

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
INDIO, CALIFORNIA

INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016 AND 2015



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
36917 COOK STREET • SUITE 102 • PALM DESERT, CA 92211
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttery.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Coachella Valley Rescue Mission and
CVRM NMTC Project Holdings
Indio, California

We have audited the accompanying consolidated statements of financial position of Coachella Valley Rescue Mission and CVRM NMTC Project Holdings (collectively, the Organization) as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

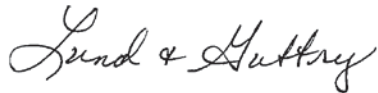
Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coachella Valley Rescue Mission and CVRM NMTC Project Holdings (collectively, the Organization) as of December 31, 2016 and 2015, and the changes in net assets and cash flows for the year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statements of financial position and consolidating statements of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedure applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited the Coachella Valley Rescue Mission and CVRM NMTC Project Holdings (collectively, the Organization) 2015 financial statements, and our report dated April 25, 2016 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 24, 2017

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 1,064,799	\$ 758,332
Cash - board designated	168,234	120,134
Cash - restricted	336,508	305,626
Investments	310,238	295,788
Accounts receivable	106,166	54,384
Pledges receivable	59,829	8,267
Prepaid expenses	49,950	44,229
Total current assets	<u>2,095,724</u>	<u>1,586,760</u>
PROPERTY AND EQUIPMENT		
Land	267,455	267,455
Building	11,109,605	11,109,503
Improvements	307,960	291,040
Equipment and fixtures	1,349,039	1,302,247
Vehicles	347,308	290,122
Construction in progress	10,116	-
	<u>13,391,483</u>	<u>13,260,367</u>
Less accumulated depreciation	(2,429,819)	(1,884,011)
Total property and equipment	<u>10,961,664</u>	<u>11,376,356</u>
OTHER ASSETS		
Capitalized costs, net	341,074	354,901
Note receivable	8,143,746	8,143,746
Security deposit	18,906	16,406
Total other assets	<u>8,503,726</u>	<u>8,515,053</u>
TOTAL ASSETS	<u>\$ 21,561,114</u>	<u>\$ 21,478,169</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 50,622	\$ 54,548
Accrued expenses	147,862	120,510
Total current liabilities	<u>198,484</u>	<u>175,058</u>
LONG TERM LIABILITIES		
Notes payable	<u>10,982,400</u>	<u>10,982,400</u>
Total liabilities	<u>11,180,884</u>	<u>11,157,458</u>
NET ASSETS		
Unrestricted	10,244,201	10,286,340
Temporarily restricted	136,029	34,371
Total net assets	<u>10,380,230</u>	<u>10,320,711</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,561,114</u>	<u>\$ 21,478,169</u>

(The accompanying notes are an integral part of these consolidated financial statements)

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
SUPPORT AND REVENUES				
Contributions and other cash donations	\$ 2,244,454	\$ 125,000	\$ 2,369,454	\$ 2,378,155
Special events	191,039	-	191,039	259,549
Program income	-	82,879	82,879	98,857
Grants and contracts	-	635,625	635,625	402,407
Non-cash donations	3,387,321	-	3,387,321	2,313,977
Sales	545,985	-	545,985	515,378
Other income	117,017	-	117,017	70,653
	<u>6,485,816</u>	<u>843,504</u>	<u>7,329,320</u>	<u>6,038,976</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Expiration and allocation of restrictions	741,846	(741,846)	-	-
Total support and revenues	<u>7,227,662</u>	<u>101,658</u>	<u>7,329,320</u>	<u>6,038,976</u>
EXPENSES				
Program services	6,040,022	-	6,040,022	4,742,269
General and administrative	710,929	-	710,929	669,545
Fundraising	524,249	-	524,249	543,030
Special events	59,543	-	59,543	53,592
Total expenses	<u>7,334,743</u>	<u>-</u>	<u>7,334,743</u>	<u>6,008,436</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	53,204	-	53,204	64,584
Bad debt expense	(2,714)	-	(2,714)	(6,527)
Loss on disposal of property	-	-	-	(56,706)
Unrealized gain (loss) on investments	14,452	-	14,452	(2,465)
Total non-operating income (expense)	<u>64,942</u>	<u>-</u>	<u>64,942</u>	<u>(1,114)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(42,139)</u>	<u>101,658</u>	<u>59,519</u>	<u>29,426</u>
NET ASSETS - BEGINNING OF YEAR	<u>10,286,340</u>	<u>34,371</u>	<u>10,320,711</u>	<u>10,291,285</u>
NET ASSETS - END OF YEAR	<u>\$ 10,244,201</u>	<u>\$ 136,029</u>	<u>\$ 10,380,230</u>	<u>\$ 10,320,711</u>

