

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

for the year ended December 31, 2022

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION
AND AFFILIATES**

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Langdon & Company LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rescue Missions Ministries, Inc. d/b/a Durham Rescue Mission and Affiliates

Qualified Opinion

We have audited the accompanying consolidated financial statements of Rescue Missions Ministries, Inc. d/b/a Durham Rescue Mission and Affiliates (the "Mission"), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects on the consolidated statements of activities, functional expenses, and cash flows of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Mission as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not observe the physical inventory (stated at \$1,485,956) taken at December 31, 2021, since that date was prior to the time we were initially engaged as auditors for the Mission, and the Mission's records do not permit adequate retroactive tests of inventory quantities. Consequently, we were unable to determine whether any adjustments were necessary in the statements of activities, functional expenses and cash flows.

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Changes in Accounting Principle

As described in Note 1 to the consolidated financial statements, the Mission adopted ASU 2016-02, *Leases (Topic 842)* and ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Mission's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's 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 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 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 the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 22-23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the supplementary information of the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Mission's 2021 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated December 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Langston & Company LLP

Garner, North Carolina
August 22, 2023

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**as of December 31, 2022
with comparative totals as of December 31, 2021**

ASSETS	<u>2022</u>	<u>2021</u>	LIABILITIES AND NET ASSETS	<u>2022</u>	<u>2021</u>
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 13,445,602	\$ 11,779,148	Accounts payable	\$ 625,471	\$ 531,128
Investments	10,218,420	12,858,514	Accrued payroll liabilities	283,575	334,804
Pledges receivable (less allowance for doubtful accounts of \$29,500)	149,826	264,208	Employee savings	413,970	400,623
Accounts receivable (less allowance for doubtful accounts of \$0 and \$25,099)	22,585	3,364	Current portion of operating lease liabilities (Note 7)	59,373	-
Other receivables	56,511	86,792	Total current liabilities	<u>1,382,389</u>	<u>1,266,555</u>
Inventory	1,103,902	1,485,956	Long-term liabilities:		
Prepaid expenses	<u>62,032</u>	<u>114,188</u>	Operating lease liabilities (Note 7), less current portion	173,461	-
Total current assets	<u>25,058,878</u>	<u>26,592,170</u>	Total long-term liabilities	<u>173,461</u>	<u>-</u>
Long-term assets:			Total liabilities		
Property & equipment, net	27,001,266	23,833,973		<u>1,555,850</u>	<u>1,266,555</u>
Operating right-of-use assets (Note 7)	232,834	-	Net assets:		
Pledges receivable - long term	3,887	45,286	Without donor restrictions		
Security deposits	25,000	25,000	Undesignated	48,689,234	44,806,525
Investments - restricted in perpetuity	<u>250,000</u>	<u>250,000</u>	Board designated for special purpose	261,191	260,236
Total long-term assets	<u>27,512,987</u>	<u>24,154,259</u>	Total without donor restrictions	<u>48,950,425</u>	<u>45,066,761</u>
Total assets	<u>\$52,571,865</u>	<u>\$50,746,429</u>	With donor restrictions		
			Purpose restricted	1,815,590	4,163,113
			Perpetual in nature	250,000	250,000
			Total with donor restrictions	<u>2,065,590</u>	<u>4,413,113</u>
			Total net assets	<u>51,016,015</u>	<u>49,479,874</u>
			Total liabilities and net assets	<u>\$52,571,865</u>	<u>\$50,746,429</u>

*The accompanying notes are an integral
part of the consolidated financial statements.*

