

# **DENVER RESCUE MISSION**

DENVER RESCUE MISSION

Financial Statements  
With Independent Auditors' Report

June 30, 2023 and 2022

# DENVER RESCUE MISSION

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Denver Rescue Mission  
Denver, Colorado

### *Opinion*

We have audited the accompanying financial statements of Denver Rescue Mission, which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Denver Rescue Mission as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Denver Rescue Mission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Denver Rescue Mission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Denver Rescue Mission  
Denver, Colorado

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Denver Rescue Mission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Denver Rescue Mission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

***Prior Period Restatement***

As described in Note 9 to the financial statements, Denver Rescue Mission identified two adjustments related to donated rent and property and equipment for the year ended June 30, 2022. Accordingly, these amounts for the year ended June 30, 2022 have been restated to reflect these changes. Our opinion has not been modified with respect to this matter.

*Capin Crouse LLP*

Centennial, Colorado  
September 19, 2023

# DENVER RESCUE MISSION

## Statements of Financial Position

	June 30,	
	2023	2022 (Restated)
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 5,777,563	\$ 14,781,925
Cash restricted for capital projects	1,055,857	1,076,773
Accounts receivable	2,271,395	1,482,928
Investments	16,551,437	2,111,249
Prepaid expenses and other assets	634,287	648,967
Gift-in-kind inventory	891,726	584,432
Grants receivable	50,000	378,763
Land, buildings, and equipment—net	38,958,331	38,800,733
<b>Total Assets</b>	<b>\$ 66,190,596</b>	<b>\$ 59,865,770</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,031,866	\$ 1,206,002
Accrued expenses and other liabilities	1,239,455	1,209,243
Debt—net	5,778,748	191,313
<b>Total liabilities</b>	<b>8,050,069</b>	<b>2,606,558</b>
<b>Net assets:</b>		
Without donor restrictions	56,851,132	55,740,954
With donor restrictions	1,289,395	1,518,258
<b>Total net assets</b>	<b>58,140,527</b>	<b>57,259,212</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 66,190,596</b>	<b>\$ 59,865,770</b>

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Activities

	Year Ended June 30,					
	2023			2022 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions:						
Individuals, businesses, and others	\$ 19,143,429	\$ 6,463,681	\$ 25,607,110	\$ 20,371,363	\$ 8,041,623	\$ 28,412,986
Gift-in-kind contributions	13,822,480	-	13,822,480	13,306,188	-	13,306,188
Donated rent	-	700,230	700,230	-	700,230	700,230
	32,965,909	7,163,911	40,129,820	33,677,551	8,741,853	42,419,404
Program service contract revenue	10,137,515	-	10,137,515	9,401,655	-	9,401,655
Gain on insurance proceeds from water damage	-	-	-	2,962,184	-	2,962,184
Investment and other income	617,411	-	617,411	5,727	-	5,727
<b>Total Support and Revenue</b>	<b>43,720,835</b>	<b>7,163,911</b>	<b>50,884,746</b>	<b>46,047,117</b>	<b>8,741,853</b>	<b>54,788,970</b>
<b>NET ASSETS RELEASED FROM:</b>						
Purpose and time restrictions	7,392,774	(7,392,774)	-	7,656,578	(7,656,578)	-
<b>EXPENSES:</b>						
Program services	41,533,460	-	41,533,460	39,251,683	-	39,251,683
Supporting activities:						
General and administrative	1,700,652	-	1,700,652	1,571,215	-	1,571,215
Fund-raising	6,769,319	-	6,769,319	6,475,509	-	6,475,509
<b>Total Expenses</b>	<b>50,003,431</b>	<b>-</b>	<b>50,003,431</b>	<b>47,298,407</b>	<b>-</b>	<b>47,298,407</b>
Change in Net Assets	1,110,178	(228,863)	881,315	6,405,288	1,085,275	7,490,563
Net Assets Before Restatement, Beginning of Year	55,740,954	1,518,258	57,259,212	49,825,448	432,983	50,258,431
Prior Period Restatement	-	-	-	(489,782)	-	(489,782)
<b>Net Assets After Restatement, Beginning of Year</b>	<b>55,740,954</b>	<b>1,518,258</b>	<b>57,259,212</b>	<b>49,335,666</b>	<b>432,983</b>	<b>49,768,649</b>
<b>Net Assets, End of Year</b>	<b>\$ 56,851,132</b>	<b>\$ 1,289,395</b>	<b>\$ 58,140,527</b>	<b>\$ 55,740,954</b>	<b>\$ 1,518,258</b>	<b>\$ 57,259,212</b>

