



**SPRINGS RESCUE MISSION AND
AFFILIATES**

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

SPRINGS RESCUE MISSION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Springs Rescue Mission and Affiliates
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of Springs Rescue Mission and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Springs Rescue Mission and Affiliates 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 Consolidated Financial Statements* section of our report. We are required to be independent of Springs Rescue Mission and Affiliates 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 Consolidated Financial Statements

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

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

Board of Directors
Springs Rescue Mission and Affiliates
Colorado Springs, Colorado

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Springs Rescue Mission and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Springs Rescue Mission and Affiliates' 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 audit.

Capin Crouse LLP

Colorado Springs, Colorado
December 17, 2024

SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,807,640	\$ 4,632,042
Gift-in-kind inventory	104,362	117,339
Contributions and government grants receivable	442,400	319,529
Prepaid expenses and other assets	319,727	346,029
	5,674,129	5,414,939
Board-designated cash	200,000	200,000
Cash restricted for capital projects	-	368,775
Notes receivable-related party	2,896,144	3,166,475
Property and equipment-net	22,695,187	22,119,216
Total Assets	\$ 31,465,460	\$ 31,269,405
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 897,609	\$ 779,248
Notes payable-current portion	207,053	198,988
	1,104,662	978,236
Notes payable-net of current portion	5,997,656	6,193,973
Deferred revenue	98,879	307,762
Other liabilities	139,374	125,601
Total liabilities	7,340,571	7,605,572
Net assets:		
Without donor restrictions	24,052,073	22,715,787
With donor restrictions	72,816	948,046
Total net assets	24,124,889	23,663,833
Total Liabilities and Net Assets	\$ 31,465,460	\$ 31,269,405

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated 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	\$ 8,812,346	\$ 97,386	\$ 8,909,732	\$ 5,058,020	\$ 2,680,185	\$ 7,738,205
Gift-in-kind contributions	4,030,955	-	4,030,955	3,836,536	-	3,836,536
Catering revenue	634,355	-	634,355	514,892	-	514,892
Other income	561,389	-	561,389	569,495	-	569,495
Government grants	2,809,976	-	2,809,976	2,224,591	-	2,224,591
Total Support and Revenue	16,849,021	97,386	16,946,407	12,203,534	2,680,185	14,883,719
NET ASSETS RELEASED:						
Purpose restrictions	972,616	(972,616)	-	2,759,461	(2,759,461)	-
Time restrictions	-	-	-	502,202	(502,202)	-
Total Net Assets Released	972,616	(972,616)	-	3,261,663	(3,261,663)	-
EXPENSES:						
Program services	13,441,775	-	13,441,775	12,777,055	-	12,777,055
Supporting activities:						
General and administrative	1,130,351	-	1,130,351	844,535	-	844,535
Fundraising	1,913,225	-	1,913,225	1,897,376	-	1,897,376
	3,043,576	-	3,043,576	2,741,911	-	2,741,911
Total Expenses	16,485,351	-	16,485,351	15,518,966	-	15,518,966
Change in Net Assets	1,336,286	(875,230)	461,056	(53,769)	(581,478)	(635,247)
Net Assets, Beginning of Year	22,715,787	948,046	23,663,833	22,769,556	1,529,524	24,299,080
Net Assets, End of Year	\$ 24,052,073	\$ 72,816	\$ 24,124,889	\$ 22,715,787	\$ 948,046	\$ 23,663,833

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Wages and benefits	\$ 5,799,671	\$ 692,958	\$ 841,277	\$ 7,333,906
Food, clothing, and other distributions	4,062,944	-	-	4,062,944
Depreciation and amortization	1,005,027	26,415	29,135	1,060,577
Professional services	379,533	265,452	135,032	780,017
Printing and advertising	2,092	36,096	687,076	725,264
Client supplies and events	626,201	-	-	626,201
Staff training and other	482,362	55,068	42,538	579,968
Office and supplies	260,039	40,658	162,024	462,721
Grant expense to related party	309,583	-	-	309,583
Telephone and utilities	200,903	5,410	7,010	213,323
Interest	167,322	4,398	4,850	176,570
Facilities and transportation	146,098	3,896	4,283	154,277
Total Expenses	\$ 13,441,775	\$ 1,130,351	\$ 1,913,225	\$ 16,485,351

