



Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2015 and 2014

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Rescue Mission, Inc. and Subsidiaries
Tustin, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orange County Rescue Mission, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

Board of Directors
Orange County Rescue Mission, Inc. and Subsidiaries
Tustin, California

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Orange County Rescue Mission, Inc. and Subsidiaries as of September 30, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Brea, California
February 1, 2016

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	September 30,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 4,383,446	\$ 2,927,958
Investments	189,000	-
Inventory-gift-in-kind	267,562	257,012
Grants receivable	-	10,406
Accounts receivables (net of allowance)	6,757	3,421
Prepaid expenses	287,073	459,088
Deposits	15,954	35,230
Land, buildings, and equipment - net	44,146,357	41,993,221
Total Assets	<u>\$ 49,296,149</u>	<u>\$ 45,686,336</u>
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 335,384	\$ 598,959
Accrued expenses	262,252	259,914
Security deposits held	18,250	17,000
	<u>615,886</u>	<u>875,873</u>
Net assets:		
Unrestricted	48,630,226	44,810,463
Temporarily restricted	50,037	-
	<u>48,680,263</u>	<u>44,810,463</u>
Total Liabilities and Net Assets	<u>\$ 49,296,149</u>	<u>\$ 45,686,336</u>

See notes to consolidated financial statements

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Consolidated Statements of Activities

	Year Ended September 30, 2015			Year Ended September 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING:						
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 9,652,796	\$ 50,037	\$ 9,702,833	\$ 9,033,415	\$ -	\$ 9,033,415
Laurel House acquisition grant	308,722	-	308,722	-	-	-
Gift-in-kind activity	7,443,767	-	7,443,767	6,507,844	-	6,507,844
Rental income / Program fees	446,027	-	446,027	472,477	-	472,477
Other	430,883	-	430,883	395,939	-	395,939
Total Support, Revenue, and Reclassifications	<u>18,282,195</u>	<u>50,037</u>	<u>18,332,232</u>	<u>16,409,675</u>	<u>-</u>	<u>16,409,675</u>
EXPENSES:						
Program services	<u>11,173,691</u>	<u>-</u>	<u>11,173,691</u>	<u>11,278,924</u>	<u>-</u>	<u>11,278,924</u>
Supporting activities:						
General and administrative	1,136,884	-	1,136,884	1,043,810	-	1,043,810
Fundraising	2,151,857	-	2,151,857	1,934,247	-	1,934,247
	<u>3,288,741</u>	<u>-</u>	<u>3,288,741</u>	<u>2,978,057</u>	<u>-</u>	<u>2,978,057</u>
Total Expenses	<u>14,462,432</u>	<u>-</u>	<u>14,462,432</u>	<u>14,256,981</u>	<u>-</u>	<u>14,256,981</u>
Change in Net Assets	3,819,763	50,037	3,869,800	2,152,694	-	2,152,694
Net Assets, Beginning of Year	<u>44,810,463</u>	<u>-</u>	<u>44,810,463</u>	<u>42,657,769</u>	<u>-</u>	<u>42,657,769</u>
Net Assets, End of Year	<u>\$ 48,630,226</u>	<u>\$ 50,037</u>	<u>\$ 48,680,263</u>	<u>\$ 44,810,463</u>	<u>\$ -</u>	<u>\$ 44,810,463</u>

See notes to consolidated financial statements

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

	Year Ended September 30, 2015				Year Ended September 30, 2014			
	Program Ministries	Support Activities			Program Ministries	Support Activities		
		General and Administrative	Fundraising	Total		General and Administrative	Fundraising	Total
Direct Assistance -	\$ 5,716,525	\$ -	\$ -	\$ 5,716,525	\$ 5,886,206	\$ -	\$ -	\$ 5,886,206
Food, clothing, health care education, recreation, childcare								
Direct marketing	-	47,944	781,858	829,802	-	40,764	511,438	552,202
Public education	-	254,291	964,318	1,218,609	-	237,442	1,020,282	1,257,724
Information technologies	187,139	38,342	28,439	253,920	171,107	35,057	26,003	232,167
Compensation and related expenses	2,244,596	465,480	348,137	3,058,213	2,696,833	450,902	347,314	3,495,049
Professional fees	105,170	217,378	-	322,548	132,947	171,706	-	304,653
Insurance	142,445	3,853	1,314	147,612	130,746	3,536	1,206	135,488
Occupancy, utilities, and maintenance	1,120,105	19,615	6,689	1,146,409	995,682	17,781	6,063	1,019,526
Depreciation	1,069,276	22,773	7,766	1,099,815	964,221	22,409	7,641	994,271
Vehicles	106,785	1,158	653	108,596	129,207	1,018	1,127	131,352
Supplies	172,595	59,053	10,138	241,786	145,177	58,940	10,017	214,134
Dues, subscriptions, and training	16,748	3,431	2,545	22,724	20,769	4,255	3,156	28,180
Other	292,307	3,566	-	295,873	6,029	-	-	6,029
Total	\$ 11,173,691	\$ 1,136,884	\$ 2,151,857	\$ 14,462,432	\$ 11,278,924	\$ 1,043,810	\$ 1,934,247	\$ 14,256,981