(The accompanying notes are an integral part of these consolidated financial statements)

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016				2015	
	Program Services	General and Administrative	Fundraising	Special Events	Total	Memorandum Only
Bank and credit card charges	\$ -	\$ 20,884	\$ 2,320	\$ -	\$ 23,204	\$ 20,675
Benevolence	355,105	-	-	-	355,105	421,146
Donation expense	8,376	745	186	-	9,307	9,255
Employee benefits	58,773	8,163	14,693	-	81,629	76,384
Employee expenses	4,085	363	91	-	4,539	6,012
Salaries, wages and payroll taxes	1,041,059	425,831	180,159	-	1,647,049	1,541,887
Facility expenses	175,486	-	-	-	175,486	178,042
Food service	2,950,815	60,221	-	-	3,011,036	1,873,283
Fundraising direct mail	-	-	271,268	-	271,268	298,700
Insurance	106,795	28,479	7,120	-	142,394	112,943
Interest expense	-	116,511	-	-	116,511	116,551
Miscellaneous	329	2	28	-	359	1,904
Office supplies	3,001	1,501	10,505	-	15,007	17,360
Postage and delivery	10,619	-	2,655	-	13,274	14,018
Printing and reproduction	7,440	930	10,231	-	18,601	24,184
Professional fees	78,486	2,903	2,177	-	83,566	90,329
Professional development	16,052	-	-	-	16,052	12,466
Programs and case management	62,903	-	-	-	62,903	60,924
Rent and lease	253,053	13,564	1,938	-	268,555	196,457
Special events	-	-	-	59,543	59,543	53,592
Property taxes	5,055	393	169	-	5,617	17,285
Travel and entertainment	3,923	-	-	-	3,923	4,019
Utilities	266,435	14,802	14,802	-	296,039	240,803
Vehicle	84,440	4,691	4,691	-	93,822	91,236
Total expenses before depreciation	<u>5,492,230</u>	<u>699,983</u>	<u>523,033</u>	<u>59,543</u>	<u>6,774,789</u>	<u>5,479,455</u>
Depreciation and amortization	<u>547,792</u>	<u>10,946</u>	<u>1,216</u>	<u>-</u>	<u>559,954</u>	<u>528,981</u>
TOTAL EXPENSES	<u>\$ 6,040,022</u>	<u>\$ 710,929</u>	<u>\$ 524,249</u>	<u>\$ 59,543</u>	<u>\$ 7,334,743</u>	<u>\$ 6,008,436</u>

(The accompanying notes are an integral part of these consolidated financial statements)

