

# **DENVER RESCUE MISSION**

DENVER RESCUE MISSION

Financial Statements  
With Independent Auditors' Report

June 30, 2021 and 2020

# DENVER RESCUE MISSION

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Denver Rescue Mission  
Denver, Colorado

We have audited the accompanying financial statements of Denver Rescue Mission, which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, 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 material misstatement, whether due to fraud or error.

### **Auditors' 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. 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.

Board of Directors  
Denver Rescue Mission  
Denver, Colorado

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Denver Rescue Mission as of June 30, 2021 and 2020, 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*

Centennial, Colorado  
September 24, 2021

# DENVER RESCUE MISSION

## Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 13,594,955	\$ 4,063,133
Accounts receivable	2,512,371	559,875
Prepaid expenses and other assets	868,349	826,684
Gift-in-kind inventory	424,558	974,369
Investments	2,365,505	9,127,942
Grants receivable	333,763	-
Land, buildings, and equipment—net	34,475,936	29,505,955
<b>Total Assets</b>	<b>\$ 54,575,437</b>	<b>\$ 45,057,958</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 887,674	\$ 640,628
Accrued expenses and other liabilities	1,857,713	1,478,300
Asset retirement obligation	1,009,587	119,657
Note payable—net	562,032	907,481
	<u>4,317,006</u>	<u>3,146,066</u>
<b>Net assets:</b>		
Without donor restrictions	49,825,448	41,324,389
With donor restrictions	432,983	587,503
	<u>50,258,431</u>	<u>41,911,892</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 54,575,437</b>	<b>\$ 45,057,958</b>

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions:						
Individuals, businesses, and others	\$ 21,355,927	\$ 8,606,706	\$ 29,962,633	\$ 15,707,412	\$ 7,258,860	\$ 22,966,272
Gift-in-kind contributions	20,541,698	-	20,541,698	14,345,894	-	14,345,894
Payroll Protection Program income	-	-	-	-	2,101,500	2,101,500
	41,897,625	8,606,706	50,504,331	30,053,306	9,360,360	39,413,666
Program service contract revenue	7,980,283	-	7,980,283	2,037,599	-	2,037,599
Other income	116,993	-	116,993	818,230	-	818,230
<b>Total Support and Revenue</b>	<b>49,994,901</b>	<b>8,606,706</b>	<b>58,601,607</b>	<b>32,909,135</b>	<b>9,360,360</b>	<b>42,269,495</b>
<b>NET ASSETS RELEASED FROM:</b>						
Purpose and time restrictions	8,761,226	(8,761,226)	-	10,444,936	(10,444,936)	-
<b>EXPENSES:</b>						
Program services	42,895,822	-	42,895,822	31,114,059	-	31,114,059
Supporting activities:						
General and administrative	1,778,538	-	1,778,538	1,317,666	-	1,317,666
Fund-raising	5,580,708	-	5,580,708	4,950,092	-	4,950,092
<b>Total Expenses</b>	<b>50,255,068</b>	<b>-</b>	<b>50,255,068</b>	<b>37,381,817</b>	<b>-</b>	<b>37,381,817</b>
Change in Net Assets	8,501,059	(154,520)	8,346,539	5,972,254	(1,084,576)	4,887,678
Net Assets, Beginning of Year	41,324,389	587,503	41,911,892	35,352,135	1,672,079	37,024,214
<b>Net Assets, End of Year</b>	<b>\$ 49,825,448</b>	<b>\$ 432,983</b>	<b>\$ 50,258,431</b>	<b>\$ 41,324,389</b>	<b>\$ 587,503</b>	<b>\$ 41,911,892</b>