See notes to consolidated financial statements

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,869,800	\$ 2,152,694
Adjustments to reconciles change in net assets to net cash provided by operating activities		
Depreciation	1,099,815	994,271
Donated assets	(2,697,722)	(1,800,000)
Change in operating assets and liabilities:		
Inventory	(10,550)	(47,251)
Grants receivable	10,406	13,364
Accounts receivable	(3,336)	26,723
Prepaid expenses	172,015	(173,171)
Deposits	19,276	(13,454)
Accounts payable	(263,575)	234,260
Accrued expenses	3,588	41,009
Net Cash Provided by Operating Activities	2,199,717	1,428,445
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(744,229)	(687,517)
Net Cash Used in Investing Activities	(744,229)	(687,517)
Net Change in Cash and Cash Equivalents	1,455,488	740,928
Cash and Cash Equivalents, Beginning of Year	2,927,958	2,187,030
Cash and Cash Equivalents, End of Year	\$ 4,383,446	\$ 2,927,958
SUPPLEMENTAL DISCLOSURE:		
Fully-depreciated assets disposed during fiscal year	\$ 53,137	\$ -

See notes to consolidated financial statements

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

1. NATURE OF ORGANIZATION:

Orange County Rescue Mission, Inc. (OCRM) was formed to provide emergency and transitional care of homeless individuals and families. Our mission is to minister the love of Jesus Christ to the least, the last, and the lost of our community through the provision of assistance in the areas of guidance, counseling, education, job training, shelter, food, clothing, health care, and independent living communities.

Our philosophy of ministry is to operate in a dynamic, entrepreneurial manner, expecting to grow and expand numerically, programmatically, and geographically. We seek to be constantly challenged with fresh vision and well prepared strategies that originate with the president and the senior professional staff, and that are refined, confirmed, and approved by the board of directors.

Our values as an organization are to provide: inspiration of hope in those we serve; excellence in everything we do; leadership centered on servanthood; respect for each person as an individual; integrity and accountability, while moving our students toward self-sufficiency with a commitment to spiritual, emotional, social, and vocational growth and maintaining an environment that fosters teamwork, success, and trust.

Expenses related to providing this care have been recorded as program services in the accompanying consolidated financial statements. OCRM was incorporated as a nonprofit organization under the laws of the State of California on April 21, 1965. Operations and activities prior to that date have been accounted for as if such operations and activities were those of the incorporated organization.

Basis of Presentation

The consolidated financial statements of OCRM have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Principles of Consolidation

In the years ended September 30, 2015 and 2014, the consolidated financial statements include the accounts of OCRM, Inland Empire Rescue Mission (IERM), and Hope Family Housing (HFH), collectively known as the Organization. IERM also does business as Corona Norco Rescue Mission (CNRM) and Temecula Murrieta Rescue Mission (TMRM). HFH did not have any activity during the years ended September 30, 2015 and 2014.

During the year ended September 30, 2015, the Organization was given control over another nonprofit known as Laurel House (LH), which is now combined within these financial statements. LH is an organization dedicated to assisting troubled girls and fits within the mission of the Organization. The acquisition of this nonprofit is shown on the consolidated statements of activities.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting for Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and nature of any donor restrictions.

Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Contributions restricted by the donors are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to the unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. When restrictions are satisfied in the same accounting period as the receipt of the contribution, the Organization reports both the revenue and the related expense in the unrestricted net asset class.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in other income in the accompanying consolidated statements of activities. As of the year-ended September 30, 2015, all investments are considered Level 1 of the fair value hierarchy as they are comprised of stock certificates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from Federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State of California, and is not considered a private foundation.

Donated Goods and Gift-In-Kind Inventory

Material gifts-in-kind are used in the Organization's programs and donated goods distributed are recorded at fair market value on the date of the donation as in-kind contributions and program services in the consolidated statements of activities. Gift-in-kind inventory consists of donated goods used in the operation of the Organization's programs. The inventory is recorded at its fair value at the date of the donation. A physical count of items on hand at the end of the year is performed to determine the inventory on the consolidated statements of financial position at September 30, 2015 and 2014.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Donated Services

Donated services are a significant part of the Organization's operations and are reported as contributions at their fair market value if such services create or enhance non-financial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. Such items are charged to operations as appropriate. Management has estimated the fair value of recognized services for the years ended September 30, 2015 and 2014 to be \$2,328,760 and \$1,156,628, respectively.