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Wages and benefits	\$ 5,354,323	\$ 389,355	\$ 816,486	\$ 6,560,164
Food, clothing, and other distributions	3,805,762	-	-	3,805,762
Depreciation and amortization	966,887	25,413	28,029	1,020,329
Professional services	567,160	306,338	113,746	987,244
Printing and advertising	10,436	30,516	649,760	690,712
Client supplies and events	795,958	-	-	795,958
Staff training and other	391,745	44,830	43,791	480,366
Office and supplies	280,766	32,268	225,611	538,645
Telephone and utilities	236,277	6,121	9,301	251,699
Interest	173,411	4,558	5,027	182,996
Facilities and transportation	194,330	5,136	5,625	205,091
	<u>\$ 12,777,055</u>	<u>\$ 844,535</u>	<u>\$ 1,897,376</u>	<u>\$ 15,518,966</u>

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 461,056	\$ (635,247)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,060,577	1,020,329
In-kind grant to related party	309,583	-
Contributions and grants restricted for long-term purposes	(35,758)	(550,403)
Change in operating assets and liabilities:		
Gift-in-kind inventory	12,977	(30,773)
Contributions and government grants receivable	(122,871)	182,673
Prepaid expenses and other assets	26,302	(204,125)
Notes receivable-related party	(39,252)	-
Accounts payable and accrued expenses	(54,259)	(50,583)
Deferred revenue	(208,883)	105,139
Other liabilities	13,773	44,856
Net Cash Provided (Used) by Operating Activities	1,423,245	(118,134)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(1,445,682)	(692,832)
Net Cash Used by Investing Activities	(1,445,682)	(692,832)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions and grants restricted for long-term purposes	35,758	550,403
Principal payments on notes payable	(206,498)	(200,071)
Net Cash Provided (Used) by Financing Activities	(170,740)	350,332
Net Change in Cash, Designated Cash, and Restricted Cash	(193,177)	(460,634)
Cash, Designated Cash, and Restricted Cash, Beginning of Year	5,200,817	5,661,451
Cash, Designated Cash, and Restricted Cash, End of Year	\$ 5,007,640	\$ 5,200,817
CASH, DESIGNATED CASH, AND RESTRICTED CASH CONSIST OF:		
Cash and cash equivalents	\$ 4,807,640	\$ 4,632,042
Board-designated cash	200,000	200,000
Cash restricted for capital projects	-	368,775
	\$ 5,007,640	\$ 5,200,817
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEM:		
Cash paid for interest	\$ 179,038	\$ 187,219
Property and equipment acquired through liabilities	\$ 172,620	\$ -

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Springs Rescue Mission and Affiliates (collectively, SRM) was incorporated in Colorado in 1996. The mission of SRM is to see lives transformed and filled with hope as the community works together to fight homelessness, poverty, and addiction. SRM provides emergency services, daily meals, educational opportunities, vocational training, and numerous special events and outreaches. The New Life Discipleship Program is a ministry of SRM that consists of three main elements including regeneration, restoration, and accountability. The goal of the program is that each client be restored to a productive Christian life in the community with all the essential elements needed to live and work successfully.

During the year ended June 30, 2015, SRM formed Mission Enterprises Corporation (MEC), a wholly-owned for-profit Colorado corporation, and during the year ended June 30, 2018, SRM formed SRM PPSH1 Inc. and City Gate Motors, LLC, both of which are wholly-owned for-profit Colorado corporations.

During the year ended June 30, 2024, SRM formed Mission Catering, LLC, a wholly-owned for-profit Colorado corporation.

During the year ended June 30, 2024, SRM Legacy Foundation (the Foundation) was formed, and Springs Rescue Mission has control of the Foundation's board. Several LLC's were also formed during the year ended June 30, 2024 with the Foundation as their sole member. These entities are collectively referred to as SRM Foundation and Affiliates.