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Functional Expenses

Year Ended June 30, 2023

	Program Services:				Total Program Services	Supporting Activities:			Total Expenses
	Emergency Services	Community Outreach	Transitional	Rehabilitation		General and Adminis- trative	Fund-Raising	Total Supporting Activities	
Salaries and benefits	\$ 8,706,820	\$ 1,982,511	\$ 4,654,262	\$ 2,853,593	\$ 18,197,186	\$ 840,245	\$ 2,043,262	\$ 2,883,507	\$ 21,080,693
Food, clothing, and other gift-in-kind distributions	3,188,600	9,448,778	45,537	831,728	13,514,643	173	370	543	13,515,186
Facility and maintenance	2,113,595	378,223	434,492	497,019	3,423,329	185,794	85,763	271,557	3,694,886
Professional services	1,296,699	39,183	91,586	54,864	1,482,332	210,585	1,654,496	1,865,081	3,347,413
Depreciation	912,198	182,439	501,709	295,123	1,891,469	73,161	157,027	230,188	2,121,657
Printed material	3,522	4,825	1,291	1,367	11,005	10,693	2,024,507	2,035,200	2,046,205
Office and miscellaneous	355,295	129,659	181,279	113,980	780,213	371,256	371,779	743,035	1,523,248
Support to clients and others	240,014	343,643	378,175	207,344	1,169,176	169	32,962	33,131	1,202,307
Utilities	369,358	157,360	63,123	412,321	1,002,162	7,232	15,994	23,226	1,025,388
Media and marketing	29,418	14,170	10,662	7,695	61,945	1,344	383,159	384,503	446,448
<b>Total Expenses</b>	<b><u>\$ 17,215,519</u></b>	<b><u>\$ 12,680,791</u></b>	<b><u>\$ 6,362,116</u></b>	<b><u>\$ 5,275,034</u></b>	<b><u>\$ 41,533,460</u></b>	<b><u>\$ 1,700,652</u></b>	<b><u>\$ 6,769,319</u></b>	<b><u>\$ 8,469,971</u></b>	<b><u>\$ 50,003,431</u></b>
 Percent of Total Expenses	 <u>34%</u>	 <u>25%</u>	 <u>13%</u>	 <u>11%</u>	 <u>83%</u>	 <u>3%</u>	 <u>14%</u>	 <u>17%</u>	 <u>100%</u>

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Functional Expenses

Year Ended June 30, 2022 (Restated)

