

City Rescue Mission, Inc.

FINANCIAL STATEMENTS

Year Ended June 30, 2024

City Rescue Mission, Inc.

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## INDEPENDENT AUDITORS' REPORT

*To the Board of Directors  
City Rescue Mission, Inc.  
Jacksonville, Florida*

### ***Opinion***

*We have audited the accompanying financial statements of City Rescue Mission, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 City Rescue Mission, Inc. as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Rescue Mission, Inc. 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 the 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 City Rescue Mission,

Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

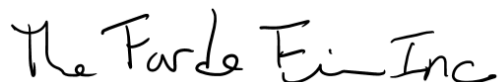
***Auditor's Responsibilities for the Audit of the Financial Statements***

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 auditor's 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, including omissions, 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 audit.
- 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 City Rescue Mission, Inc.'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 City Rescue Mission, Inc.'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 audit.



The Forde Firm, Inc.  
Jacksonville, Florida  
June 24, 2025

**City Rescue Mission, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2024

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 541,448	\$ 48,129	\$ 589,577
Accounts receivable	1,269	8,150	9,419
Other receivable	78,650	-	78,650
Supplies	102,436	-	102,436
Thrift store inventory	164,719	-	164,719
Prepaid Expenses	134,777	-	134,777
Total Current Assets	<u>1,023,299</u>	<u>56,279</u>	<u>1,079,578</u>
<b>NONCURRENT ASSETS</b>			
Investments	1,468,744	-	1,468,744
Leased right-of-use asset	1,407,815	-	1,407,815
Property and Equipment	<u>3,205,715</u>	<u>-</u>	<u>3,205,715</u>
Total Noncurrent Assets	<u>6,082,274</u>	<u>-</u>	<u>6,082,274</u>
Total Assets	<u><u>7,105,573</u></u>	<u><u>56,279</u></u>	<u><u>7,161,852</u></u>

See Accompanying Notes to Financial Statements.

**City Rescue Mission, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2024

	<u>June 30, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 183,181	\$ -	\$ 183,181
Lease liabilities, current	182,734	-	182,734
Accrued Expenses	<u>127,316</u>	<u>-</u>	<u>127,316</u>
Total Current Liabilities	<u>493,231</u>	<u>-</u>	<u>493,231</u>
<b>NONCURRENT LIABILITIES</b>			
Lease liabilities, long-term	<u>1,225,081</u>	<u>-</u>	<u>1,225,081</u>
Total Noncurrent Liabilities	<u>1,225,081</u>	<u>-</u>	<u>1,225,081</u>
Total Liabilities	<u>1,718,312</u>	<u>-</u>	<u>1,718,312</u>
<b>NET ASSETS</b>			
Net Assets	4,913,087	530,453	5,443,540
Total Net Assets	<u>4,913,087</u>	<u>530,453</u>	<u>5,443,540</u>
Total Liabilities and Net Assets	<u><u>6,631,399</u></u>	<u><u>530,453</u></u>	<u><u>7,161,852</u></u>

See Accompanying Notes to Financial Statements.

**City Rescue Mission, Inc.**  
Statement of Activities  
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Contributions	\$ 3,429,601	\$ 309,152	\$ 3,738,753
In-kind donations	1,838,505	-	1,838,505
Thrift store sales	563,121	-	563,121
Program service fees	83,897	-	83,897
Government grants	1,012,017	-	1,012,017
Homes of Hope rental income	183,876	-	183,876
Other revenues	98,527	-	98,527
Interest and dividends	77,618	-	77,618
Special events, net of expenses of \$217,390	(30,354)		(30,354)
Total Revenues and Support subtotal	7,256,808	309,152	7,565,960
Net Assets Released from Restrictions:			
Satisfaction of donor restrictions	-		-
Total Revenues and Support	7,256,808	309,152	7,565,960
EXPENSES:			
Programs	6,761,135	-	6,761,135
Management and general	698,332	-	698,332
Public Relations and Fundraising	1,778,809	-	1,778,809
	9,238,276	-	9,238,276
Increase (Decrease) in Net Assets Before			
Investment Gains (Losses)	(1,981,468)	309,152	(1,672,316)
Net Appreciations in Investments			
Realized gain (loss)	56,820	-	56,820
Unrealized gain (loss)	110,284	-	110,284
	167,104	-	167,104
Net Assets, Beginning of Year	6,727,451	221,301	6,948,752
Net Assets, End of Year	\$ 4,913,087	\$ 530,453	\$ 5,443,540