SRM is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, SRM is subject to federal income tax on any unrelated business taxable income. In addition, SRM is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Cash and non-cash contributions and grants are SRM's primary source of support and revenue.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the balances of Springs Rescue Mission, MEC, SRM PPSH1 Inc., City Gate Motors, LLC, and SRM Foundation and Affiliates. Any inter-company activity has been eliminated. All entities are collectively referred to as SRM.

2. SIGNIFICANT ACCOUNTING POLICIES:

SRM maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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 consolidated 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 consolidated financial statements to the reader.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash includes checking, savings, and money market accounts. As of June 30, 2024 and 2023, SRM has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$4,529,000 and \$4,848,000, respectively.

BOARD-DESIGNATED CASH

Board-designated cash consists of cash designated by the board for operating reserves.

CASH RESTRICTED FOR CAPITAL PROJECTS

Cash restricted for capital projects consists of cash received and held with underlying donor restrictions that it be used for capital project expansion.

GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of items donated to SRM by donors such as clothing, household goods, food, and other items. These items are recorded at their estimated fair market value on the date of the donation and reported at their carrying amount thereafter.

CONTRIBUTIONS AND GOVERNMENT GRANTS RECEIVABLE

Contributions and government grants receivable consist of contributions receivable from individual donors, and government grants receivable on conditional grant agreements. These agreements have a right-of-release in the form of funds to be paid to SRM once the barriers to entitlement are met. As of June 30, 2024 and 2023, these barriers had been met, but the funds had not yet been paid to SRM by the grantors. All receivables are considered to be due within one year, and no allowance has been recorded.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist mainly of prepaid insurance and receivables for catering revenue.

NOTES RECEIVABLE-RELATED PARTY

During the year ended June 30, 2020, SRM loaned \$3,166,475 to the Greenway Flats project. This consisted of a \$1,500,000 loan with interest due of 1% per annum; a \$500,000 loan bearing no interest; and a \$1,166,475 loan bearing no interest. The maturity dates are December 31, 2050 for all the loans with no required periodic payments of principal or interest. During the year ended June 30, 2024, the \$1,166,475 interest-free loan was discounted to an estimated present value of \$896,144, assuming a 6% interest rate over a term of 31 years, which resulted in SRM recording an in-kind donation to Greenway flats of \$309,583 which is included as grant expense to related party on the consolidated statement of functional expenses for the year ended June 30, 2024. SRM recognizes interest income at the assumed rate over the remaining term of the loan, which is included as other income on the consolidated statement of activities for the year ended June 30, 2024. SRM is confident these notes receivable will be collected in full, and therefore, no allowance has been recorded as of June 30, 2024 and 2023.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NOTES RECEIVABLE-RELATED PARTY, continued

Greenway Flats, LLC operates the Greenway Flats (GF) project. This project represents a 65-unit, new construction, permanent supportive housing rental property for the homeless and is located at 31 W. Las Vegas Street, Colorado Springs, CO. GF abuts to the SRM's main campus, immediately to the west. All 65 units are efficiency types with full bathroom and galley style kitchen with sleeping areas. Residents pay 30% of their income toward rent and GF will pay all utility expenses. Of the 65 total units, 62 units are 30% area median income (AMI) and 3 units at 40% AMI. However, all units are dedicated to use by homeless or near homeless individuals. The 62 units at 30% AMI are supported by project based vouchers.

The investor member of GF is US Bancorp Community Development Corporation which has a 99.9% interest in GF. The managing member of GF is Pikes Peak Permanent Supportive Housing No. 1 LLC (PPSH1), which has a 0.009% interest in GF. During the year ending June 30, 2021, SRM PPSH1 Inc. obtained full control of the board of PPSH1 and has full interest in the LLC. As the managing member of Greenway Flats, SRM is the Guarantor and it is required that if at any time an operating deficit occurs, SRM shall advance funds to Greenway Flats as a loan equal to the amount of the deficit. SRM's obligation is however limited, to a maximum amount of \$216,872. In the same agreement, SRM also has guaranteed the performance of certain operational requirements and performance obligations that guarantee punctual payment and performance of a \$150,000 Community Development Block Grant Loan from the City of Colorado Springs, and its obligations to satisfy its indemnification requirements of the Member Operating Agreement. During the years ended June 30, 2024 and 2023, no payments were made as a result of this agreement. The Colorado Springs Housing Authority is a special member of GF, and has a 0.001% interest in GF.