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF ACTIVITIES

**for the year ended December 31, 2022
with comparative totals for December 31, 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenue:				
Public support:				
Contributions	\$ 6,236,429	\$ 1,506,253	\$ 7,742,682	\$ 9,139,344
In-kind contributions	8,867,038	-	8,867,038	8,172,114
Fundraising events:				
Fundraising events revenue	56,825	78,763	135,588	828,232
Less: direct expenses	(11,867)	(20,157)	(32,024)	(81,965)
Total public support	<u>15,148,425</u>	<u>1,564,859</u>	<u>16,713,284</u>	<u>18,057,725</u>
Revenue:				
Thrift store sales and services	7,636,285	-	7,636,285	6,821,029
Investment (loss) income, net	(1,848,895)	(80,389)	(1,929,284)	2,062,714
Rent	381,525	-	381,525	322,252
Program services	182,307	-	182,307	221,347
Other income	38,776	-	38,776	94,828
TTTR labor income	38,516	-	38,516	29,561
Total revenue	<u>6,428,514</u>	<u>(80,389)</u>	<u>6,348,125</u>	<u>9,551,731</u>
Net assets released from restrictions	<u>3,831,993</u>	<u>(3,831,993)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>25,408,932</u>	<u>(2,347,523)</u>	<u>23,061,409</u>	<u>27,609,456</u>
Expenses:				
Program expenses:				
Durham Rescue Mission program services	15,074,521	-	15,074,521	14,149,844
Rescue Legacy Fund program services	643,487	-	643,487	243,397
Temps to the Rescue program services	2,253,219	-	2,253,219	1,992,058
Total program services	<u>17,971,227</u>	<u>-</u>	<u>17,971,227</u>	<u>16,385,299</u>
Supporting services:				
Management and general	2,302,701	-	2,302,701	2,378,101
Fundraising	1,251,340	-	1,251,340	1,066,942
Total supporting services	<u>3,554,041</u>	<u>-</u>	<u>3,554,041</u>	<u>3,445,043</u>
Total expenses	<u>21,525,268</u>	<u>-</u>	<u>21,525,268</u>	<u>19,830,342</u>
Changes in net assets	3,883,664	(2,347,523)	1,536,141	7,779,114
Net assets at beginning of year	<u>45,066,761</u>	<u>4,413,113</u>	<u>49,479,874</u>	<u>41,700,760</u>
Net assets at end of year	<u>\$ 48,950,425</u>	<u>\$ 2,065,590</u>	<u>\$ 51,016,015</u>	<u>\$ 49,479,874</u>

*The accompanying notes are an integral
part of the consolidated financial statements.*

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

**for the year ended December 31, 2022
with comparative totals for December 31, 2021**

	2022				2021				
	Program Services			Supporting Services			Grand Total		
	DRM Program Services	RLF Program Services	TTTR Program Services	Total Program Expenses	Management and General	Fund- Raising		Total Supporting Services	
Salaries, taxes and benefits	\$ 1,609,044	\$ -	\$ 2,106,564	\$ 3,715,608	\$ 616,541	\$ 423,610	\$ 1,040,151	\$ 4,755,759	\$ 4,036,841
Food	407,000	-	-	407,000	-	-	-	407,000	784,618
Depreciation	355,097	483,511	-	838,608	129,182	46,130	175,312	1,013,920	991,235
Postage and printing	348,903	50	-	348,953	209,342	139,561	348,903	697,856	498,931
Maintenance and repairs	516,293	36,794	-	553,087	187,824	67,071	254,895	807,982	1,195,029
Community events	76,730	-	-	76,730	-	-	-	76,730	102,518
Utilities	642,626	2,642	227	645,495	233,036	83,216	316,252	961,747	815,262
Development	7,647	-	-	7,647	184,240	461,683	645,923	653,570	518,617
Bank fees and service charges	-	-	-	-	174,908	-	174,908	174,908	170,393
Miscellaneous	49,005	1,646	16,622	67,273	80,595	-	80,595	147,868	129,619
Taxes and licenses	238,669	23,137	-	261,806	238,669	-	238,669	500,475	475,233
Insurance	376,071	5,375	98,951	480,397	63,538	30,069	93,607	574,004	515,619
Benevolent gifts	420,418	-	-	420,418	813	-	813	421,231	370,986
Program supplies	470,052	-	-	470,052	1,252	-	1,252	471,304	604,006
Transportation	372,072	5,595	277	377,944	-	-	-	377,944	292,017
Professional fees	54,468	54,330	30,578	139,376	54,468	-	54,468	193,844	412,838
Cost of goods sold (thrift stores) - in-kind	8,794,038	-	-	8,794,038	-	-	-	8,794,038	7,627,248
Office expense	125,703	7,085	-	132,788	125,703	-	125,703	258,491	100,543
In-kind expenses - other	210,685	23,322	-	234,007	-	-	-	234,007	-
Loss on disposal of property and equipment	-	-	-	-	2,590	-	2,590	2,590	188,789
Total expenses	\$ 15,074,521	\$ 643,487	\$ 2,253,219	\$ 17,971,227	\$ 2,302,701	\$ 1,251,340	\$ 3,554,041	\$ 21,525,268	\$ 19,830,342