	Program Services:				Total Program Services	Supporting Activities:			Total Expenses
	Emergency Services	Community Outreach	Transitional	Rehabilitation		General and Adminis- trative	Fund-Raising	Total Supporting Activities	
Salaries and benefits	\$ 9,901,448	\$ 1,891,953	\$ 2,054,383	\$ 2,700,413	\$ 16,548,197	\$ 801,688	\$ 1,948,467	\$ 2,750,155	\$ 19,298,352
Food, clothing, and other gift-in-kind distributions	2,216,146	10,202,222	49,877	677,481	13,145,726	28	560	588	13,146,314
Facility and maintenance	2,126,661	371,786	250,823	417,609	3,166,879	82,806	67,500	150,306	3,317,185
Professional services	1,512,527	56,708	37,709	37,651	1,644,595	252,129	1,063,130	1,315,259	2,959,854
Depreciation	1,032,154	191,287	300,215	265,677	1,789,333	69,059	150,513	219,572	2,008,905
Printed material	33,410	5,460	1,396	660	40,926	5,400	2,327,844	2,333,244	2,374,170
Office and miscellaneous	339,695	102,239	81,897	97,552	621,383	350,688	310,468	661,156	1,282,539
Support to clients and others	312,309	491,652	328,886	154,150	1,286,997	645	33,325	33,970	1,320,967
Utilities	337,261	177,986	45,073	375,821	936,141	7,131	16,243	23,374	959,515
Media and marketing	33,234	21,192	9,104	7,976	71,506	1,641	557,459	559,100	630,606
<b>Total Expenses</b>	<b><u>\$ 17,844,845</u></b>	<b><u>\$ 13,512,485</u></b>	<b><u>\$ 3,159,363</u></b>	<b><u>\$ 4,734,990</u></b>	<b><u>\$ 39,251,683</u></b>	<b><u>\$ 1,571,215</u></b>	<b><u>\$ 6,475,509</u></b>	<b><u>\$ 8,046,724</u></b>	<b><u>\$ 47,298,407</u></b>
 Percent of Total Expenses	 <u>37%</u>	 <u>29%</u>	 <u>7%</u>	 <u>10%</u>	 <u>83%</u>	 <u>3%</u>	 <u>14%</u>	 <u>17%</u>	 <u>100%</u>

See notes to financial statements



# DENVER RESCUE MISSION

## Statements of Cash Flows

	Year Ended June 30,	
	2023	2022 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 881,315	\$ 7,490,563
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,121,657	2,008,905
Amortization of loan origination fees	4,226	14,844
Contributions received for long-term purposes	(37,934)	(1,106,997)
Gain on insurance proceeds from water damage	-	(2,962,184)
(Gain) loss on disposal of land, buildings, and equipment	28,599	(42,033)
Net realized and unrealized investment losses	(160,084)	-
Receipt of gift-in-kind inventory	(13,822,480)	(13,306,188)
Distribution of gift-in-kind inventory	13,515,186	13,146,314
Changes in operating assets and liabilities:		
Accounts receivable	(788,467)	1,029,443
Prepaid expenses and other assets	14,680	219,382
Grants receivable	328,763	(45,000)
Accounts payable	23,964	(34,864)
Accrued expenses and other liabilities	30,212	(1,658,057)
Net Cash Provided by Operating Activities	2,139,637	4,754,128
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings, and equipment	(2,505,954)	(6,565,157)
Insurance proceeds for land, buildings, and equipment	-	3,099,082
Proceeds from sale of investments	9,166,132	4,754,640
Purchases of investments	(23,446,236)	(4,500,384)
Net Cash Used by Investing Activities	(16,786,058)	(3,211,819)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on debt	(260,241)	(385,563)
New borrowings from debt	5,843,450	-
Contributions received for long-term purposes	37,934	1,106,997
Net Cash Provided by Financing Activities	5,621,143	721,434
Change in Cash and Cash Equivalents	(9,025,278)	2,263,743
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	15,858,698	13,594,955
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 6,833,420	\$ 15,858,698

(continued)

See notes to financial statements

# DENVER RESCUE MISSION

## Statements of Cash Flows

(continued)

	Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 5,777,563	\$ 14,781,925
Cash restricted for capital projects	<u>1,055,857</u>	<u>1,076,773</u>
	<u>\$ 6,833,420</u>	<u>\$ 15,858,698</u>
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for interest	<u>\$ 99,025</u>	<u>\$ 10,619</u>
Purchases of land, buildings, and equipment with accounts payable	<u>\$ 155,092</u>	<u>\$ 353,192</u>
Capitalized loan origination fees financings with debt	<u>\$ 156,500</u>	<u>\$ -</u>