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	2016	2015 Memorandum Only
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 59,519	\$ 29,426
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	559,635	528,981
Loss on disposal of property	-	56,706
Unrealized (gain) loss on investments	(14,452)	2,465
Changes in operating assets and liabilities		
Accounts receivable	(51,782)	(33,332)
Pledges receivable	(51,562)	379,751
Other assets	(8,219)	(6,379)
Accounts payable	(3,926)	(432,593)
Accrued expenses	27,352	(48,652)
Net cash provided (used) by operating activities	516,565	476,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment - net	(131,116)	(1,228,018)
Proceeds from sale of property	-	1,300
(Increase) decrease in investments	-	650,010
Net cash used by investing activities	(131,116)	(576,708)
NET INCREASE (DECREASE) IN CASH	385,449	(100,335)
CASH - BEGINNING OF YEAR	1,184,092	1,284,427
CASH - END OF YEAR	\$ 1,569,541	\$ 1,184,092
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash consisted of the following at December 31:		
Cash	\$ 1,064,799	\$ 758,332
Cash - board designated	168,234	120,134
Cash - restricted	336,508	305,626
	\$ 1,569,541	\$ 1,184,092

(The accompanying notes are an integral part of these consolidated financial statements)

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. ORGANIZATION

The Coachella Valley Rescue Mission (the Organization) was organized on March 30, 1971 as a California non-profit Organization and is presently located near Indio. The primary purpose of the Organization is to operate a Christian mission and to provide food and shelter to the homeless in the Coachella Valley. The main sources of revenues are private donations and grants as well as reimbursements from the County of Riverside for services provided at the county overnight shelter.

In August 2011, the Organization entered into a New Markets Tax Credit (NMTC) transaction to help finance the construction of its new facility. The new 43,000 square foot facility opened in November 2011. The Mission created CVRM NMTC Project Holdings (NMTC) for the sole purpose of facilitating the NMTC transaction as a Qualified Active Low Income Community Business (QALICB). NMTC Project Holdings holds the project property to be leased back to the Mission for the Mission's sole purpose of operating its business and furthering its mission to aid those less fortunate.

The New Markets Tax Credit Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDE). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas.

As part of the transaction, the Organization committed to lend \$8,143,746 to Chase NMTC CVRM Investment Fund, LLC. The amount borrowed at closing on August 25, 2011 amounted to \$8,143,746, referred to as "Loan A". (See Note 5 for terms on the loans.)

Neither the Mission nor NMTC Project Holdings controls or has economic interest in the assets of either QEI or the CDEs. The QEI is controlled and wholly owned by Chase Bank and the Investment Fund controls and funds the CDE.

To earn the tax credit the QEI must remain invested in the CDE for a seven-year period. The Mission and Chase Bank have entered into a put/call option agreement to take place at the end of the seven-year period. Under the agreement, Chase Bank can exercise a put option to sell all interest in the QEI for \$1,000 to the Mission. If Chase Bank does not exercise the put option within 90 days of the seven-year period, the Mission can exercise a call option to purchase the interest of the QEI at an appraised fair market value.

See Notes 3, 5 and 6 for further disclosure on NMTC transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include all the accounts of Coachella Valley Rescue Mission and CVRM NMTC Project Holdings. All intra-entity transactions have been eliminated.

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Asset Classification

To ensure compliance with restrictions placed on its resources, the Organization's accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting reporting into funds established according to their nature and purposes.

In financial statements, funds that have similar characteristics are combined into three net asset categories: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are not restricted, or the donor-imposed restrictions have expired.

The Organization records contributions as temporarily restricted if they are received with stipulations that limit their use either through purpose or time restrictions. When restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions. At December 31, 2016, the Organization had \$136,029 of temporarily restricted funds consisting of \$114,884 for Clinic construction, \$15,000 for a vehicle purchase and \$6,145 for various other purposes. At December 31, 2015, the Organization had \$34,371 in temporarily restricted funds consisting of \$15,000 relating to a vehicle purchase and \$19,371 for various other purposes.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Organization to use, or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. There are no permanently restricted net assets at December 31, 2016 and 2015.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Cash – Board Designated

Board designated cash represents unrestricted funds set aside for future capital asset and land purchases.

Cash – Restricted

Restricted cash represents funds restricted by the bank relating to the transaction discussed further in Note 1 and funds held for completion of the Clinic discussed in Note 8.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Organization may be subject to tax on income from any unrelated business operations. The Organization does not currently have any unrelated business operations.