*The accompanying notes are an integral
part of the consolidated financial statements.*

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION
AND AFFILIATES**

CONSOLIDATED STATEMENT OF CASH FLOWS

**for the year ended December 31, 2022
with comparative totals for December 31, 2021**

	2022	2021
Cash flows from operating activities:		
Cash received from grantors and contributors	\$ 6,522,179	\$ 6,343,716
Cash received from clients and third-party payers	8,192,887	7,319,886
Cash paid to suppliers and employees	(11,197,080)	(10,194,021)
Interest and dividends received	547,628	438,099
Net cash provided by operating activities	4,065,614	3,907,680
Cash flows from investing activities:		
Purchases of property and equipment	(4,137,772)	(1,248,608)
Sales of investments	6,917,880	1,772,680
Purchases of investments	(6,474,602)	(1,715,121)
Net cash used in investing activities	(3,694,494)	(1,191,049)
Cash flows from financing activities:		
Contributions restricted for capital campaign	1,295,334	3,344,188
Net cash provided by financing activities	1,295,334	3,344,188
Net increase in cash	1,666,454	6,060,819
Cash at beginning of year	11,779,148	5,718,329
Cash at end of year	\$ 13,445,602	\$ 11,779,148
Noncash investing activities:		
Donated stock	\$ 184,514	\$ 245,144
Donated vehicles	73,000	-
	\$ 257,514	\$ 245,144

*The accompanying notes are an integral
part of the consolidated financial statements.*

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rescue Missions Ministries, Inc. doing business as Durham Rescue Mission is a nonprofit organization that was formed in 1973. The Mission's purpose is to offer food to the hungry, clothes and shelter to the needy, vocational training and medical, dental, and vision care through a partnership with Samaritan Health Center, Inc., to its residents, and Christ to the hurting through programs for men, women and children in Durham, North Carolina. The Mission is governed by a Board of Directors which meets regularly to conduct the business of the Mission. The Mission's revenue consists primarily of individual, corporate, and church contributions as well as thrift store sales from six different thrift store locations.

Principles of Consolidation

The consolidated financial statements include the accounts of Rescue Missions Ministries, Inc. d/b/a Durham Rescue Mission, Rescue Legacy Fund (RLF), and Temps to the Rescue, Inc. (TTTR). RLF and TTTR are consolidated due to Durham Rescue Mission having an economic interest and control of appointments to the boards.

The purpose of RLF is to provide continuing financial support to Durham Rescue Mission. RLF's activity includes the activity of seven LLCs, each of which own the building and land associated with the thrift stores and training & distribution center for which Durham Rescue Mission operates. RLF is the sole member of each LLC, which are disregarded for tax purposes. The majority of RLF's revenue is from Durham Rescue Mission related to the rental of these properties.

The purpose of TTTR is to facilitate the transition of Durham Rescue Mission residents into society by assisting them in obtaining and maintaining jobs. Through guidance by TTTR staff, employees are placed in temporary positions primarily with Durham Rescue Mission's thrift stores, but also with partnering companies from post-secondary institutions to construction contractors, in the Triangle. Approximately 99% of TTTR's income is from Durham Rescue Mission for the years ended December 31, 2022 and 2021.

Cash and Cash Equivalents

For the purpose of reporting the statement of cash flows, the Mission considers cash in banks and investments with an original maturity of three months or less when purchased to be cash equivalents. Amounts received with donor-imposed restrictions which limit their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows. The Mission maintains its cash accounts with financial institutions, which at times, exceed federally insured limits. The Mission has not experienced any losses in such accounts.

Inventory

Inventory consists of donated and purchased food (primarily used in its programs), clothing, furniture, appliances, electronics, and other items that are primarily sold in its thrift stores, as well as vehicles that are either used in the Mission's programs or sold in its independent auto dealership. Donated items are recorded at estimated fair value at date of donation. The Mission receives a significant amount of contributed goods and materials that it processes as merchandise available for sale in its thrift stores. The Mission believes that these donated items do not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine inventory value at the time of the donation. Instead, the value at the end of the year is estimated using selling price.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Unless they are specifically restricted by the donor, investment earnings and losses are reported as increases or decreases in net assets without donor restriction.