See Accompanying Notes to Financial Statements.

**City Rescue Mission, Inc.**

## Statement of Cash Flows

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (1,672,316)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	49,060
Net realized and unrealized investment (gains) losses	(958,309)
Changes in Operating Assets and Liabilities:	
(Increase) decrease in accounts receivable	(1,928)
(Increase) decrease in prepaid expenses	100,609
Increase (decrease) in accounts payable	61,082
Increase (decrease) in accrued expenses	59,175
Increase (decrease) in deferred revenue	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,362,627)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment sales/purchases	(769,460)
Investment in property and equipment	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(769,460)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,132,087)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,721,664</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 589,577</u></u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION	
Interest expense paid	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements.



**City Rescue Mission, Inc.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2024

												2024			
	Emergency Services	Lifebuilders Men	Lifebuilders Women	Workforce Development	Food Services	Retail Services	Medical, Dental, and Other Services	State Contract Crossroads	Charis Chocolate	Charis Café	Homes of Hope	Total Program Services	Management and General	Public Relations and Fundraising	Total
Salaries and Related Expenses															
Salaries	\$407,635	\$407,155	\$316,818	\$77,846	\$159,564	\$288,095	\$121,899	\$635,291	\$58,059	\$97,637	\$30,085	\$ 2,600,084	\$ 166,990	\$ 318,507	\$ 3,085,581
Employee benefits and worker's compensation insurance	28,602	60,413	33,905	6,809	10,892	23,719	11,712	49,442	7,598	11,219	3,764	248,075	24,074	41,865	314,014
Payroll taxes	31,442	30,216	23,707	5,716	12,068	22,115	9,133	48,142	4,307	7,258	2,226	196,330	12,435	24,436	233,201
Total Salaries and Related Expenses	<u>\$467,679</u>	<u>\$497,784</u>	<u>\$374,430</u>	<u>\$90,371</u>	<u>\$182,524</u>	<u>\$333,929</u>	<u>\$142,744</u>	<u>\$732,875</u>	<u>\$69,964</u>	<u>\$116,114</u>	<u>\$36,075</u>	<u>3,044,489</u>	<u>203,499</u>	<u>384,808</u>	<u>3,632,796</u>
Expenses															
Advertising	3,908	1,954	1,954	1,954	-	154	-	154	-	-	-	10,078	154	98,762	108,994
Bad debts	-	-	-	-	-	300	-	-	-	-	11,703	12,003	-	3,378	15,381
Bank charges	316	236	158	236	158	9,014	158	256	85	2,930	236	13,783	41,222	158	55,163
Building rents	-	-	-	-	63	151,096	-	-	-	26,840	-	177,999	-	-	177,999
Computer service and maintenance	6,131	7,396	6,390	3,249	2,587	4,716	4,179	3,063	1,920	2,218	1,915	43,764	44,271	81,246	169,281
Conventions and seminars	218	1,151	599	54	-	115	-	117	-	-	-	2,254	10,420	3,901	16,575
Direct aid - in kind	131,931	-	-	-	1,055,743	-	68,869	44	-	-	5,100	1,261,687	-	600	1,262,287
Direct selling expenses and cost of goods sold	-	-	-	-	-	563,349	-	-	4,602	11,941	-	579,892	-	-	579,892
