
	32,151,499	33,236,866
Less accumulated depreciation	<u>(15,690,636)</u>	<u>(15,072,791)</u>
	16,460,863	18,164,075
Construction in progress	<u>1,039,307</u>	<u>833,857</u>
Net land, building and equipment	<u>\$ 17,500,170</u>	<u>\$ 18,997,932</u>

Depreciation expense for September 30, 2017 and 2016 was \$1,382,109 and \$1,321,633, 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 4.25 and 3.50 percent at September 30, 2017 and 2016, respectively. Total outstanding borrowings from this line-of-credit at both September 30, 2017 and 2016, was \$514,528 and \$179,607, respectively.

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission
Notes to the Combined Financial Statements
September 30, 2017 and 2016**

Note 4 - Notes Payable

	2017	2016
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 2.74% per annum at September 30, 2017), maturing December 1, 2020	\$ 286,875	\$ 364,351
Less current portion	<u>(83,600)</u>	<u>(81,342)</u>
Long term note payable	<u>\$ 203,275</u>	<u>\$ 283,009</u>

Interest expenses for 2017 and 2016, amounted to \$31,140 and \$20,513, respectively.

Annual note maturities for the years ended September 30 are scheduled as follows:

2018	\$ 83,600
2019	85,922
2020	88,307
2021	<u>29,046</u>
	<u>\$ 286,875</u>

Note 5 - Cost Settlement Payable

	2017	2016
Cost settlement payable due to funder in monthly installments of \$6,665, interest free, maturing March 2020. Unsecured, failure to pay may result in additional sanctions including cancellation of grants and/or loss of future funding.	\$ 199,965	\$ 239,958
Cost settlement payable due to funder in monthly installments of \$2,813, interest free, maturing October 2019. Unsecured, failure to pay may result in additional sanctions including cancellation of grants and/or loss of future funding.	<u>73,641</u>	<u>\$ 101,278</u>
Total cost settlement payable	273,606	341,236
Less current portion	<u>(113,745)</u>	<u>(70,939)</u>
	<u>\$ 159,861</u>	<u>\$ 270,297</u>

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission
Notes to the Combined Financial Statements
September 30, 2017 and 2016**

Annual cost settlement maturities for the years ended September 30 are scheduled as follows:

2018	\$ 113,745
2019	113,745
2020	<u>46,116</u>
	<u>\$ 273,606</u>

Note 6 - 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, 2017 and 2016 was approximately \$34,389 and \$39,321, respectively.

Note 7 - Operating Leases

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

2018	\$ 38,364
2019	<u>30,720</u>
Total	<u>\$ 69,084</u>

Lease expense for 2017 and 2016 was \$39,865 and \$39,865, respectively.

Note 8 - Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Detroit Rescue Mission - various projects	\$ 27,932	\$ 7,286
Oasis	668	668
Dignity House	-	48,219
Women's Shelter (Genesis House II)	<u>2,956</u>	<u>2,956</u>
	<u>\$ 31,556</u>	<u>\$ 59,129</u>

**Detroit Rescue Mission Ministries
and Lakeview Farms Mission**
Notes to the Combined Financial Statements
September 30, 2017 and 2016

Note 9 - 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, 2017 and 2016, were \$238,627 and \$415,878, respectively. Related receivable from SAY Detroit for the years ended September 30, 2017 and 2016, were \$673,322 and \$712,858, respectively.

Note 10 - 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 2016, 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.