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Functional Expenses

Year Ended June 30, 2021

	Program Services:				Supporting Activities:				
	Community Outreach	Emergency Services	Transitional	Rehabilitation	Total Program Services	General and Adminis- trative	Fund-Raising	Total Supporting Activities	
Food, clothing, and other gift-in-kind distributions	\$ 9,695,093	\$ 7,396,102	\$ 2,315,395	\$ 1,684,919	\$ 21,091,509	\$ -	\$ -	\$ -	\$ 21,091,509
Salaries and benefits	1,595,726	8,611,223	2,738,218	1,935,637	14,880,804	766,331	1,845,765	2,612,096	17,492,900
Facility and maintenance	271,052	1,354,294	430,642	304,419	2,360,407	85,440	188,172	273,612	2,634,019
Printed material	-	-	-	-	-	103,622	2,008,771	2,112,393	2,112,393
Professional services	46,404	250,416	79,628	56,289	432,737	302,739	923,648	1,226,387	1,659,124
Depreciation	150,246	810,797	257,819	182,252	1,401,114	54,437	119,892	174,329	1,575,443
Office and miscellaneous	74,540	402,252	127,909	90,418	695,119	428,224	73,938	502,162	1,197,281
Support to clients and others	91,812	543,478	362,596	134,241	1,132,127	2,700	-	2,700	1,134,827
Utilities	85,385	460,775	146,518	103,573	796,251	30,937	68,134	99,071	895,322
Media and marketing	11,340	61,198	19,460	13,756	105,754	4,108	352,388	356,496	462,250
<b>Total Expenses</b>	<b><u>\$ 12,021,598</u></b>	<b><u>\$ 19,890,535</u></b>	<b><u>\$ 6,478,185</u></b>	<b><u>\$ 4,505,504</u></b>	<b><u>\$ 42,895,822</u></b>	<b><u>\$ 1,778,538</u></b>	<b><u>\$ 5,580,708</u></b>	<b><u>\$ 7,359,246</u></b>	<b><u>\$ 50,255,068</u></b>
<b>Percent of Total Expenses</b>	<b><u>24%</u></b>	<b><u>40%</u></b>	<b><u>13%</u></b>	<b><u>9%</u></b>	<b><u>86%</u></b>	<b><u>4%</u></b>	<b><u>10%</u></b>	<b><u>14%</u></b>	<b><u>100%</u></b>

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Functional Expenses

Year Ended June 30, 2020

	Program Services:				Supporting Activities:				
	Emergency Services	Community Outreach	Transitional	Rehabilitation	Total Program Services	General and Adminis- trative	Fund-Raising	Total Supporting Activities	
Food, clothing, and other gift-in-kind distributions	\$ 3,614,743	\$ 7,823,745	\$ 1,567,207	\$ 1,051,547	\$ 14,057,242	\$ -	\$ -	\$ -	\$ 14,057,242
Salaries and benefits	5,607,131	1,691,990	2,491,840	1,681,736	11,472,697	665,136	1,338,097	2,003,233	13,475,930
Facility and maintenance	837,036	265,450	371,846	250,958	1,725,290	92,169	185,422	277,591	2,002,881
Printed material	-	-	-	-	-	101,355	1,994,406	2,095,761	2,095,761
Professional services	232,483	70,127	103,279	69,702	475,591	37,368	792,053	829,421	1,305,012
Depreciation	627,299	189,222	278,672	188,075	1,283,268	74,385	149,645	224,030	1,507,298
Office and miscellaneous	230,595	69,558	102,440	77,737	480,330	289,284	103,507	392,791	873,121
Support to clients and others	279,712	114,629	254,238	124,524	773,103	8,900	282	9,182	782,285
Utilities	378,779	114,257	168,269	113,564	774,869	44,915	90,359	135,274	910,143
Media and marketing	35,034	10,568	15,563	10,504	71,669	4,154	296,321	300,475	372,144
<b>Total Expenses</b>	<b><u>\$ 11,842,812</u></b>	<b><u>\$ 10,349,546</u></b>	<b><u>\$ 5,353,354</u></b>	<b><u>\$ 3,568,347</u></b>	<b><u>\$ 31,114,059</u></b>	<b><u>\$ 1,317,666</u></b>	<b><u>\$ 4,950,092</u></b>	<b><u>\$ 6,267,758</u></b>	<b><u>\$ 37,381,817</u></b>
<b>Percent of Total Expenses</b>	<b><u>31%</u></b>	<b><u>28%</u></b>	<b><u>14%</u></b>	<b><u>10%</u></b>	<b><u>83%</u></b>	<b><u>4%</u></b>	<b><u>13%</u></b>	<b><u>17%</u></b>	<b><u>100%</u></b>

