

DENVER RESCUE MISSION

DENVER RESCUE MISSION

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

Capin Crouse LLP

Centennial, Colorado
October 8, 2024

DENVER RESCUE MISSION

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 6,368,721	\$ 5,777,563
Cash restricted for capital projects	2,127,985	1,055,857
Accounts receivable	2,602,848	2,271,395
Prepaid expenses and other assets	760,232	634,287
Gift-in-kind inventory	730,769	891,726
Contributions and grants receivable–net	787,091	50,000
Investments	14,570,073	16,551,437
Land, buildings, and equipment–net	39,395,508	38,958,331
Total Assets	\$ 67,343,227	\$ 66,190,596
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 1,049,711	\$ 1,031,866
Accrued expenses and other liabilities	1,455,329	1,239,455
Debt–net	5,595,428	5,778,748
Total liabilities	8,100,468	8,050,069
Net assets:		
Without donor restrictions	56,046,373	56,851,132
With donor restrictions	3,196,386	1,289,395
Total net assets	59,242,759	58,140,527
Total Liabilities and Net Assets	\$ 67,343,227	\$ 66,190,596

See notes to financial statements

DENVER RESCUE MISSION

Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
Individuals, businesses, and others	\$ 18,007,333	\$ 9,517,391	\$ 27,524,724	\$ 19,143,429	\$ 6,463,681	\$ 25,607,110
Gift-in-kind contributions	12,044,526	-	12,044,526	13,822,480	-	13,822,480
Donated rent	-	679,635	679,635	-	700,230	700,230
	30,051,859	10,197,026	40,248,885	32,965,909	7,163,911	40,129,820
Program service contract revenue	11,458,254	-	11,458,254	10,137,515	-	10,137,515
Investment and other income	980,464	-	980,464	617,411	-	617,411
Total Support and Revenue	42,490,577	10,197,026	52,687,603	43,720,835	7,163,911	50,884,746
NET ASSETS RELEASED FROM:						
Purpose and time restrictions	8,290,035	(8,290,035)	-	7,392,774	(7,392,774)	-
EXPENSES:						
Program services	42,674,678	-	42,674,678	41,533,460	-	41,533,460
Supporting activities:						
General and administrative	1,883,090	-	1,883,090	1,700,652	-	1,700,652
Fund-raising	7,027,603	-	7,027,603	6,769,319	-	6,769,319
Total Expenses	51,585,371	-	51,585,371	50,003,431	-	50,003,431
Change in Net Assets	(804,759)	1,906,991	1,102,232	1,110,178	(228,863)	881,315
Net Assets, Beginning of Year	56,851,132	1,289,395	58,140,527	55,740,954	1,518,258	57,259,212
Net Assets, End of Year	\$ 56,046,373	\$ 3,196,386	\$ 59,242,759	\$ 56,851,132	\$ 1,289,395	\$ 58,140,527