PROPERTY AND EQUIPMENT

SRM capitalizes fixed assets exceeding \$3,000. Property and equipment are recorded at cost. Donated items are recorded at their estimated fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives which range from three to thirty years.

DEFERRED REVENUE

A gain related to the note receivables referred to above was recorded in the amount of \$98,879 during the year ended June 30, 2019. SRM did not receive a down payment from Greenway Flats, LLC for the purchase of this land. Therefore, the amount was recorded as a deferred gain and the balance as of both years ended June 30, 2024 and 2023 was \$98,879. During the year ended June 30, 2023, SRM also received conditional grants, but had not yet overcome the barriers to recognize as revenue a portion of the funds received totaling \$208,883. The amount of funds received, but not yet recognized as revenue, is included in deferred revenue on the consolidated statements of financial position. There was no such deferred revenue from conditional grants as of June 30, 2024.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are currently available for use at the discretion of the board and resources invested in property and equipment-net. As of June 30, 2024 and 2023, \$200,000 has been designated by the board for operating reserves.

Net assets with donor restrictions are restricted by donors for specific operating purposes or until time restrictions have been met. They are not currently available for use in SRM activities until restrictions regarding their use have been fulfilled.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Donated food, materials, supplies, property, and equipment are reflected as gift-in-kind contributions in the accompanying consolidated statements of activities at their estimated fair market values on the date of receipt. Only donated professional services are recorded at their estimated fair market values. For all other donated services, SRM does not record contribution revenue as these services do not meet the criteria to be recorded under accounting standards. However, a substantial number of volunteers have donated significant amounts of time to the programs of SRM.

Grant income is recognized on all conditional grants when the condition has been met and is recorded as income without donor restrictions due to the related donor restrictions being simultaneously met when the condition or barrier is overcome.

Catering revenue is generated from the Culinary Arts Training Program, and is recorded when earned.

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

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statements of activities and functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of SRM. These expenses include depreciation and amortization, interest, office and other, and facilities operations, utilities and maintenance. Depreciation is allocated base on square footage and interest is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort.

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) via Accounting Standards Update No. 2016-13 *Measurement of Credit Losses on Financial Instruments*, 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 consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. SRM has minimal financial assets subject to the guidance in FASB ASC 326 which are included in prepaids and other assets on the consolidated statements of financial position. The impact of the adoption was not considered material to the consolidated financial statements, and therefore, additional disclosures have been excluded.

3. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consists of:

	June 30,	
	2024	2023
Land and improvements	\$ 2,157,121	\$ 2,157,121
Buildings and improvements	26,568,340	25,528,165
Furniture and equipment	1,336,665	1,212,819
Vehicles	188,678	188,678
	<u>30,250,804</u>	<u>29,086,783</u>
Less accumulated depreciation and amortization	<u>(8,380,836)</u>	<u>(7,338,505)</u>
	21,869,968	21,748,278
Construction in progress	825,219	370,938
	<u>\$ 22,695,187</u>	<u>\$ 22,119,216</u>

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects SRM'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	\$ 4,807,640	\$ 4,632,042
Contributions and government grants receivable	442,400	319,529
Other assets	104,856	64,550
Board-designated cash	200,000	200,000
Cash restricted for capital projects	-	368,775
Notes receivable—related party	2,896,144	3,166,475
	<u>8,451,040</u>	<u>8,751,371</u>
Less those unavailable for general expenditure within one year, due to:		
Board-designated cash	(200,000)	(200,000)
Cash restricted for capital projects	-	(368,775)
Notes receivable, not collectible in the next year	(2,896,144)	(3,166,475)
	<u>(2,896,144)</u>	<u>(3,166,475)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,354,896</u>	<u>\$ 5,016,121</u>