Estimates

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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Management considers the estimates of the valuation of donated inventory, including food, clothing, vehicles, etc. to be critical accounting policies requiring extensive subjective judgments. The valuation of donated food, clothing, vehicles, etc. is based on quoted valuations, price per pound, historical experience and sales, and/or price comparisons for similar products/items. Actual results could differ from these estimates under different assumptions or conditions.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Mission adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

For transition, the Mission has elected to adopt the package of practical expedients, which includes not to reassess: 1) whether any expired or existing contracts are or contain leases available in the year of adoption, 2) the lease classification for any expired or existing lease 3) initial direct costs on any existing leases, as well as the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Mission's ROU assets.

The Mission determines if an arrangement is a lease at inception. Operating leases are included in Operating right-of-use assets and Operating lease liabilities in the consolidated statement of financial position.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Right-of-use asset represents the Mission's right to use an underlying asset for the lease term and lease liabilities represent the Mission's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Mission will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Mission has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated statement of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Mission has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities. In addition, the Mission has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Mission's management and the Board of Directors.

Net Assets with Donor Restrictions – Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition and Receivables

Support and Receivables

Contributions and Pledges Receivable

Contributions received by the Mission are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Receivables (Continued)

Contributions and Pledges Receivable (Continued)

Pledges receivable consist of unconditional promises to give of \$183,213 and \$338,994 and are stated at unpaid balances, less an allowance for doubtful accounts of \$29,500 and \$29,500 as of December 31, 2022 and 2021, respectively. The Mission periodically evaluates pledges and other receivable balances as well as the status of any significant past due accounts to determine if any balances are uncollectible. When management determines that a promise to give is uncollectible, bad debt expense and allowance is recorded. Subsequent recoveries of amounts previously written off are credited directly to earnings. Approximately 49% and 48% of pledges receivable was due from one contributor at December 31, 2022 and 2021, respectively.

Donated Food, Clothing and Other

During 2022, the Mission adopted Accounting Standards Update 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The adoption of this standard related to the Mission's in-kind contributions in the accompanying consolidated statement of activities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Mission presents contributed nonfinancial assets on the accompanying consolidated statement of activities, and therefore, no reclassification of prior year contributed nonfinancial assets amounts were required on a retrospective basis. The contributed nonfinancial asset disclosures have been enhanced in accordance with this standard.

The Mission received the following donated assets for the year ended December 31:

	2022	2021
Clothing, materials, and supplies	\$7,372,224	\$5,739,843
Furniture	1,058,611	1,194,765
Media/Electronics	195,123	511,855
Food	168,080	725,651
Vehicles	73,000	-
	\$8,867,038	\$8,172,114
Donated stock	\$ 184,514	\$ 245,144

Donations of clothing, materials, and supplies are either monetized or utilized by the Mission. Donated clothing, materials, and supplies, when utilized, are used in the Mission's programs and are valued by weight based on the average selling price per pound in the Mission's thrift stores.

Donations of furniture are either monetized or utilized by the Mission. Donated furniture, when utilized, are used in the Mission's programs and are valued by the selling price in the Mission's thrift stores, which varies depending on the type of furniture, size of the furniture, condition, etc.

Donations of media and electronic items are either monetized or utilized by the Mission. Donated media and electronic items are used in the Mission's programs and are valued by the selling price in the Mission's thrift stores or by researching the price of similar items, depending on if the item will be monetized or utilized in the Mission's programs.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Receivables (Continued)

Donated Food, Clothing and Other (Continued)

Donations of food are utilized in the Mission's programs. Donated food is valued by researching the price of similar items.

Donated vehicles are either monetized or utilized by the Mission. Donated vehicles, when utilized are used in the Mission's programs and are valued by researching the price of similar vehicles.

The Mission recognizes the fair value of contributed services received if such services a) create or enhance a nonfinancial asset or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Mission receives services from a large number of volunteers who give significant amounts of their time to the Mission's programs, but which do not meet the criteria for financial statement recognition.

Donations of marketable securities are monetized promptly upon receipt.

Revenue and Receivables

The Mission accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Codification Topic 606: *Revenue from Contracts with Customers*.

Thrift Store Sales and Services

Thrift store sales and service revenue is recognized when control transfers to the customer, at a point in time.

The Mission determines the transaction price based on standard charges for goods and services provided, reduced by any applicable discounts.