Dues and subscriptions	2,374	1,473	910	-	-	2,014	301	313	-	29	-	7,414	12,080	4,962	24,456
Employment screening	1,828	1,140	382	-	650	1,676	-	3,350	76	115	-	9,217	746	666	10,629
Equipment rent and contracted services	16,193	7,240	6,039	1,192	20,415	41,443	2,866	11,337	876	5,294	325	113,220	69,442	75,026	257,688
Food purchases	-	-	-	-	161,156	-	-	-	-	-	-	161,156	-	-	161,156
Insurance - liability	29,939	88,657	43,614	3,048	6,036	14,236	7,249	27,693	2,977	-	24,271	247,720	16,050	13,176	276,946
Insurance - vehicle	-	20,104	13,226	-	6,349	6,878	-	6,349	-	-	-	52,906	-	-	52,906
Maintenance and repairs	27,656	54,206	1,052	-	26,879	18,778	-	8,745	-	3,593	19,562	160,471	49,560	809	210,840
Office supplies	712	2,771	1,944	(63)	79	1,085	854	1,143	-	273	-	8,798	33,355	13,869	56,022
Printing and postage	-	-	-	-	-	-	-	-	-	-	-	-	21,498	728,114	749,612
Professional fees	7,177	6,017	2,538	-	1,467	6,164	1,048	7,933	1,326	1,852	-	35,522	123,086	323,965	482,573
Supplies	25,070	17,327	17,604	720	7,203	4,253	7,965	29,027	1,080	1,195	-	111,444	1,441	1,441	114,326
Taxes and licences	-	-	-	-	-	-	-	-	-	-	3,430	3,430	1,339	-	4,769
Telephone	7,295	8,277	4,053	74	2,736	4,586	1,644	7,596	822	639	299	38,021	8,081	2,958	49,060
Utilities	38,420	45,970	11,782	-	34,178	27,634	15,453	27,637	4,164	581	27,432	233,251	12,060	9,212	254,523
Vehicle expense	-	14,469	7,252	-	5,824	17,269	-	513	-	-	-	45,327	6,253	1,362	52,942
Other expense	36,375	18,187	18,187	-	425	167	-	-	-	-	-	73,341	979	-	74,320
Total before depreciation	<u>803,222</u>	<u>794,359</u>	<u>512,114</u>	<u>100,835</u>	<u>1,514,472</u>	<u>1,208,856</u>	<u>253,330</u>	<u>868,145</u>	<u>87,892</u>	<u>173,614</u>	<u>130,348</u>	<u>6,447,187</u>	<u>655,536</u>	<u>1,748,413</u>	<u>8,851,136</u>
Depreciation	<u>34,507</u>	<u>48,599</u>	<u>32,140</u>	<u>12,526</u>	<u>40,717</u>	<u>32,313</u>	<u>22,869</u>	<u>33,918</u>	<u>12,097</u>	<u>1,994</u>	<u>42,268</u>	<u>313,948</u>	<u>42,796</u>	<u>30,396</u>	<u>387,140</u>
Total Expenses	<u>\$ 837,729</u>	<u>\$ 842,958</u>	<u>\$ 544,254</u>	<u>\$ 113,361</u>	<u>\$ 1,555,189</u>	<u>\$ 1,241,169</u>	<u>\$ 276,199</u>	<u>\$ 902,063</u>	<u>\$ 99,989</u>	<u>\$ 175,608</u>	<u>\$ 172,616</u>	<u>\$ 6,761,135</u>	<u>\$ 698,332</u>	<u>\$ 1,778,809</u>	<u>\$ 9,238,276</u>

See Accompanying Notes to Financial Statements.

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2024

1. NATURE OF ORGANIZATION:

City Rescue Mission, Inc. (the Organization), founded in 1946, exists to transform the lives of the homeless and needy, serving them through the love and compassion of Jesus Christ. The Organization provides a continuum of care to the homeless and needy in Jacksonville, Florida, and the surrounding Northeast Florida communities. The Organization is supported by individuals, churches, organizations, sponsorships, grants, businesses, and community events. In March 2023, the board approved a change in the Organization's fiscal year from September 30 to June 30.