See notes to financial statements

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

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.
- Holly Center is an overnight emergency shelter for men.
- Lawrence Street Shelter is an overnight emergency shelter for men.
- 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:**

The New Life Program is an educational program that 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: up to 1-year educational program for men.
- New Life Program at Harvest Farm: up to 1-year rural educational program for men.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

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 or 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:

- Bridge Program at The Crossing: up to 1-year transitional program for individuals and families.
- Bridge Program Youth: After school programming and activities throughout the year for kids ages 3-18.
- Pathway Home Program: Serves individuals and families as they transition from homelessness to housing by connecting them with needed supports that may be financial or community based.

**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:

- Ministry Outreach Center (MOC): Central warehouse facility including food, clothing and furniture distribution.
- Vehicle Donation Program: Vehicles are donated and repaired and then gifted to qualified 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, 2023 and 2022 (Restated)

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. As of June 30, 2023 and 2022, cash, including restricted cash, exceeded federally insured limits by approximately \$6,456,000 and \$15,361,000, respectively. The Mission has not experienced any losses on these accounts. Management has established an operating reserve, consisting of cash and cash equivalents and investments of \$5,000,000, as of June 30, 2023 and 2022. These amounts are at the discretion of management and are not designated by the board of directors.

#### CASH RESTRICTED FOR CAPITAL PROJECTS

Cash restricted for capital projects consists of donor restricted funds that have been restricted for capital project purposes.

#### INVESTMENTS

Investments consist of certificates of deposit and treasury bills with original maturities of longer than three months. Certificates of deposit and treasury bills are carried at either cost or fair value based on whether they are traded securities. 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, 2023 and 2022 (Restated)

### 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

#### 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,	
	2023	2022
Capital projects	\$ 1,055,857	\$ 1,076,773
Food and various programs	233,538	360,059
Time restricted	-	81,426
	<u>\$ 1,289,395</u>	<u>\$ 1,518,258</u>

#### 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 (GIK), and services are recorded at estimated fair value. Clothing contributed to the Mission in excess of requirements for the Mission's internal programs is distributed to other relief organizations and Indian reservations. See additional information regarding GIK in Footnote 5.

Program service contract revenue, which includes various city contracts, is recognized when earned. Interest and other income, which includes investment income and rental' income, are recognized when earned.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### EXPENSES

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

#### 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, communications, information technology, and facilities operations and maintenance. Depreciation is allocated based on headcount 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.

#### 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, 2023 and 2022, was \$331,880 and \$514,404, respectively, which is reported in media and marketing on the statements of functional expenses.

### 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,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 5,777,563	\$ 14,781,925
Cash restricted for capital projects	1,055,857	1,076,773
Investments	16,551,437	2,111,249
Accounts receivable	2,271,395	1,482,928
Grants receivable	50,000	378,763
Financial assets, at year end	25,706,252	19,831,638
Less those unavailable for general expenditure within one year, due to:		
Investments with maturities of greater than one year	(1,939,774)	-
Grants receivable not expected to be received within one year	-	(168,609)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,766,478</u>	<u>\$ 19,663,029</u>

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

3. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

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 and treasury bills. Investment income was \$420,634 and \$5,719, for the years ended June 30, 2023 and 2022, respectively, which was reported on the statements of activities within investment and 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.

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.



# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2023 and 2022:

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
		<u>Level 1</u>	<u>Level 2</u>
June 30, 2023:			
Investments held at fair market value:			
Certificates of deposit	\$ 7,964,386	\$ -	\$ 7,964,386
Treasury bills	8,337,051	-	8,337,051
	16,301,437	<u>\$ -</u>	<u>\$ 16,301,437</u>
Reconciling investments held at cost:			
Certificates of deposit	250,000		
Total investments	<u>\$ 16,551,437</u>		
June 30, 2022:			
Investments held at fair market value:			
Certificates of deposit	\$ 1,745,425	<u>\$ -</u>	<u>\$ 1,745,425</u>
Reconciling investments held at cost:			
Certificates of deposit	365,824		
Total investments	<u>\$ 2,111,249</u>		

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

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

5. GIFT-IN-KIND PROGRAM:

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

	Year Ended June 30, 2023			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 267,928	\$ 7,559,760	\$ 7,400,333	\$ 427,355
Furniture and other	266,902	1,811,135	1,649,744	428,293
Clothing	49,602	4,451,585	4,465,109	36,078
	\$ 584,432	\$ 13,822,480	\$ 13,515,186	\$ 891,726

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

	Year Ended June 30, 2022			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 128,710	\$ 5,428,726	\$ 5,289,508	\$ 267,928
Furniture and other	295,848	2,185,719	2,214,665	266,902
Clothing	-	5,691,743	5,642,141	49,602
	\$ 424,558	\$ 13,306,188	\$ 13,146,314	\$ 584,432

The Mission receives various forms of GIK, including food, and non-food items such as clothing, household goods, hygiene products, and vehicles. These contributions are not donor restricted.

Food donations are utilized in all programs and shelters. Clothing, household goods, and hygiene products are also used in the programs, as well as, distributed to those in need through the MOC warehouse. Vehicles are either gifted to program graduates or sold through auction.

Contributed items received by the Mission are recorded as gift-in-kind contributions with a corresponding increase to inventory. Expenses are recognized when the items are distributed. The Mission utilized three inventory valuation methods during the years ended June 30, 2023 and 2022. These methods include (1) average current price located on a publicly available websites if the donated item is a match for the website item when donated. (Food is not discounted because it is used right away and out of date and spoiled food are excluded from inventory); (2) the average price located on publicly available websites less a discount if the item donated has been used but the item located online is new; (3) average trade-in value for vehicles on NADA, a publicly available website.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

5. GIFT-IN-KIND PROGRAM, continued:

Donated rent is donated by the city of Denver to help operate the 48th Street Center under a conditional lease agreement. Donated rent is recorded when all conditions are met based on the estimated fair value using comparable properties in the Denver area.

6. LAND, BUILDINGS, AND EQUIPMENT—NET:

Land, buildings, and equipment—net consist of:

	June 30,	
	2023	2022 (Restated)
Land	\$ 7,741,897	\$ 7,741,897
Land improvements	620,085	591,870
Buildings and improvements	38,424,361	36,565,939
Machinery and equipment	4,229,366	4,090,049
Furniture and fixtures	842,393	704,183
Vehicles	1,404,445	1,347,183
	53,262,547	51,041,121
Less accumulated depreciation	(14,685,022)	(13,087,963)
	38,577,525	37,953,158
Construction in process	380,806	847,575
	\$ 38,958,331	\$ 38,800,733

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 made an insurance claim related to the water damage mitigation, asbestos abatement, reconstruction costs, and business interruption. Gain related to the water damage event was reported as gain on insurance proceeds from water damage on the statements of activities for the year ended June 30, 2022 and comprise of the following:

Mitigation expenses	\$ (1,890)
Equipment and furniture under capitalization policy	(22,875)
Building insurance proceeds	3,099,082
Business interruption costs	(1,569,333)
Business interruption proceeds	1,457,200
	\$ 2,962,184

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

7. DEBT-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 CECFA note payable bears interest at a fixed rate of 2.94% and is collateralized by land, buildings, and equipment. Monthly principal and interest payments of \$33,133 were made according to a 25 year amortization schedule. The note payable was paid in full during the year ended June 30, 2023.

During the year ended June 30, 2023, 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 January 1, 2023 and a promissory note dated January 31, 2023. This CECFA note payable bears interest at a fixed rate of 3.89% and is collateralized by land, buildings, and equipment. Monthly principal and interest payments of approximately \$36,200 are made according to a 30 year amortization schedule.