Rent and Program Services

While contribution revenue and thrift store sales and services provide the majority of the support and revenue for the Mission, the Mission also derives a small portion of their revenue from rent charged to unrelated third-parties for office and commercial space as well as boat/vehicle storage space and program service fees charged to clients participating in the program. Revenue is recognized as performance obligations are satisfied, over time (generally monthly) for both rent and program service fees. The Mission determines the transaction price based on signed rental agreements and standard charges for program fees. Consistent with the Mission's cause, care is provided to clients regardless of their ability to pay the program service fees.

TTTR Labor Income

TTTR primarily derives its revenues from temporary staffing to the Durham Rescue Mission and other local businesses throughout the greater Triangle area. TTTR recognizes revenue at the time employees render services, based on completed timesheets, generally in the month services are rendered.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Receivables (Continued)

Total revenue from contracts for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Revenue recognized over time:		
Program services	\$ 182,307	\$ 221,347
Rent	381,525	322,252
	563,832	543,599
Revenue recognized at a point in time:		
Thrift store sales and services	7,636,285	6,821,029
TTTR labor income	38,516	29,561
	7,674,801	6,850,590
	\$ 8,238,633	\$ 7,394,189

Accounts Receivable

The Mission periodically evaluates accounts and other receivable balances for any significant past due accounts to determine if any balances are uncollectible. When management determines that an account is uncollectible, bad debt expense and an allowance is recorded. Subsequent recoveries of amounts previously written off are credited directly to earnings. As of December 31, 2022 and 2021, the Organization has recorded an allowance of \$0 and \$25,099, respectively.

Property & Equipment

Property and equipment are stated at cost if purchased and at fair value at the date of contribution of assets donated to the Mission. The Mission capitalizes additions of property and equipment in excess of \$2,500.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donor assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Mission reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition of property and equipment, the related asset and accumulated depreciation accounts are removed and any gain or loss is reflected in the statement of activities for the period.

Property and equipment are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Furniture and equipment	5-20
Vehicles	3-5
Buildings and improvements	7-40

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

Durham Rescue Mission is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as a church by the Internal Revenue Service. In addition, Durham Rescue Mission qualifies for the charitable contribution deduction under Section 107(b)(1)(a). RLF and TTTR are exempt from income tax under Internal Revenue Code Section 501(c)(3). There is no unrelated business income tax for the years ended December 31, 2022 and 2021.

The Mission evaluates any uncertain tax positions. Accordingly, the Mission's policy is to record a liability for any tax position taken that is beneficial to the Mission, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2022 and 2021.

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management uses multiple allocation bases to General & Administrative (supporting services) and Development (fundraising) based on historical time and effort. Expenses are directly coded, where possible, and include food, community events, bank fees and service charges, benevolent gifts, transportation, cost of goods sold, in-kind expenses, and loss on disposal of fixed assets. All other expenses are allocated based on estimated time spent.

Comparative Totals

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Mission's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassification

Certain items included in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Change in net assets of the Mission previously reported for 2021 was not affected by these reclassifications.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY

The Mission's working capital and cash flows vary throughout the year due to timing of cash receipts from thrift store sales and contributions from donors. The Mission also received a significant amount of restricted contributions in the current year and the prior year for capital campaigns. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Mission must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Mission's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Mission invests cash in excess of daily requirements into short-term investments.

The following reflects the Mission's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts that could be utilized if the board approved the use.

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$13,445,602	\$ 11,779,148
Investments	10,218,420	12,858,514
Pledges receivable	149,826	264,208
Accounts receivable	22,585	3,364
Other receivables	56,511	86,792
	23,892,944	24,992,026
Less amounts not available to be used within one year, due to:		
Donor-imposed restrictions	2,065,590	4,413,113
Board-designated for special purpose	261,191	260,236
	2,326,781	4,673,349
Financial assets available to meet general expenditures within one year	\$21,566,163	\$ 20,318,677

3. INVESTMENTS

Investments are stated at fair value and consist primarily of bonds and common stocks at December 31, 2022 and 2021 as follows:

	2022	2021
Bonds	\$ 4,097,903	\$ 4,642,686
Common stocks	6,370,517	8,465,828
	\$ 10,468,420	\$ 13,108,514

The following schedule summarizes the investment (losses) earnings for the year ended December 31, 2022 and 2021:

	2022	2021
Net realized and unrealized (losses) gains	\$ (2,391,657)	\$ 1,709,828
Interest and dividends	547,628	438,099
Investment fees	(85,255)	(85,213)
	\$ (1,929,284)	\$ 2,062,714

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. INVESTMENTS (Continued)