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes – (continued)

The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Investments

The Organization has investments consisting of mutual funds. The investments are recorded at fair market value \$310,238 and \$295,788 with corresponding costs of \$324,196 and \$324,196 at December 31, 2016 and 2015, respectively.

The Organization's broker account also includes \$339,905 and \$202,520 of cash funds held at December 31, 2016 and 2015 respectively.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line and accelerated methods over their estimated useful lives.

The Organization capitalizes assets with original costs greater than \$500 and estimated useful lives greater than one year. Donations of property and equipment are recorded at their estimated fair value.

The estimated useful lives of property and equipment are as follows:

Building	25 - 39 years
Improvements	15 – 25 years
Equipment and fixtures	5 - 7 years
Vehicles	5 years

Capitalized Costs

Capitalized costs related to the financing of NMTC in 2011 are stated at cost and amortized on the straight-line method over thirty years. Amortization expense for the years ended December 31, 2016 and 2015 amounted to \$13,827 for each year.

Functional Allocation of Expense

The costs of providing the various programs and other services have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited.

Volunteers

A number of volunteers have made significant contributions of time to the Organization's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and accordingly, is not reflected in the accompanying financial statements.

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of temporary cash investments. The Organization maintains its cash in deposit accounts with high credit quality financial institutions which, at times, may exceed the federally insured limits on interest bearing accounts of \$250,000 during the year. The Organization does not expect any losses in such accounts.

3. OPERATING LEASES

The Organization had four operating lease agreements with terms in excess of one year for the leasing of two thrift stores (Palm Desert and Indio), photo copier and postage machine with various expiration dates through March 2022. Future minimum annual lease payments as of December 31, 2016 are as follows:

2017	\$ 92,070
2018	7,272
2019	7,272
2020	7,272
2021	6,417
2022	<u>963</u>
	<u>\$ 121,266</u>

The leasing of the Coachella thrift store is on a month to month basis with monthly payments of \$1,800.

As part of the transaction discussed in Note 1, NMTC entered into an agreement to lease its facility to the Mission to conduct its operations. The terms of the lease are from December 2011 through December 2066. NMTC has provided for a rent subsidy for first seven years of the lease through December 2018.

The net lease payments, net of subsidies, amount to \$119,000 per year through December 2018. Annual rent payments thereafter range from \$424,450 to \$789,603 per year from December 2019 through December 2066. These lease payments paid and received are eliminated in consolidation of these financial statements.

4. RETIREMENT PLAN

The Organization has a 401(k) defined contribution benefit plan covering substantially all employees. The Organization made matching contributions of \$23,224 and \$24,146 for the years ended December 31, 2016 and 2015, respectively.

5. NOTE RECEIVABLE

During the year ended December 31, 2011, the Organization issued a note receivable in the amount of \$8,143,746 to Chase NMTC CVRM Investment Fund, LLC in connection with the development of NMTC Project Holdings. (See Note 1) The note bears interest at .50% per annum payable annually, with principal payments starting December 2018 through December 2036 in annual payments ranging from \$159,269 to \$608,193.

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

6. NOTES PAYABLE – NMTC

NMTC’s two notes payable at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
<p>Note payable (Loan A) payable to LCD New Markets Fund X, LLC, the Investment Fund in original amount of \$8,143,476. Annual interest payments at .50%, with principal payments starting December 2018 through December 2036 in annual payments ranging from \$159,269 to \$608,193. Loan secured by new facility.</p>	\$ 8,143,746	\$ 8,143,746
<p>Note Payable (Loan B) payable to LCD New Markets Fund X, LLC, the Investment Fund in original amount of \$2,828,654. Annual interest payments at 2.67%, with principal payments starting December 2018 through December 2027 in annual payments ranging from \$83,477 to \$400,071. Loan secured by new facility.</p>	<u>2,838,654</u>	<u>2,838,654</u>
	<u>\$ 10,982,400</u>	<u>\$ 10,982,400</u>

7. NEW FACILITY

In January, 2005 the Organization purchased 7.76 acres of land adjacent to the existing facility for \$730,000 plus \$20,000 for an option paid in 2004. The land purchase was paid in full in 2006. This parcel of land was purchased in part to build a new larger shelter to accommodate the increasing need of the homeless and needy population. In 2007 the Organization started a capital campaign called “Building New Beginnings” of which the focus is to raise \$12 million.