The Organization fulfills its mission by maintaining and offering the following programs:

**Emergency Services**

At the beginning of the continuum of care programs, the Organization provides case management, hot meals, clean clothing, and safe shelter to the homeless and needy.

**LifeBuilders**

The LifeBuilders program is a long-term, residential, biblically based recovery program for those in need of addiction recovery. Individuals in this program are offered biblical instruction, counseling for relapse prevention, computer literacy and life skills development classes, and on-site medical, dental, and chiropractic care. While in the program, students are able to attend classes in order to earn their general educational degree or go on to higher education. Progress in the program brings increased responsibility and freedom, the reward of graduation, and a new life.

**Workforce Development**

The Workforce Development program enhances employment opportunities for its students by identifying skills, talents, and abilities while charting a career path, building self-esteem, and participating in certification and job placement programs. Participants receive computer training, academic tutoring, and other individualized services. Local businesses partner with the Organization to provide employment experience for the students.

**Retail Services**

The Organization operates a thrift store that sells donated items to the general public. Proceeds from these retail sales help support other programs operated by the Organization and also provides on-the-job training for individuals within the programs.

**Medical, Dental, and Other Services**

During the continuum of care, the Organization provides medical, dental, and other services to the needy. These services are provided by professionals in the community at discounted and donated rates.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

**Crossroads**

The Organization provides services to the Florida Department of Corrections under a state contract to provide substance abuse and reintroduction services for criminal offenders on community supervision release. The goal of Crossroads is re-introducing offenders back to Northeast Florida as successful citizens.

**Charis Chocolate**

The Organization operates Charis Chocolates, a chocolate shop producing products sold through local restaurants in the community. Charis Chocolates provides a unique way to engage the public, spread the message of the Organization's mission, and raise funds for support.

**Charis Café**

The Organization operates Charis Café, a coffee shop and meeting space, selling fresh coffee, artisan sandwiches, and Charis Chocolates. Charis Cafe provides a unique way to engage the public, spread the message of the Organization's mission, and raise funds for support.

**Homes of Hope**

Homes of Hope provides a safe and smooth transition for individuals transitioning out of the residential facility. The homes offer a safe, drug-free, and supportive environment to assist in the transition into independent living. The Organization rents these houses to participants at a discounted rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and gains and losses at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Unrestricted Cash and Restricted Cash

Unrestricted cash consists of deposits on hand at financial institutions and is available for all operations of the Organization. Restricted cash consists of deposits on hand at financial institutions, that are held by the Organization on behalf of students renting through the Homes of Hope program. The Organization has a corresponding liability for the amount which is included in accounts payable on the statement of financial position.

Accounts Receivable

Accounts receivable are presented at net realizable value and arise from property rented to transitional housing occupants in the Homes of Hope program. Management evaluates accounts receivable and includes, in the allowance for doubtful accounts, an estimate of amounts considered to be uncollectible. Uncollectible amounts are charged against the allowance account when management determines that the possibility of collection is remote. The allowance for doubtful accounts on accounts receivable amounted to \$5,568 at June 30, 2024. Interest is not charged against past-due amounts.

Restricted Contributions Receivable

Restricted contributions receivable are unconditional promises to give and are presented at net realizable value. As of June 30, 2024, the Organization's restricted contributions receivable are due within one year from the date of the promise. Restricted contributions have donor-imposed restrictions that limit the contribution to specific programs or purposes. Management evaluates restricted contributions receivable and includes, in the allowance for doubtful accounts, an estimate of amounts considered to be uncollectible. Uncollectible amounts are charged against the allowance account when management determines that the possibility of collection is remote. The allowance for doubtful accounts on restricted contributions receivable amounted to \$0 at June 30, 2024. Interest is not charged against past-due amounts.