Future minimum principal payments are:

<u>Year Ending June 30.</u>	
2024	\$ 203,324
2025	211,720
2026	220,650
2027	229,514
2028	238,554
Thereafter	<u>4,829,361</u>
	<u>\$ 5,933,123</u>

Loan origination fees are recorded at cost and are amortized over the term of the loan agreement using the straight-line method. Accumulated amortization for the years ended June 30, 2023 and 2022, was \$2,174 and \$146,616, respectively.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

7. DEBT-NET, continued:

In summary, debt-net consists of:

	June 30,	
	2023	2022
Bonds payable	\$ 5,933,123	\$ 193,365
Less loan origination fees-net	<u>(154,375)</u>	<u>(2,052)</u>
	<u>\$ 5,778,748</u>	<u>\$ 191,313</u>

The Mission was in compliance with all financial and reporting covenants as of June 30, 2023 and 2022.

8. LINE OF CREDIT:

The Mission has access to a revolving line of credit, maturing December 2023, 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, 2023 and 2022.

9. PRIOR PERIOD RESTATEMENT:

During the year ended June 30, 2023, management identified assets that should have been written off during a remodel that occurred in the year ended June 30, 2019. As a result land, buildings, and equipment and net assets were overstated by \$489,782 during the year ended June 30, 2022.

In addition, during the year ended June 30, 2022, the Mission entered into a conditional lease agreement with the city in which the city provided the space for \$10 per year. \$700,230 of donated rent was not recorded during the year ended June 30, 2022.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

9. PRIOR PERIOD RESTATEMENT, continued:

The impact of these restatements on the financial statements have been summarized as follows as of and for the year ended June 30, 2022:

	As Previously Stated	Prior Period Adjustment	As Restated
Statement of financial position:			
Land, buildings, and equipment–net	\$ 39,290,515	\$ (489,782)	\$ 38,800,733
Total assets	\$ 60,355,552	\$ (489,782)	\$ 59,865,770
Net assets without donor restrictions	\$ 56,230,736	\$ (489,782)	\$ 55,740,954
Total net assets	\$ 57,748,994	\$ (489,782)	\$ 57,259,212
Statement of activities:			
Donated rent with donor restrictions	\$ -	\$ 700,230	\$ 700,230
Total support and revenue	\$ 54,088,740	\$ 700,230	\$ 54,788,970
Net assets released from purpose and time restrictions	\$ 6,956,348	\$ 700,230	\$ 7,656,578
Program services	\$ 38,551,453	\$ 700,230	\$ 39,251,683
Total expenses	\$ 46,598,177	\$ 700,230	\$ 47,298,407
Net assets without donor restrictions, beginning of year	\$ 49,825,448	\$ (489,782)	\$ 49,335,666
Net assets, beginning of year	\$ 50,258,431	\$ (489,782)	\$ 49,768,649
Net assets, end of year	\$ 57,748,994	\$ (489,782)	\$ 57,259,212
Statement of functional expenses:			
Facility and maintenance	\$ 2,616,955	\$ 700,230	\$ 3,317,185

10. 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 after two years of employment. Employees vest immediately in employer contributions. Employer contributions to the plan for the years ended June 30, 2023 and 2022, were \$557,875 and \$642,512, respectively.

# DENVER RESCUE MISSION

## Notes to Financial Statements

June 30, 2023 and 2022 (Restated)

11. 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, 2023 and 2022, were \$101,853 and \$93,334. Plan assets are not included in the fair value table due to overall immateriality. There have been no contributions made to this plan during the years ended June 30, 2023 and 2022.

12. RELATED PARTY

A member of the Mission's board is also on the management team of a financial institution where the Mission holds investments. As of June 30, 2023 and 2022, the Mission held \$250,000 and \$365,823, of investments at this financial institution, respectively.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 19, 2023, which represents the date the financial statements were available to be issued.