The following schedule summarizes the investment (losses) gains and its classification in the consolidated statement of activities:

	2022	2021
Without donor restrictions	\$ (1,848,895)	\$ 2,007,840
With donor restrictions	(80,389)	54,874
	\$ (1,929,284)	\$ 2,062,714

4. ENDOWMENT

Durham Rescue Mission's endowment consists of one donor-restricted endowment that supports particular programs or types of expenditure. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Durham Rescue Mission has interpreted the North Carolina Uniform Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Durham Rescue Mission classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowments, (2) the original value of subsequent gifts to the perpetual endowments, and (3) accumulations to the perpetual endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Amounts not retained in perpetuity are subject to appropriation for expenditure by Durham Rescue Mission in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, Durham Rescue Mission considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Durham Rescue Mission, and (7) Durham Rescue Mission's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. Durham Rescue Mission has adopted investment and spending policies, as approved by their Board, for endowment assets that attempt to provide a predictable stream of funding to the program supported by the endowment fund while also maintaining the purchasing power of those endowment assets over the long-term. Durham Rescue Mission's primary goals are to preserve principal and to provide a dependable and competitive rate of long-term investment return consistent with balanced investment risk. The endowment investment account will typically be allocated across major asset categories and may include non-traditional investment exposure appropriate for moderate risk tolerance.

Spending Policy. Durham Rescue Mission has a policy that annual distributions will be limited to the greater of (1) 5% of the average market value of the endowment, so long as the average market value is greater than 105.3% of the contributed capital or (2) the accumulated net income earned from the contributed capital. No distributions from the endowment are permitted if the fair market value of the endowment is less than the amount that is restricted in perpetuity.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ENDOWMENT (Continued)

Endowment net asset composition by type of endowment as of December 31, 2022 and 2021 is as follows:

	2022	2021
GlaxoSmithKline (GSK) Endowment		
Original donor-restricted gifts in perpetuity	\$ 250,000	\$ 250,000
Accumulated investment gains	183,808	264,197
	\$ 433,808	\$ 514,197

Changes in endowment net assets as of December 31, 2022 and 2021, are as follows:

	With donor restrictions
Endowment Net Assets, December 31, 2020	\$ 459,323
Investment income	20,365
Amounts appropriated for expenditure	(3,156)
Net appreciation (realized and unrealized)	37,665
Endowment Net Assets, December 31, 2021	\$ 514,197
Investment income	15,358
Amounts appropriated for expenditure	(2,839)
Net depreciation (realized and unrealized)	(92,908)
Endowment Net Assets, December 31, 2022	\$ 433,808

5. FAIR VALUE MEASUREMENTS

The Mission reports the value of investments according to standards on fair value measurements, which requires reporting the fair value of applicable assets according to three hierarchical levels. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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 as follows:

Level 1 – valuations based on unadjusted quoted market prices within active markets for identical assets and liabilities at the reporting date.

Level 2 – valuations based on inputs that are observable, either directly or indirectly, for the assets or liabilities other than quoted prices included in level 1.

Level 3 – valuations based on inputs are unobservable and apply only when there is little or no market activity for the asset or liability.

The Mission recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2022 and 2021.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS (Continued)

Fair values for assets measured on a recurring basis as of December 31, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Common stocks	\$ 6,370,517	\$ 6,370,517	\$ -	\$ -
Bonds	4,097,903	4,097,903	-	-
	<u>\$ 10,468,420</u>	<u>\$ 10,468,420</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>December 31, 2021</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Common stocks	\$ 8,465,828	\$ 8,465,828	\$ -	\$ -
Bonds	4,642,686	4,642,686	-	-
	<u>\$ 13,108,514</u>	<u>\$ 13,108,514</u>	<u>\$ -</u>	<u>\$ -</u>

6. PROPERTY AND EQUIPMENT

Property and equipment in the accompanying consolidated financial statements is presented net of accumulated depreciation. The components of property and equipment at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 4,107,526	\$ 4,111,174
Buildings and improvements	24,093,289	23,801,585
Furniture and equipment	1,147,223	1,147,223
Vehicles	487,231	445,618
Construction in progress	4,013,802	262,734
	<u>33,849,071</u>	<u>29,768,334</u>
Less accumulated depreciation and amortization	<u>(6,847,805)</u>	<u>(5,934,361)</u>
Net property and equipment	<u>\$ 27,001,266</u>	<u>\$ 23,833,973</u>

In 2021, Rescue Legacy Fund changed its estimated useful lives for several significant assets resulting in a change in estimate of \$1,064,126, which resulted in a reduction in depreciation expense.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LEASES

Lease Transactions as Lessee

The Mission leases office equipment under the terms of non-cancelable operating leases. The leases have remaining lease terms of 3 to 5 years with options for renewal. The exercise of the renewal option is at the Mission's sole discretion. Only renewal options that have been exercised or are reasonably expected to be recognized as of the consolidated statement of financial position date are recognized in the right-of-use assets and operating lease liabilities calculation.