See notes to financial statements



# DENVER RESCUE MISSION

## Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 8,346,539	\$ 4,887,678
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,575,443	1,507,298
Amortization of loan origination fees	28,812	51,548
Contributions received for long-term purposes	1,096,363	-
Loss on disposal of land, buildings, and equipment	(140,010)	9,357
Receipt of gift-in-kind inventory	(20,541,698)	(14,345,894)
Distribution of gift-in-kind inventory	21,091,509	14,057,242
Recognition of grants receivable	(333,763)	-
Recognition of Payroll Protection Program income	-	(2,101,500)
Changes in operating assets and liabilities:		
Accounts receivable	(1,952,496)	125,206
Prepaid expenses and other assets	(41,665)	(298,891)
Accounts payable	74,748	(66,553)
Accrued expenses and other liabilities	379,413	302,975
Asset retirement obligation	889,930	83,597
Net Cash Provided by Operating Activities	10,473,125	4,212,063
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings, and equipment	(8,236,632)	(2,054,289)
Insurance proceeds for land, buildings, and equipment	2,003,516	350,671
Proceeds from sale of investments	20,004,777	10,890,659
Purchases of investments	(13,242,340)	(12,394,566)
Net Cash Provided (Used) by Investing Activities	529,321	(3,207,525)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(374,261)	(1,355,866)
Contributions received for long-term purposes	(1,096,363)	-
Proceeds from Payroll Protection Program loan	-	2,101,500
Net Cash Provided (Used) by Financing Activities	(1,470,624)	745,634
Change in Cash and Cash Equivalents	9,531,822	1,750,172
Cash and Cash Equivalents, Beginning of Year	4,063,133	2,312,961
Cash and Cash Equivalents, End of Year	\$ 13,594,955	\$ 4,063,133
<b>SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:</b>		
Cash paid for interest	\$ 24,775	\$ 36,074
Purchases of land, buildings, and equipment with accounts payable	\$ 172,298	\$ -
Recognition of Payroll Protection Program loan	\$ -	\$ 2,101,500

See notes to financial statements

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

The Denver Rescue Mission (the Mission), founded in 1892, is a Colorado corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Mission is subject to federal income tax on any unrelated business income tax. In addition, the Mission is not a private foundation under Section 509(c) of the IRC.

The purpose of the Mission is to meet people at their physical and spiritual points of need. Through practical programs of education and life skills, shelter, food, clothing distribution, and through Christian teaching and mentoring, the Mission aims to return the poor, needy and homeless to society as productive, self-sufficient citizens. The Mission developed the following four core strategies to address the homelessness in the greater Denver area and Northern Colorado:

#### **Emergency Services:**

For people experiencing homelessness and poverty, basic needs like food, shelter, water, clean restrooms, showers, and laundry services can be difficult to access. The Mission provides these services in order to build trust and develop relationships with the people we serve, encouraging them to consider long-term solutions. Emergency services include the following programs:

- 48th Street Center: Overnight shelter for men, operated in partnership with the City of Denver.
- Fort Collins Rescue Mission: Overnight shelter for men and women.
- Holly Center: Overnight shelter for men assigned with beds and lockers weekly.
- Lawrence Street Shelter: Overnight shelter for men, chapel and health clinic.
- Lawrence Street Community Center: Meals, restrooms, showers, laundry, and access to Mission staff for encouragement and guidance.
- Next Step Services: A community empowering men to exit the shelter system and connect them with programs and services throughout Denver.

#### **Rehabilitation Programs:**

In the New Life Program (rehabilitation), the Mission equips men to overcome various challenges such as broken relationships, job loss, lack of education, and drug and alcohol abuse and develop a renewed sense of hope and identity. The Mission offers the New Life Program at the two locations below:

- New Life Program at The Crossing: 1-year rehabilitation program for men.
- New Life Program at Harvest Farm: 6 months to 1-year rural rehabilitation program for men.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

The Mission developed the following four core strategies to address the homelessness in the greater Denver area and Northern Colorado, continued:

**Transitional Programs:**

The Mission's transitional programs help people who are experiencing homelessness, despite having a job and steady income, transition into a sustainable, self-sufficient life. From an on-site living program to mentoring and assistance with the first month's rent and deposit on a long-term housing solution, the Mission's transitional programs meet the unique needs of working families, the elderly and those with disabilities. The transitional programs include the following:

- STAR Transitional Program at The Crossing: 1-year transitional program for individuals and families.
- STAR Transitional Program Youth: After school programming and activities throughout the year for kids ages 3-18.