In addition to these specialized donated services, the Organization tracks the significant investment of time by the thousands of other volunteers and program participants. If not for these volunteer hours, the Organization would have been required to purchase equivalent services. Management has estimated the value of such services for the years ended September 30, 2015 and 2014 to be \$3,647,467 and \$1,133,360, respectively. These have not been recorded in the consolidated statements of activities. The value of these volunteer hours was established based upon the type of volunteer time given and the hourly value of such time as determined by the US Department of Labor.

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost when purchased. Donations of property and equipment are recorded at their estimated fair value on the date of the donation. Estimated useful lives used for depreciation are as follows:

<u>Asset Type</u>	<u>Useful life</u>	<u>Depreciation Method</u>
Buildings	27-40 years	Straightline
Building improvements	7 years	Straightline
Equipment and furniture	5-10 years	Straightline
Vehicles	5 years	Straightline

Land and artwork have indefinite useful lives and are not depreciated.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2015 and 2014 were \$842,658 and \$904,995, respectively.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Fair Value of Financial Instruments

Financial and nonfinancial assets and liabilities are recorded at their fair market value in accordance with ASC 820, Fair Value Measurements. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities

Level 2 – Directly or indirectly observable input for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets

Level 3 – Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows and financial position, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Deposits with various banks and broker dealers may, at times, exceed federally insured limits. The Organization has not experienced any losses on these accounts.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting activities based on knowledge and estimates made by management

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of September 30, 2015 and 2014, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

The Organization files information tax returns in the U.S. and various states. The Organization is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

Allocation of Joint Costs

The Organization has adopted the Joint Cost topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This statement requires that all costs that contain any fundraising appeal be allocated to fundraising unless all of the following conditions are met: purpose, audience and content. For the years ended September 30, 2015 and 2014, the Organization incurred the following joint costs:

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Allocation of Joint Costs, continued

	Management and General	Fundraising
Year-ended September 30, 2015		
Newsletters	\$ 131,767	\$ 6,935
Year-ended September 30, 2014		
Newsletters	\$ 120,075	\$ 6,320

3. GRANTS RECEIVABLE:

For the years ended September 30, 2015 and 2014, grants receivable consist of "at risk" funding from the Children and Families Commission in the amount of \$0 and \$9,400, respectively.

At September 30, 2015 and 2014, management believes these amounts are fully collectible and no allowances have been established.

4. LAND, BUILDINGS, AND EQUIPMENT - NET:

Land, buildings, and equipment - net consist of:

	September 30,	
	2015	2014
Land	\$ 17,031,296	\$ 16,019,518
Buildings and improvements	32,919,915	30,981,706
Furniture and equipment	2,701,771	2,293,890
Artwork	1,399,224	1,399,224
Vehicles	568,742	556,092
	54,620,948	51,250,430
Construction in progress	25,602	-
Less accumulated depreciation	(10,500,193)	(9,257,209)
Land, buildings, and equipment - net	\$ 44,146,357	\$ 41,993,221

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

5. CONTINGENT LIABILITIES:

In an effort to provide longer term transitional housing, the Organization has acquired properties that are available for rent at affordable rates. Residents must fall within certain income or demographic guidelines and rent is set based upon the family size and income. As part of the acquisition of these properties, the Organization received grants from various entities. In order to ensure that the properties are used for the intended purpose of affordable housing, the respective granting agencies placed deed restrictions on the properties and recorded a promissory note. Over time, these promissory notes will be forgiven and the deed restrictions lifted. The Organization's purpose and mission is to provide this type of transitional housing to at risk families and therefore the possibility of defaulting on these agreements and not providing transitional housing has been deemed remote. As a result, the funds received from the grants are recognized as income and no debt obligation has been recorded on the books. Management is not aware of any violations of these agreements. The contingent liability if the Organization were to default on these notes is disclosed below:

Hope Family Housing El Modena – County of Orange

The Organization has a 3% promissory note due in 2053 to the County of Orange, a political subdivision of the State of California and payable in annual installments of \$32,647. It is secured by a deed of trust on the property known as Hope Family Housing-El Modena. The Organization is not obliged to make payments during the term of this note provided the property is used exclusively for the purpose of the program which is transitional housing as defined in the loan agreement.

Hope Family Housing Buena Park – City of Buena Park

The Organization has a 3% promissory note due in 2062 to the Community Redevelopment Agency of the City of Buena Park and payable in annual interest-only installments of \$30,756. It is secured by a deed of trust on the property known as Hope Family Housing-Buena Park. The Organization is not obliged to make payments of principal or interest during the term of this note provided the property is used exclusively for the purpose of the program which is transitional housing as defined in the loan agreement. Interest will continue to accrue each year until the due date.