See notes to financial statements

DENVER RESCUE MISSION

Statements of Functional Expenses

Year Ended June 30, 2024

	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	\$ 9,838,550	\$ 1,919,938	\$ 5,190,274	\$ 3,715,188	\$ 20,663,950	\$ 894,730	\$ 2,166,291	\$ 3,061,021	\$ 23,724,971
Food, clothing, and other gift-in-kind distributions	2,878,262	8,320,754	42,923	962,447	12,204,386	223	874	1,097	12,205,483
Facility and maintenance	2,229,981	363,249	520,390	645,010	3,758,630	346,875	99,162	446,037	4,204,667
Professional services	621,315	11,508	31,018	32,721	696,562	169,227	1,771,998	1,941,225	2,637,787
Depreciation	952,587	184,227	534,707	368,454	2,039,975	69,022	151,848	220,870	2,260,845
Printed material	4,281	4,084	3,572	2,044	13,981	3,214	2,076,346	2,079,560	2,093,541
Office and miscellaneous	346,736	92,830	212,896	130,981	783,443	390,307	317,307	707,614	1,491,057
Support to clients and others	197,415	383,560	604,341	230,700	1,416,016	62	18,372	18,434	1,434,450
Utilities	380,092	137,199	60,835	447,167	1,025,293	7,853	17,926	25,779	1,051,072
Media and marketing	33,408	11,345	16,229	11,460	72,442	1,577	407,479	409,056	481,498
Total Expenses	<u>\$ 17,482,627</u>	<u>\$ 11,428,694</u>	<u>\$ 7,217,185</u>	<u>\$ 6,546,172</u>	<u>\$ 42,674,678</u>	<u>\$ 1,883,090</u>	<u>\$ 7,027,603</u>	<u>\$ 8,910,693</u>	<u>\$ 51,585,371</u>
 Percent of Total Expenses	 <u>34%</u>	 <u>22%</u>	 <u>14%</u>	 <u>13%</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, 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
Total Expenses	<u>\$ 17,215,519</u>	<u>\$ 12,680,791</u>	<u>\$ 6,362,116</u>	<u>\$ 5,275,034</u>	<u>\$ 41,533,460</u>	<u>\$ 1,700,652</u>	<u>\$ 6,769,319</u>	<u>\$ 8,469,971</u>	<u>\$ 50,003,431</u>
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 Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,102,232	\$ 881,315
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,260,845	2,121,657
Amortization of loan origination fees	20,004	4,226
Contributions received for long-term purposes	(1,112,406)	(37,934)
Loss on disposal of land, buildings, and equipment	146,630	28,599
Net realized and unrealized investment loss	(216,115)	(160,084)
Receipt of gift-in-kind inventory	(12,044,526)	(13,822,480)
Distribution of gift-in-kind inventory	12,205,483	13,515,186
Changes in operating assets and liabilities:		
Accounts receivable	(331,453)	(788,467)
Prepaid expenses and other assets	(125,945)	14,680
Contributions and grants receivable—net	(737,091)	328,763
Accounts payable	(407,533)	23,964
Accrued expenses and other liabilities	215,874	30,212
Net Cash Provided by Operating Activities	975,999	2,139,637
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of land, buildings, and equipment	(2,419,274)	(2,505,954)
Proceeds from sale of investments	14,040,000	9,166,132
Purchases of investments and reinvested interest and dividends	(11,842,521)	(23,446,236)
Net Cash Used by Investing Activities	(221,795)	(16,786,058)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(203,324)	(260,241)
New borrowings from debt	-	5,843,450
Contributions received for long-term purposes	1,112,406	37,934
Net Cash Provided by Financing Activities	909,082	5,621,143
Change in Cash and Cash Equivalents	1,663,286	(9,025,278)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	6,833,420	15,858,698
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 8,496,706	\$ 6,833,420

(continued)

See notes to financial statements

DENVER RESCUE MISSION

Statements of Cash Flows

(continued)

	Year Ended June 30,	
	<u>2024</u>	<u>2023</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 6,368,721	\$ 5,777,563
Cash restricted for capital projects	<u>2,127,985</u>	<u>1,055,857</u>
	<u>\$ 8,496,706</u>	<u>\$ 6,833,420</u>
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for interest	<u>\$ 231,008</u>	<u>\$ 99,025</u>
Purchases of land, buildings, and equipment with accounts payable	<u>\$ 580,470</u>	<u>\$ 155,092</u>
Capitalized loan origination fees financings with debt	<u>\$ -</u>	<u>\$ 156,500</u>

See notes to financial statements

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. As of June 30, 2024 and 2023, cash, including restricted cash, exceeded federally insured limits by approximately \$7,045,000 and \$6,456,000, 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, 2024 and 2023. 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.

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. Therefore, an allowance for credit losses have not been recorded within the financial statements. See the Recently Adopted Accounting Disclosure below.

GIFT-IN-KIND INVENTORY

Gift-in-kind (GIK) 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.

CONTRIBUTIONS AND GRANTS RECEIVABLE–NET

Unconditional promises to give are recorded at net realizable value if, at the time the promise is received, the Mission expects to receive payment in one year or more. Grants receivable consists of amounts due from various foundations and are considered contributions and are recognized when unconditionally promised. Contributions and grants receivable not expected to be received in one year or less have been discounted. Management believes all contributions and grants receivable are fully collectible. See additional information regarding contributions and grants receivable in Note 7.

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of cash and cash equivalents, certificates of deposit, and treasury bills with original maturities of longer than three months. Cash and cash equivalents is carried at cost. 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 investment and other income on the statements of activities in the year in which they occur.

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,	
	2024	2023
Capital projects	\$ 2,127,985	\$ 1,055,857
Food and various programs	1,068,401	233,538
	<u>\$ 3,196,386</u>	<u>\$ 1,289,395</u>

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 Note 5.

Program service contract revenue, which includes various city contracts, is recognized when earned. Investment and other income are recognized when earned.

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, 2024 and 2023, was \$345,146 and \$331,880, respectively, which is reported in media and marketing on the statements of functional expenses.