Other Receivables

Other receivables are presented at net realizable value and primarily consist of grants awarded by state and local government agencies that are collectible within one year from the date of the award. Management evaluates other receivables and includes, in the allowance for doubtful accounts, an estimate of amounts considered to be uncollectible. Uncollectability typically occurs when legislative actions limit the amount of the award or the timing of payment. Uncollectible amounts are charged against the allowance account when management determines that the possibility of collection is remote. No allowance for uncollectability was considered necessary at June 30, 2024.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Investments

Investments are stated at fair value, except for certificates of deposit having original maturity dates greater than three months, which are stated at amortized cost. Realized and unrealized gains and losses are combined with investment income earned during the period and presented as investment return on the accompanying statement of activities. Investment expenses are netted against investment income.

Property and Equipment

Property and equipment purchased by the Organization is stated at cost, and property and equipment donated to the Organization is stated at the fair value measured at the donation date. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in the statement of activities as a change in unrestricted net assets.

The Organization's current policy is to capitalize all purchased or donated assets valued in excess of \$1,000 with estimated useful lives of greater than one year. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Asset lives for financial statement reporting of depreciation are:

Asset category		Years
Land		-
Building and improvements		5-40
Equipment and furnishings		3-10
Vehicles		5-10

Impairment of Long-Lived Assets

The Organization reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the assets or asset group to the undiscounted cash flows that the assets or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount, if any, exceeds its fair value. There were no impairments at June 30, 2024.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of gifts of cash or other assets received with donor-imposed restrictions that limit the use of the donation by either time or purpose.

Net assets with donor restrictions may also include those gifts with restrictions that are perpetual in nature and neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At June 30, 2024, the Organization had no net assets with donor restrictions that were perpetual in nature.

Net Assets Without Donor Restriction

Net assets without donor restrictions are available for use in general operations unless designated by the Board of Directors to fund specific projects considered important to the Organization's mission. Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-imposed restrictions.

Contributions and Grants

The Organization recognizes unconditional contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give and conditional contributions—that is those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. As of June 30, 2024, there were no conditional promises to give.

Contributions and grants are recorded when earned as with or without donor restriction depending on the existence and/or nature of any restrictions imposed by the donor or granting party. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), assets with donor restrictions are reclassified to assets without donor restrictions and reported in the statement of activities as net assets without donor restrictions.

In-Kind Donations

Contributions of assets other than cash are recorded at fair market value at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills that are provided by individuals possessing those skills. Donated professional, medical, dental, and other services, which required specialized skills, have been recorded in the financial statements based on actual hours worked multiplied by an estimated rate per hour based on standard rates of services provided and reflects the fair value of the services provided. Donated professional services of \$63,569 were

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

In-Kind Donations - continued

recorded as in-kind donations on the statement of activities for the twelve months ended June 30, 2024. The related expenses are included in professional fees on the statement of functional expenses.

A substantial number of volunteers have donated significant amounts of their time to the Organization. Based on authoritative guidance, the financial statements reflect amounts for those volunteers whose services create or enhance non-financial assets or require specialized skills.

Program Revenues

Program revenues are exchange transaction generated through thrift store sales, program service fees, and government contracts. Revenues are recognized when a promised good or service is transferred to a customer or program student in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. Program revenues are presented net of discounts and are recognized using the five-step model as follows:

- Identification of the contract with the customer.
- Identification of the performance obligation in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligation in the contract.
- Recognition of revenues when, or as, performance obligations are satisfied.

Program Service Fees

Program service fees arise from each student's participation in the LifeBuilders and Crossroads programs. Student fees vary on a student-by-student basis depending on income, legal obligations, and other factors affecting their ability to pay. The fees collected are used offset a small portion the Organization's cost of administering services and for maintenance of the on-site dormitories. The program fees collected are nominal and are not representative of the cost of a student's recovery program, but are for preparing them for the responsibilities of returning to independent living. Management has determined that program service fees represent a bundle of services that cannot be distinguished individually. Therefore, this bundle is considered a single performance obligation. Several factors are considered in determining that services are transferred to a student over time and, therefore, revenue is recognized over time. These factors include that the Organization is performing services in which the student simultaneously receives and consumes all of the benefits. Management has, therefore, determined that revenue will be recognized using the input method and has recorded revenue each month as time lapses. There are no variable considerations.