Hope Family Housing Buena Park – Prop 10 Commission

The Organization has an interest-free promissory note due in 2038 with the Children and Families Commission of Orange County (Prop10), a political subdivision of the State of California. It is secured by a deed of trust on the property known as Hope Family Housing-Buena Park. The Organization is not obliged to make principal or interest payments during the term of this note provided the property is used exclusively for the purpose of the program, which is transitional housing for families with children ages 0-5 as defined in the loan agreement. On an annual basis, a credit is applied based on the number of units occupied by families with children ages 0-5 and this amount decreases the principal balance.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

5. CONTINGENT LIABILITIES, continued:

Hope Family Housing Murrieta – County of Riverside

The Organization has an interest-free promissory note due in 2067 with the Redevelopment Agency of the County of Riverside. It is secured by a deed of trust on four homes that are used as transitional housing. The Organization is not obliged to make principal or interest payments during the term of this note provided the property is used exclusively for the purpose of the program, which is transitional housing for families.

Hope Family Housing Corona - City of Corona

The Organization has an interest-free promissory note due in April 2069 with the City of Corona. It is secured by a deed of trust on two buildings at 926 and 932 W 5th Street, Corona, California that is comprised of 12 apartments. The Organization is not obliged to make principal or interest payments during the term of this note, provided the property is used exclusively for the purpose of the program, which is transitional housing for families. At the end of the 55-year term, the amount of the note is forgiven in full.

Hope Family Veterans Housing - City of Tustin

The Organization has a 3% promissory note due in 2045 to the City of Tustin, a California municipal corporation. 1/30th of the principal and interest balance is forgiven annually. It is secured by a deed of trust on the property known as Hope Family Veteran Housing. The Organization is not obliged to make payments during the term of this note provided the property is used exclusively for the purpose of the program which is transitional housing for veterans, as defined in the loan agreement.

At September 30, 2015 and 2014, the outstanding balances and accrued interest, if applicable, are as follows:

	<u>2015</u>	<u>2014</u>
Hope Family Housing El Modena - County of Orange	\$ 734,311	\$ 744,619
Hope Family Housing Buena Park - Buena Park	1,283,676	1,252,920
Hope Family Housing Buena Park - Prop 10	817,110	783,199
Hope Family Housing Murrieta - Country of Riverside	996,000	996,000
Hope Family Housing Corona - City of Corona	459,961	459,961
Hope Family Veterans Housing - City of Tustin	526,549	-
	<u>\$ 4,817,607</u>	<u>\$ 4,236,699</u>

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2015 and 2014

6. NET ASSETS:

Net assets consists of the follow as of :

	September 30,	
	2015	2014
Unrestricted net assets:		
Invested in land, buildings, and equipment	\$ 44,146,357	\$ 41,993,221
Board designated for expansion fund	1,500,000	1,000,000
Available for programs	2,983,869	1,817,242
Total unrestricted net assets	<u>\$ 48,630,226</u>	<u>\$ 44,810,463</u>
Temporarily restricted net assets:		
October 2015 Veterans Stand Down event	<u>\$ 50,037</u>	<u>\$ -</u>

7. EMPLOYEE BENEFIT PLAN:

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees of the Organization. Employees may make contributions to the plan immediately upon starting employment, up to the maximum amount allowed by the Internal Revenue Code. The Organization contributes 50% of the employee's contribution for eligible employees. Employer contributions to this plan for the years ended September 30, 2015 and 2014, were \$48,933 and \$50,942, respectively.

The Organization also maintains a tax-deferred annuity plan qualified under Section 457 of the Internal Revenue Code. The plan covers certain full-time employee directors of the Organization. These employees may make contributions to the plan, beginning in the calendar year following the employee's first anniversary, up to the maximum amount allowed by the Internal Revenue Code. The Organization contributes 50% of the eligible employees' contribution. Employer contributions to this plan for the years ended September 30, 2015 and 2014, were \$8,394 and \$9,541, respectively.

8. RELATED PARTY TRANSACTIONS:

A board member provided legal services in the amount of \$6,240 and \$6,335 for the years ended September 30, 2015 and 2014, respectively. Additionally, during the years ended September 30, 2015 and 2014, a company owned by a board member performed \$73,336 and \$19,000 in construction services, respectively.

The Orange County Rescue Mission maintains a close financial relationship with Hurtt Family Health Clinic (the Clinic) through a shared services agreement and through a lease agreement for use of space at the Village of Hope which is owned and operated by the Orange County Rescue Mission. Total amounts reimbursed for shared services was \$442,914 and \$374,364, for the years ended September 30, 2015 and 2014, respectively. Rental expenses received were \$150,420 and \$89,473, for the years ended September 30, 2015 and 2014, respectively.

9. SUBSEQUENT EVENT:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issues. Subsequent events after that date have not been evaluated.