**Community Outreach Programs:**

The Mission's community outreach programs help better the lives of vulnerable neighbors in low-income households while strengthening the whole community. The Mission provides groceries, clothing, furniture, referrals to social services and more. Community outreach includes the following services:

- Global Ministry Outreach: Offering consultation, resources and support to city/rescue missions around the world.
- Ministry Outreach Center: Central warehouse facility including food, clothing and furniture distribution.
- Vehicle Donation Program: Vehicles are donated and repaired and then gifted to graduates of Mission programs.
- Volunteers: Thousands of volunteers serve meals, sort food and items, mentor, tutor, and much more.

The Mission receives the majority of its support from individuals, businesses, churches, and others within the Denver metropolitan area.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Mission maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. As of June 30, 2021 and 2020, cash exceeded federally insured limits by approximately \$12,948,000 and \$3,688,0000, respectively. The Mission has not experienced any losses on these accounts and does not believe it is exposed to any significant risk. Management has established an operating reserve, consisting of cash and cash equivalents and investments of \$5,000,000, as of June 30, 2021 and 2020. These amounts are at the discretion of management and are not designated by the board of directors.

#### INVESTMENTS

Investments consist of certificates of deposit with original maturities of longer than three months. Certificates of deposit are carried at either cost or fair value. Investments received by gift are carried at market value on the date of donation and, thereafter, reported in accordance with the above provisions. The Mission's policy is to liquidate donated securities and other marketable investments as soon as practical after receipt to minimize effects of market fluctuations. Unrealized gains or losses in fair value, interest, and dividends are recognized in program service and other revenue on the statements of activities in the year in which they occur.

#### ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due for various services and government contracts that have been provided. Management believes all accounts receivables are fully collectible.

#### GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of donated merchandise, such as food, clothing, and miscellaneous items, used in the operation of the Mission's programs. All such inventory is recorded at its estimated fair value at the date of donation and reported at its carrying amount thereafter.

#### GRANTS RECEIVABLE

Grants receivable consists of amounts due from various foundations and are considered contributions and are recognized when unconditionally promised. Management believes all grants receivables are fully collectible. Due to immateriality, no discount has been recorded.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are recorded at cost or, if donated, at estimated fair value at the date of receipt. The Mission capitalizes fixed assets with a cost greater than \$4,000. Depreciation is calculated based on the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	10-30 years
Furniture and fixtures	5-10 years
Machinery and equipment	3-10 years
Vehicles	3-5 years

#### ASSET RETIREMENT OBLIGATION

Asset retirement obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. The Mission records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing of the amount of the original estimate or undiscounted cash flows.

#### NET ASSETS

Net assets include the following two classes:

*Net assets without donor restrictions* include resources that are available to support operations.

*Net assets with donor restrictions* include gifts which are restricted by the donor for various projects or time restricted. Net assets with donor restrictions consist of:

	June 30,	
	2021	2020
Various programs	\$ 325,736	\$ 579,903
Capital projects	60,000	7,600
Time restricted	47,247	-
	<u>\$ 432,983</u>	<u>\$ 587,503</u>

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FUNCTIONAL ALLOCATION OF EXPENSES

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Mission. These expenses include depreciation and amortization, interest, the president's office, communications, media production, information technology, and facilities operations and maintenance. Depreciation is allocated based on square footage and interest is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort. Program services of the Mission are described in Note 1.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Contributions restricted by the donor for specified purposes are recorded as support in the net assets with donor restrictions until the funds have been expended for the purposes specified. Donated materials, including gifts-in-kind, and services are recorded at estimated fair value. The Mission records income and expense for contributed professional services valued at the providers' industry average hourly rates for the number of hours contributed to the Mission's program. Clothing contributed to the Mission in excess of requirements for the Mission's internal programs is distributed to other relief organizations and Indian reservations.