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Thrift Store Sales

The Organization operates a thrift store that sells donated items to the general public. Thrift store sales are recognized as revenue at a point in time in which the sale occurs. Sales are net of returns and exclude sales tax. There are no variable considerations. Proceeds from these sales are used to support the Organization's other programs.

Homes of Hope Rental Income

Rental income is recognized based on contractual rates that are agreed upon between the tenant and the Organization and is collected on a monthly basis. The rental income recognized under the Homes of Hope program is subject to Accounting Standards Codification (ASC) Topic 842, Leases.

Property and equipment used in the Homes of Hope program held for leasing consisted of the following:

June 30, 2024	
Land	\$ 45,262
Building and improvements	882,860
Furniture and equipment	30,798
Less: accumulated depreciation	<u>(647,536)</u>
Total	<u>\$ 311,384</u>

Fair Value of Financial Instruments

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Valuation is based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation is based on observable quoted prices for similar assets and liabilities in active markets.

Level 3 – Valuation is based on inputs that are unobservable and are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.



NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Fair Value of Financial Instruments- continued

The Organization measures fair value as an exit price using the procedures described below for all assets and liabilities measured at fair value. When available, the Organization uses unadjusted quoted market prices to measure fair value and classifies such items within Level 1. If quoted market prices were not available, fair value would be based upon internally or third party developed models that use, where possible, current market-based or independently-sourced market parameters such as interest rates and currency rates. Items valued using internally generated models would be classified according to the lowest level input or value driver that is significant to the valuation.

The Organization's investments are valued using Level 1 and Level 2 inputs at June 30, 2024.

As of June 30, 2024, the fair value of the Organization's financial instruments, including unrestricted cash, restricted cash, accounts receivable, restricted contributions receivable, other receivables, accounts payable, and accrued liabilities, approximated the carrying value due to the short maturity of these instruments.

Income Taxes

The Organization is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of respectively. The Organization evaluates its tax positions for any uncertainties based on the technical merits of the positions taken. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2024, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Management is required to analyze all open tax years, as defined by the Statute of Limitations, for all major jurisdictions, including federal and certain state taxing authorities. With few exceptions, at June 30, 2024, the Organization is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by taxing authorities for years before 2021. As of and for the twelve months ended June 30, 2024, the Organization did not have a liability for any unrecognized taxes. The Organization has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next 12 months.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

Functional Expenses

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period. The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses that are attributable to one or more program or supporting functions of the Organization are allocated based on individuals served, number of employees, and/or space utilized.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense was \$326,384 for the twelve months ended June 30, 2024.

**Recently Adopted Accounting Pronouncements**

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes ASC 840, Leases. The new guidance requires lessees to recognize most leases on their statement of financial position for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases and became effective for private entities in annual reporting periods beginning after December 15, 2021. The guidance requires adoption of the new standard using a modified retrospective approach. The Organization adopted the guidance on October 1, 2022 and elected the transition method that allows for the application of the standard at the adoption date. The Organization also elected the package of practical expedients. As a result, it did not reassess: (i) whether any expired or existing contract is or contains a lease, (ii) whether any expired or existing lease requires capitalization under the new guidance, and (iii) the initial direct cost for any existing lease. The Organization also has elected not to apply the hindsight practical expedient in assessing the lease term for existing leases. Rather, the Organization will reassess leases at the time a significant event or change occurs following the effective date in assessing lease term for calculating the right-of-use (ROU) asset or liability. Upon adoption, the Organization recognized approximately \$1,349,417 of ROU assets and \$1,540,743 of lease liabilities on its statement of financial position. The adoption of the guidance did not have any significant effect on the Organization's statements of functional expenses or cash flows.