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Mission that are subject to the guidance in FASB ASC 326 are accounts receivable. The Mission adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 6,368,721	\$ 5,777,563
Cash restricted for capital projects	2,127,985	1,055,857
Accounts receivable	2,602,848	2,271,395
Contributions and grants receivable—net	787,091	50,000
Investments	14,570,073	16,551,437
Financial assets, at year end	<u>26,456,718</u>	<u>25,706,252</u>
Less those unavailable for general expenditure within one year, due to:		
Investments with maturities of greater than one year	(2,169,858)	(1,939,774)
Cash restricted for capital projects	(2,127,985)	(1,055,857)
Contributions and grants receivable not expected to be received within one year	<u>(297,583)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 21,861,292</u>	<u>\$ 22,710,621</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 9.

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Investments consist of certificates of deposits and treasury bills. Investment income was \$935,972 and \$420,634, for the years ended June 30, 2024 and 2023, 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.

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2024 and 2023:

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
		<u>Level 1</u>	<u>Level 2</u>
June 30, 2024:			
Investments held at fair market value:			
Certificates of deposit	\$ 6,208,431	\$ -	\$ 6,208,431
Treasury bills	7,472,424	-	7,472,424
	13,680,855	<u>\$ -</u>	<u>\$ 13,680,855</u>
Reconciling investments held at cost:			
Cash and cash equivalents	514,158		
Certificates of deposit	375,060		
Total investments	<u>\$ 14,570,073</u>		

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

	Fair Value	Fair Value Measurements Using:	
		Level 1	Level 2
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	\$ -	\$ 16,301,437
Reconciling investments held at cost:			
Certificates of deposit	250,000		
Total investments	\$ 16,551,437		

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

5. GIFT-IN-KIND PROGRAM:

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

	Year Ended June 30, 2024			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 427,355	\$ 6,430,772	\$ 6,468,925	\$ 389,202
Furniture and other	428,293	1,577,362	1,688,708	316,947
Clothing	36,078	4,036,392	4,047,850	24,620
	\$ 891,726	\$ 12,044,526	\$ 12,205,483	\$ 730,769
	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

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

5. GIFT-IN-KIND PROGRAM, continued:

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, 2024 and 2023. These methods include (1) average current price located on 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.

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,	
	2024	2023
Land	\$ 7,741,897	\$ 7,741,897
Land improvements	620,085	620,085
Buildings and improvements	38,442,978	38,424,361
Machinery and equipment	4,300,583	4,229,366
Furniture and fixtures	906,726	842,393
Vehicles	1,287,587	1,404,445
	<u>53,299,856</u>	<u>53,262,547</u>
Less accumulated depreciation	(16,383,435)	(14,685,022)
	<u>36,916,421</u>	<u>38,577,525</u>
Construction in process	2,479,087	380,806
	<u>\$ 39,395,508</u>	<u>\$ 38,958,331</u>

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

7. CONTRIBUTIONS AND GRANTS RECEIVABLE-~~NET~~:

Contributions and grants receivable are expected to mature as follows:

	June 30,	
	2024	2023
Amounts due in:		
Less than one year	\$ 521,682	\$ 50,000
One to five years	297,583	-
	819,265	50,000
Less discount	(32,174)	-
	\$ 787,091	\$ 50,000

8. DEBT-~~NET~~:

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:

Year Ending June 30,	
2025	\$ 211,720
2026	220,650
2027	229,514
2028	238,554
2029	247,958
Thereafter	4,581,403
	\$ 5,729,799

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, 2024 and 2023, was \$22,178 and \$2,174, respectively.

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

8. DEBT-NET, continued:

In summary, debt-net consists of:

	June 30,	
	2024	2023
Bonds payable	\$ 5,729,799	\$ 5,933,123
Less loan origination fees-net	(134,371)	(154,375)
	<u>\$ 5,595,428</u>	<u>\$ 5,778,748</u>

The Mission was in compliance with all financial and reporting covenants as of June 30, 2024 and 2023.

9. LINE OF CREDIT:

The Mission has access to a revolving line of credit, maturing November 2025, 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, 2024 and 2023.

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 0.33% 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, 2024 and 2023, were \$629,945 and \$557,875, respectively.

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, 2024 and 2023, were \$117,303 and \$101,853. 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, 2024 and 2023.

DENVER RESCUE MISSION

Notes to Financial Statements

June 30, 2024 and 2023

12 COMMITMENTS:

As of June 30, 2024, the Mission is contractually obligated for renovations and architecture fees that will be used in program services. As of June 30, 2024, the Mission had remaining commitments of approximately \$2,000,000 yet to be incurred on these contracts.

13 SUBSEQUENT EVENTS:

Subsequent to the year ended June 30, 2024, the Mission entered into a lease agreement in which the Mission will lease land for 99 years at no cost to construct and operate the Fort Collins Rescue Mission. The Mission will also receive additional contributions and program-related investment loans to help fund the project.

Subsequent events have been evaluated through October 8, 2024, which represents the date the financial statements were available to be issued.