During the year ended June 30, 2020, the Mission received a Paycheck Protection Program loan of \$2,101,500. The loan was eligible for forgiveness based on the Mission incurring various qualifying expenses such as normal payroll costs and utilities. Since the Mission overcame the required barriers related to these funds during the year ended June 30, 2020, the full loan was recorded as contributions on the statements of activities. During the year ended June 30, 2021, the Mission received official forgiveness from the Small Business Administration.

Program service contract revenue, which includes various city contracts, is recognized when earned. Other income, which includes rent income and losses on involuntary conversions, are recognized when earned.

#### EXPENSES

Expenses are recognized when incurred in accordance with the accrual basis of accounting.

#### ADVERTISING

The Mission uses advertising to promote its programs among the audiences it serves and to raise funds. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020, was \$343,339 and \$287,964, respectively, which is reported in media and marketing on the statements of functional expenses.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Mission's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 13,594,955	\$ 4,063,133
Accounts receivable	2,512,371	559,875
Investments	2,365,505	9,127,942
Grants receivable	333,763	-
Financial assets, at year end	<u>18,806,594</u>	<u>13,750,950</u>
Less those unavailable for general expenditure within one year, due to:		
Grants receivable not expected to be received within one year	<u>(115,154)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,691,440</u>	<u>\$ 13,750,950</u>

As part of the Mission's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The Mission invests cash in excess of daily requirements in short term investments. In addition, the Mission has access to a line of credit of \$600,000 which is disclosed in Note 8.

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Investments consist of certificates of deposits. Investment income was \$25,076 and \$152,949, for the years ended June 30, 2021 and 2020, respectively, which was reported on the statements of activities within other income.

The Mission uses appropriate valuation techniques to determine fair value based on inputs available. When possible, the Mission measures fair value using Level 1 inputs on the hierarchy presented in the Fair Value Measurements Topic of the FASB Accounting Standards Codification (ASC) because they generally provide the most reliable evidence of fair value.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Assets and liabilities measured on a recurring basis and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for investments and include situations where there is little, if any, market activity for the investments.

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2021 and 2020:

	Fair Value	Fair Value Measurements Using:	
		Level 1	Level 2
June 30, 2021:			
Investments held at fair market value:			
Certificates of deposit	\$ 2,000,047	\$ -	\$ 2,000,047
Reconciling items held at cost:			
Certificates of deposit	365,458		
Total investments	\$ 2,365,505		
June 30, 2020:			
Investments held at fair market value:			
Certificates of deposit	\$ 8,762,849	\$ -	\$ 8,762,849
Reconciling items held at cost:			
Certificates of deposit	365,093		
Total investments	\$ 9,127,942		

Valuation techniques: Fair value for certificates of deposits held at fair value is based on appraisals and market comparisons.



# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

5. GIFT-IN-KIND PROGRAM:

The Mission's gift-in-kind activity is summarized below:

	Year Ended June 30, 2021			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 331,453	\$ 8,111,770	\$ 8,314,513	\$ 128,710
Furniture and equipment	345,124	4,219,181	4,268,457	295,848
Clothing	297,792	8,210,747	8,508,539	-
	\$ 974,369	\$ 20,541,698	\$ 21,091,509	\$ 424,558

  

	Year Ended June 30, 2020			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 367,171	\$ 4,130,611	\$ 4,166,329	\$ 331,453
Furniture and equipment	287,948	3,066,430	3,009,254	345,124
Clothing	30,598	7,148,853	6,881,659	297,792
	\$ 685,717	\$ 14,345,894	\$ 14,057,242	\$ 974,369

6. LAND, BUILDINGS, AND EQUIPMENT—NET:

Land, buildings, and equipment—net consist of:

	June 30,	
	2021	2020
Land	\$ 7,741,897	\$ 5,212,089
Land improvements	595,770	637,455
Buildings and improvements	32,804,824	30,427,394
Machinery and equipment	3,821,598	3,351,821
Furniture and fixtures	537,847	498,801
Vehicles	1,022,878	1,151,643
	46,524,814	41,279,203
Less accumulated depreciation	(12,391,494)	(12,646,190)
	34,133,320	28,633,013
Construction in process	342,616	872,942
	\$ 34,475,936	\$ 29,505,955