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued

New Accounting Pronouncements

Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The standard provides guidance for estimating credit losses on certain types of financial instruments, including trade receivables, by introducing an approach based on expected losses. The expected loss approach will require entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts. ASU 2017-13 also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The FASB has issued several amendments to the standard. In November 2019, the FASB amended the standard with the issuance of ASU 2019-10, Financial Instruments – Credit Losses (Topic 326): Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates. The amendment revised the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022. The Organization adopted this new standard on July 1, 2023. Management is currently evaluating the impact of this ASU on its financial statements.

3. PROPERTY AND EQUIPMENT

The estimated useful lives and carrying value of land, buildings and equipment are as follows:

<u>Description</u>	<u>Cost</u>
Land and improvements	\$ 317,749
Building and improvements	7,070,114
Equipment and furnishings	1,126,121
Vehicles	<u>358,248</u>
	8,872,232
Less accumulated depreciation	<u>(5,666,517)</u>
Net Property and Equipment	<u>\$ 3,205,715</u>

Depreciation expense for the year ended June 30, 2024 was \$ 387,140.

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

4. INVESTMENTS

The Organization's investments consist of the following:

	<u>Market</u>	<u>Cost</u>	<u>Unrealized Gain(loss)</u>
Cash	\$ 135,964	\$ 135,964	\$ -0-
Fixed Income	99,062	100,005	(943)
Equities	399,102	344,415	54,687
Other	<u>970,580</u>	<u>914,040</u>	<u>56,540</u>
	<u>\$ 1,604,708</u>	<u>\$ 1,494,424</u>	<u>\$ 110,284</u>

Short-term investments consist primarily of individual equities that have been donated, without donor restrictions, to the City Rescue Mission. The Organization's policy is to sell these equities as soon as practical and transfer the funds to the operating account. Thus, they are considered to be short-term investments. The total fair value of investments of \$1,604,708 is presented on the statement of financial position as short-term investments of \$-0- and noncurrent investments of \$1,604,708.

The money market funds and cash balances with the investment accounts are not intended to be used in the current period. Thus, they are considered part of long-term investments.

Changes in investment accounts consist of the following:

	<u>Mission</u>
Investments, June 30, 2023	<u>\$ 3,032,069</u>
Contributions deposited	-0-
Transfers in	-0-
Transfers out	(1,658,375)
Interest and dividends earned	77,618
Realized and unrealized gains and (losses)	167,104
Investment fees charged	<u>(13,708)</u>
Subtotal, change in investments	<u>(1,427,361)</u>
Investments, June 30, 2024	<u>\$ 1,604,708</u>

5. LINE OF CREDIT

The Organization has a \$300,000 line of credit that is collateralized by one of the Organization's buildings and matures in June 2025. The line of credit bears interest at *The Wall Street Journal* prime rate plus 0.5% with a floor of 4.0% on outstanding balances (8.25% at June 30, 2024). There were no outstanding balances as of June 30, 2024.

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

6. CONTRIBUTIONS IN-KIND

Contributions in-kind consisted consisted of the following:

Twelve months ended June 30, 2024

Description	Amount	Utilization in Programs/Activities	Donor Restriction	Valuation Technique and Inputs
Clothing and household goods for resale	\$640,853	Retail Services	None	Estimated based on anticipated future sales.
Food	\$1,055,743	Emergency Services, LifeBuilders, State Contract Crossroads	None	Estimated based on market value of if weight is know, at a rate of \$1.79/lb
Medical supplies and pharmaceuticals	\$14,461	Medical, Dental and other services	None	Estimated using current retail prices on same brand and quantities
Personal hygiene and other supplies	\$65,279	Emergency services	None	Bundled items, including a blanket, paid of socks, toothbrush, soap and other items, are estimated at \$25 per box distributed. Residual boxes were inventoried and estimated at current market prices reflecting the replacement cost of similar necessities.
Medical, dental, and chiropractic services	\$62,169	Medical, dental, and other services	None	Estimated using actual hours contributed for professional services in supporting areas using an internal wage rate for entry level supporting positions. Contributed hours by physicians, nurses, and chiropractors valued using rates provided by WeCareJax, a Florida 501c(3). Contributed hours for dentists and dental hygienists are valued at current prices for specific dental services charged by local dentists.
	\$1,838,505			