In January 2011, the Organization started construction on the new facility and the County of Riverside purchased two parcels of land held for development from the Organization for \$1,852,000, resulting in a gain of \$1,341,250. The County of Riverside will be leasing back one of the parcels to the Organization for \$1 per year for 55 years with one option to renew for 10 years.

The construction was completed in November 2011 and the operations were moved to this new facility on November 17, 2011. The total costs of the new facility, including the equipment, furniture, fixtures and improvements, amounted to approximately \$9.6 million.

During May 2015, the Organization completed construction of an Annex building that is used as an overnight shelter with 75 beds. Total construction in progress through December 31, 2014 amounted to \$1,196,059 and final costs of the Annex upon completion was \$2.3 million.

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

8. RELATED PARTY TRANSACTIONS

The Organization engaged a general contractor during 2016 for the construction of an onsite clinic. The general contractor is on the Board of Directors of the Organization and had the lowest bid for the project. The total estimated costs of the clinic is \$125,000 and is expected to be completed in April 2017. Total construction in progress incurred as of December 31, 2016 amounted to \$10,116.

The Organization also has some of its banking and insurance relationships with members of the Board of Directors in the normal course of business.

9. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 24, 2017 when the financial statements were authorized and available to be issued. No additional subsequent events or transactions were identified after December 31, 2016 or as of April 24, 2017 that require disclosure to the financial statements.

SUPPLEMENTARY INFORMATION

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

SCHEDULE 1 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	<u>Coachella Valley Rescue Mission</u>	<u>CVRM NMTC Project Holdings</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,039,427	\$ 25,372	\$ -	\$ 1,064,799
Cash - board designated	168,234	-	-	168,234
Cash - restricted	197,293	139,215	-	336,508
Investments	310,238	-	-	310,238
Accounts receivable	106,166	-	-	106,166
Pledges receivable	59,829	-	-	59,829
Prepaid expenses	49,950	-	-	49,950
Total current assets	<u>1,931,137</u>	<u>164,587</u>	<u>-</u>	<u>2,095,724</u>
PROPERTY AND EQUIPMENT				
Land	267,455	-	-	267,455
Building	2,602,051	8,507,554	-	11,109,605
Improvements	95,849	212,111	-	307,960
Equipment and fixtures	260,833	1,088,206	-	1,349,039
Vehicles	347,308	-	-	347,308
Construction in progress	10,116	-	-	10,116
	3,583,612	9,807,871	-	13,391,483
Less accumulated depreciation	(589,137)	(1,840,682)	-	(2,429,819)
Total property and equipment	<u>2,994,475</u>	<u>7,967,189</u>	<u>-</u>	<u>10,961,664</u>
OTHER ASSETS				
Capitalized costs, net	-	341,074	-	341,074
Note receivable	8,143,746	-	-	8,143,746
Investment - NMTC	356,185	-	(356,185)	-
Intangible asset, net	-	634,253	(634,253)	-
Security deposit	18,906	-	-	18,906
Total other assets	<u>8,518,837</u>	<u>975,327</u>	<u>(990,438)</u>	<u>8,503,726</u>
TOTAL ASSETS	<u>\$ 13,444,449</u>	<u>\$ 9,107,103</u>	<u>\$ (990,438)</u>	<u>\$ 21,561,114</u>