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

6. LAND, BUILDINGS, AND EQUIPMENT—NET, continued:

During the year ended June 30, 2021, the Mission experienced extensive flooding at the Crossing building causing significant damage to the building which required clients and staff in the New Life Program to be relocated. The Mission has made an insurance claim and management believes it will receive proceeds to fully recover the water damage mitigation, asbestos abatement and reconstruction costs. The estimated costs to restore the building are \$4,700,000 and the Mission is estimated to incur \$2,457,000 in costs for business interruption (which is the maximum under their insurance policy).

Assets damaged by the flood were written off during the year ended June 30, 2021 and \$2,000,000 of insurance proceeds has been received as of June 30, 2021. Asbestos abatement costs incurred have been capitalized according to generally accepted accounting principles in the amount of \$1,476,100 as of June 30, 2021. As of June 30, 2021, the Mission has incurred \$1,216,337 in costs related to the business interruption and \$1,000,000 of insurance proceeds have been received. The gains and losses related to this flooding event has been recorded in other income on the statement of activities.

7. NOTE PAYABLE—NET:

During the year ended June 30, 2013, the Mission borrowed funds generated from Colorado Educational and Cultural Facilities Authority (CECFA) Revenue Bond Series 2013 Bonds. The lender loaned the proceeds to the Mission pursuant to a financing agreement dated April 1, 2013, and a promissory note (CECFA note payable) dated April 26, 2013. The note may be prepaid in whole or in part at any time subject to the prepayment provisions set forth in the financing agreement. The CECFA note payable bears interest at a fixed rate of 2.94% and is collateralized by land, buildings, and equipment. Beginning May 1, 2016, monthly principal and interest payments of \$33,133 are made according to a 25 year amortization schedule. The note matures in May 2023.

Future minimum principal payments, including loan origination fees, are:

<u>Year Ending June 30,</u>	
2022	\$ 385,574
2023	<u>176,458</u>
	<u>\$ 562,032</u>

Loan origination fees are recorded at cost and are amortized over the term of the loan agreement using the effective-interest method. Accumulated amortization for the years ended June 30, 2021 and 2020, was \$131,773 and \$102,979, respectively.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

7. NOTE PAYABLE–NET, continued:

In summary, note payable–net consists of:

	June 30,	
	2021	2020
Note payable	\$ 578,928	\$ 953,171
Less loan origination fees–net	(16,896)	(45,690)
	<u>\$ 562,032</u>	<u>\$ 907,481</u>

The Mission was in compliance with all financial and reporting covenants as of June 30, 2021.

8. LINE OF CREDIT:

The Mission has access to a revolving line of credit, maturing December 2021, in the amount of \$600,000. The line of credit has a variable interest rate and is for seasonal cash flow management. The Mission did not make any draws during the years ended June 30, 2021 and 2020.

9. RETIREMENT PLAN:

The Mission has a defined contribution plan covering substantially all employees. To encourage employee retention, the Mission makes contributions to the plan based on employee length of service and also matches employee contributions dollar for dollar up to 5% of eligible compensation. In addition, an incentive contribution of 0.67% per year of service times eligible compensation is paid annually. Employees vest immediately in employer contributions. Employer contributions to the plan for the years ended June 30, 2021 and 2020, were \$501,724 and \$493,713, respectively.

10. DEFERRED COMPENSATION PLAN 457(b):

During the year ended June 30, 2017, the Mission created a 457(b) plan for a highly compensated executive employee. The plan is funded solely by the Mission. The assets of the plan are the legal assets of the Mission until they are distributed to the participant and, therefore, the plan assets and corresponding liability are reported in prepaid expenses and other assets and accrued expenses and other liabilities on the statements of financial position. Plan assets, recorded at fair market value, and liabilities as of June 30, 2021 and 2020, were \$104,890 and \$81,598. Plan assets are not included in the fair value table due to overall immateriality.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2021 and 2020

11. RISKS AND UNCERTAINTIES:

In March, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Mission for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 24, 2021, which represents the date the financial statements were available to be issued.