As part of SRM's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, SRM has policies to review cash flows weekly and financial statements monthly.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2024	2023
Note payable to a financial institution in the amount of \$3,100,000, due in monthly installments of principal and interest of \$18,719, with interest calculated at 3.91%. Note matures December 2028 with a balloon payment due at that time, and note is secured by property. Note payable is presented net of capitalized loan fees of \$27,312 and \$33,382, respectively, net of accumulated amortization.	\$ 2,464,923	\$ 2,581,220
Note payable to the City of Colorado Springs in the amount of \$1,500,000, related to the Greenway Flats project. This note bears interest at 1% per annum, and the maturity date is December 31, 2050. Subject to certain conditions, the loan is eligible for forgiveness at the loan maturity date.	1,500,000	1,500,000
Note payable to a financial institution in the amount of \$1,080,000, due in monthly installments of principal and interest of \$6,320, with interest calculated at 3.55%. Note matures December 2030 with a balloon payment due at that time, and note is secured by property. Note payable is presented net of capitalized loan fees of \$11,477 and \$13,243, respectively, net of accumulated amortization.	930,540	969,807
Note payable to a financial institution in the amount of \$920,000, due in monthly installments of principal and interest of \$5,336. A balloon payment of outstanding principal and interest is due at maturity in July 2031. This note bears interest at 3.45% and is secured by property. Note payable is presented net of capitalized loan fees of \$12,933 and \$14,780, respectively, net of accumulated amortization.	809,246	841,934

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. NOTES PAYABLE, continued:

Notes payable consist of, continued:

	June 30,	
	2024	2023
Note payable to the City of Colorado Springs in the amount of \$500,000, related to the Greenway Flats project. This note bears no interest, and the maturity date is December 31, 2050. Subject to certain conditions, the loan is eligible for forgiveness at the loan maturity date.	500,000	500,000
	6,204,709	6,392,961
Less current portion	(207,053)	(198,988)
	\$ 5,997,656	\$ 6,193,973

Future minimum payments for notes payable are:

Year Ending June 30,	
2025	\$ 207,053
2026	215,058
2027	223,374
2028	230,715
2029	2,039,604
Thereafter	3,288,905
	\$ 6,204,709

SRM was in compliance with all financial and reporting covenants at June 30, 2024 and 2023.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	June 30,	
	2024	2023
Building fund	\$ 72,816	\$ 739,713
Vocational training	-	158,333
Shelter	-	50,000
	\$ 72,816	\$ 948,046

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

7. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions were received for the following types of items:

	Year ended June 30,	
	2024	2023
Clothing	\$ 2,904,239	\$ 2,829,841
Household goods	514,853	551,255
Food	432,975	191,133
Others	178,888	264,307
	<u>\$ 4,030,955</u>	<u>\$ 3,836,536</u>

The gift-in-kind contributions received did not have donor-imposed restrictions. SRM estimates the fair market value of the donated items based on price studies performed of what similar products could be sold for in the United States. The estimated fair market value of the donated clothing and household goods is discounted 30% as these items are generally used or secondhand. After SRM receives gift-in-kind contributions, they are utilized for program activities such as providing clothing, food, or supplies to homeless individuals.

8. EMPLOYEE BENEFITS:

SRM has a 403(b) Retirement Plan that is available for all employees who meet eligibility requirements. SRM matches up to 2% of eligible compensation to those employees who meet eligibility requirements. SRM also contributes an additional 1% for direct expenses. Effective February 2016, all eligible employees are automatically enrolled at 3% unless they chose to opt out. During the years ended June 30, 2024 and 2023, employer contributions were \$130,844 and \$108,077, respectively.

9. FUTURE LEASE INCOME:

SRM has a lease agreement with an unrelated third-party tenant. Lease income for the years ended June 30, 2024 and 2023, was approximately \$173,000 and \$172,000, respectively, which is included in other income on the consolidated statements of activities. Future minimum lease income under this agreement is:

<u>Year Ending June 30,</u>	
2025	\$ 131,417
2026	<u>44,333</u>
	<u>\$ 175,750</u>

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

10. DONOR CONCENTRATION:

During the years ended June 30, 2024 and 2023, one grantor provided approximately 16% and 11% of total contributions and government grants revenue, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through December 17, 2024, which is the date the consolidated financial statements were available to be issued.