Continued

**COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS**

**SCHEDULE 1 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

Continued

	Coachella Valley Rescue Mission	CVRM NMTC Project Holdings	Eliminating Entries	Consolidated Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 46,181	\$ 4,441	\$ -	\$ 50,622
Accrued expenses	147,862	-	-	147,862
Deferred income on sale of ground lease	634,253	-	(634,253)	-
Total current liabilities	828,296	4,441	(634,253)	198,484
LONG TERM LIABILITIES				
Notes payable	-	10,982,400	-	10,982,400
Total liabilities	828,296	10,986,841	(634,253)	11,180,884
NET ASSETS				
Unrestricted	12,480,124	(1,879,738)	(356,185)	10,244,201
Temporarily restricted	136,029	-	-	136,029
Total net assets	12,616,153	(1,879,738)	(356,185)	10,380,230
TOTAL LIABILITIES AND NET ASSETS	\$ 13,444,449	\$ 9,107,103	\$ (990,438)	\$ 21,561,114

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

SCHEDULE 2 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>Coachella Valley Rescue Mission</u>	<u>CVRM NMTC Project Holdings</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 726,738	\$ 31,594	\$ -	\$ 758,332
Cash - board designated	120,134	-	-	120,134
Cash - restricted	120,875	184,751	-	305,626
Investments	295,788	-	-	295,788
Accounts receivable	54,384	-	-	54,384
Pledges receivable	8,267	-	-	8,267
Prepaid expenses	44,229	-	-	44,229
Total current assets	<u>1,370,415</u>	<u>216,345</u>	<u>-</u>	<u>1,586,760</u>
PROPERTY AND EQUIPMENT				
Land	267,455	-	-	267,455
Building	2,602,049	8,507,454	-	11,109,503
Improvements	89,474	201,566	-	291,040
Equipment and fixtures	213,430	1,088,817	-	1,302,247
Vehicles	290,122	-	-	290,122
	3,462,530	9,797,837	-	13,260,367
Less accumulated depreciation	(415,709)	(1,468,302)	-	(1,884,011)
Total property and equipment	<u>3,046,821</u>	<u>8,329,535</u>	<u>-</u>	<u>11,376,356</u>
OTHER ASSETS				
Capitalized costs, net	-	354,901	-	354,901
Note receivable	8,143,746	-	-	8,143,746
Investment - NMTC	356,185	-	(356,185)	-
Intangible asset, net	-	647,023	(647,023)	-
Security deposit	16,406	-	-	16,406
Total other assets	<u>8,516,337</u>	<u>1,001,924</u>	<u>(1,003,208)</u>	<u>8,515,053</u>
TOTAL ASSETS	<u>\$ 12,933,573</u>	<u>\$ 9,547,804</u>	<u>\$ (1,003,208)</u>	<u>\$ 21,478,169</u>

Continued

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

SCHEDULE 2 - CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

Continued

	<u>Coachella Valley Rescue Mission</u>	<u>CVRM NMTC Project Holdings</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 46,730	\$ 7,818	\$ -	\$ 54,548
Accrued expenses	120,510	-	-	120,510
Deferred income on sale of gound lease	<u>647,023</u>	<u>-</u>	<u>(647,023)</u>	<u>-</u>
Total current liabilities	<u>814,263</u>	<u>7,818</u>	<u>(647,023)</u>	<u>175,058</u>
LONG TERM LIABILITIES				
Notes payable	<u>-</u>	<u>10,982,400</u>	<u>-</u>	<u>10,982,400</u>
Total liabilities	<u>814,263</u>	<u>10,990,218</u>	<u>(647,023)</u>	<u>11,157,458</u>
NET ASSETS				
Unrestricted	12,084,939	(1,442,414)	(356,185)	10,286,340
Temporarily restricted	<u>34,371</u>	<u>-</u>	<u>-</u>	<u>34,371</u>
Total net assets	<u>12,119,310</u>	<u>(1,442,414)</u>	<u>(356,185)</u>	<u>10,320,711</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,933,573</u>	<u>\$ 9,547,804</u>	<u>\$ (1,003,208)</u>	<u>\$ 21,478,169</u>