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

7. CONCENTRATIONS AND CREDIT RISKS

Concentrations of Credit Risk

The Organization maintains bank accounts with institutions insured by the Federal Deposit Insurance Corporation (FDIC). This FDIC insurance is limited to \$250,000 per depositor. Such excesses are considered a contingent risk under generally accepted accounting principles. The amount exceeding the FDIC insured level at June 30, 2024 was \$0 as accounts are maintained in a sweep account.

Concentrations of Government Funding

For the twelve months ended June 20, 2024, there was one government grant that accounted for 13% of total revenue.

8. LEASES

The Organization leases certain property and equipment under leases with terms varying between three and ten years upon adoption of ASC 842. All leases meet the definition of operating leases under the standard.

For any new or modified lease, the Organization, at the inception of the contract, determines whether a contract is or contains a lease. The Organization records ROU assets and lease obligations for its operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. If the rate implicit in the Organization's leases is not easily determinable, the Organization has elected to use the risk-free rate in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease, plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected to not separate lease from non-lease components. For leases in which the lease and non-lease components have been combined, the variable lease expense includes expenses, such as common area maintenance, utilities,, and repairs and maintenance.

Fixed lease payments are recognized on a straight-line basis over the lease term, while variable payments (such as taxes, administrative fees, and variable common area maintenance charges) are recognized in the period incurred.

The following table provides quantitative information concerning the Organization's operating leases for the twelve months ended June 30, 2024:

City Rescue Mission, Inc.

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

8. LEASES - continued

ROU Assets	\$ 1,691,275
Less: Amortization	<u>(283,460)</u>
ROU Assets, June 30, 2024	<u>\$ 1,407,815</u>

Following is a maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024.

Year Ending June 30:	
2025	\$ 182,734
2026	197,497
2027	213,140
2028	229,711
2029	218,335
Maturing in the aggregate thereafter	<u>438,208</u>
Total Lease Payments	\$ 1,479,625
Less Imputed interest	<u>(71,810)</u>
Present value of lease liabilities	<u>\$ 1,407,815</u>

Lease expenses for the year ending June 30, 2024 was \$177,999.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure – that is, without donor or other restrictions limiting their use, within one year of the balance sheet date – comprise the following:

Financial assets at June 30, 2024	\$ 2,067,740
Less those unavailable for general expenditures within one year due to:	
Donor imposed restrictions for:	
Property acquisition and building renovations	(124,519)
Donated artwork	(77,700)
Equipment	(15,062)
Clothing Closet	<u>(4,020)</u>
Total financial assets unavailable within one year	<u>(221,301)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,846,439</u>

NOTES TO FINANCIAL STATEMENTS -continued  
Year Ended June 30, 2024

10. PRIOR PERIOD ADJUSTMENTS

Accumulated depreciation in the prior period has been adjusted. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets without donor restrictions for year ended June 30, 2024 by \$96,818. Had the error not occurred, the depreciation expense would have increased by \$96,818.

In as described in Note 2 for Property, Plant and Equipment, it is to be stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. The prior auditor failed to make adjustments at the time property, plant and equipment were retired or otherwise disposed of, the cost and the related accumulated depreciation are adjusted, and any gain or loss on disposal is included in the adjustment to net assets. Additionally, the Organization must periodically review the carrying value of property, plant and equipment and recognize impairments when the expected future operating cash flow derived from such assets is less than their carrying value.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through June 24, 2025, the date the financial statements were available to be issued.