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

SCHEDULE 3 - CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Coachella Valley Rescue Mission	CVRM NMTC Project Holdings	Eliminating Entries	Consolidated Total
SUPPORT AND REVENUES				
Contributions and other cash donations	\$ 2,369,454	\$ -	\$ -	\$ 2,369,454
Special events	191,039	-	-	191,039
Program income	82,879	-	-	82,879
Grants and contracts	635,625	-	-	635,625
Non-cash donations	3,387,321	-	-	3,387,321
Sales	545,985	-	-	545,985
Other income	159,787	119,000	(161,770)	117,017
Total support and revenues	<u>7,372,090</u>	<u>119,000</u>	<u>(161,770)</u>	<u>7,329,320</u>
EXPENSES				
Program services	5,761,755	440,037	(161,770)	6,040,022
General and administrative	594,418	116,511	-	710,929
Fundraising	524,249	-	-	524,249
Special events	59,543	-	-	59,543
Total expenses	<u>6,939,965</u>	<u>556,548</u>	<u>(161,770)</u>	<u>7,334,743</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	52,980	224	-	53,204
Bad debt expense	(2,714)	-	-	(2,714)
Unrealized gain (loss) on investments	14,452	-	-	14,452
Total non-operating income (expense)	<u>64,718</u>	<u>224</u>	<u>-</u>	<u>64,942</u>
INCREASE (DECREASE) IN NET ASSETS	496,843	(437,324)	-	59,519
NET ASSETS - BEGINNING OF YEAR	<u>12,119,310</u>	<u>(1,442,414)</u>	<u>(356,185)</u>	<u>10,320,711</u>
NET ASSETS - END OF YEAR	<u>\$ 12,616,153</u>	<u>\$ (1,879,738)</u>	<u>\$ (356,185)</u>	<u>\$ 10,380,230</u>

COACHELLA VALLEY RESCUE MISSION AND
CVRM NMTC PROJECT HOLDINGS

SCHEDULE 4 - CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Coachella Valley Rescue Mission</u>	<u>CVRM NMTC Project Holdings</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
SUPPORT AND REVENUES				
Contributions and other cash donations	\$ 2,378,155	\$ -	\$ -	\$ 2,378,155
Special events	259,549	-	-	259,549
Program income	98,857	-	-	98,857
Grants and contracts	402,407	-	-	402,407
Non-cash donations	2,313,977	-	-	2,313,977
Sales	515,378	-	-	515,378
Other income	113,423	119,000	(161,770)	70,653
Total support and revenues	<u>6,081,746</u>	<u>119,000</u>	<u>(161,770)</u>	<u>6,038,976</u>
EXPENSES				
Program services	4,462,939	441,100	(161,770)	4,742,269
General and administrative	553,034	116,511	-	669,545
Fundraising	543,030	-	-	543,030
Special events	53,592	-	-	53,592
Total expenses	<u>5,612,595</u>	<u>557,611</u>	<u>(161,770)</u>	<u>6,008,436</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	64,372	212	-	64,584
Bad debt expense	(6,527)	-	-	(6,527)
Loss on disposal of property	(56,706)	-	-	(56,706)
Unrealized loss on investments	(2,465)	-	-	(2,465)
Total non-operating income (expense)	<u>(1,326)</u>	<u>212</u>	<u>-</u>	<u>(1,114)</u>
INCREASE (DECREASE) IN NET ASSETS	467,825	(438,399)	-	29,426
NET ASSETS - BEGINNING OF YEAR	<u>11,651,485</u>	<u>(1,004,015)</u>	<u>(356,185)</u>	<u>10,291,285</u>
NET ASSETS - END OF YEAR	<u>\$ 12,119,310</u>	<u>\$ (1,442,414)</u>	<u>\$ (356,185)</u>	<u>\$ 10,320,711</u>