Additional information about the Mission's leases is as follows:

Lease Cost

Operating lease cost, included in maintenance and repairs on the consolidated statement of activities	\$ 52,660
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Other Information

Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows from operating leases	52,660
Right-of-use assets obtained in exchange for new operating lease liabilities	290,731
Weighted average remaining lease term	4.1 years
Weighted average discount rate	2.55%

Lease expense relating to operating leases for the year ended December 31, 2021 was \$38,924.

Future minimum lease payments under non-cancelable operating leases are as follows:

Year ending December 31,

2023	\$ 64,559
2024	64,559
2025	58,260
2026	50,520
2027	18,700
Total lease payments	256,598
Less interest	23,764
Present value of lease liabilities	\$ 232,834

Lease Transactions between Affiliated Organizations

Durham Rescue Mission leases retail and operational locations used in its thrift store operations in Durham, Raleigh, Wake Forest and Roxboro from lessor entities wholly-owned by Rescue Legacy Fund. The lease terms are for a period of 5 years with the option to extend for additional one year terms from year-to-year unless either party gives 30 days written notice to terminate. Monthly payments range from \$4,250 to \$27,867. Total rents paid for the years ended December 31, 2022 and 2021 were \$1,118,310 and \$1,059,376, respectively and have been eliminated in consolidation.

Durham Rescue Mission also leases office space to RLF and TTTR. Rent expense was \$16,200 for the years ended December 31, 2022 and 2021, and has been eliminated in consolidation.

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LEASES (Continued)

Lease Transactions as Lessor

Durham Rescue Mission operates a boat, vehicle and storage rental facility at its Raleigh thrift store location. Rentals are generally short-term. Rental income was \$107,571 and \$113,025 for the years ended December 31, 2022 and 2021, respectively. Additionally, Durham Rescue Mission leases parking lots and land to unrelated third-parties under month-to-month and annual lease agreements. Rental income was \$63,933 and \$67,500 for the years ended December 31, 2022 and 2021, respectively.

As noted above, RLF leases buildings and operational space to DRM for use in its thrift store operations. Additionally, it leases retail and operational space to unrelated third-parties in Roxboro. Monthly rental payments received range from \$592-\$10,409 a month in base rent as well as additional rental income per the terms of the agreement with terms expiring in 2024 through 2031. Rental income for the years ended December 31, 2022 and 2021 was \$210,021 and \$141,727, respectively and is included in rent income on the consolidated statement of activities.

Future minimum rentals to be received are as follows:

<u>Year ending December 31,</u>		
2023		\$ 181,448
2024		163,352
2025		153,244
2026		158,760
2027		162,645
Thereafter		459,296
		<u>\$1,278,745</u>

The rental property assets, which are included in property and equipment in the accompanying consolidated statement of financial position, are summarized as follows for the year ended December 31, 2022 and 2021:

	2022	2021
Land	\$ 3,153,828	\$ 3,153,828
Buildings and improvements	11,027,488	10,910,941
Furniture and equipment	1,114,659	1,114,659
	15,295,975	15,179,428
Less accumulated depreciation and amortization	(2,554,832)	(2,071,322)
Net property and equipment	\$ 12,741,143	\$ 13,108,106

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. NET ASSETS

At December 31, 2022 and 2021, net assets with donor restrictions were available for the following purposes:

	2022	2021
Restricted in perpetuity - endowment	\$ 250,000	\$ 250,000
Restricted for purpose:		
Capital Campaign - Men's Dorm 3	-	3,246,303
Capital Campaign - GSI Capital Projects	1,226,290	-
Thanksgiving	221,176	506,136
Endowment earnings - Victory Program scholarships	183,808	264,197
Men's program	129,236	84,594
Women's program	55,080	61,883
Total restricted for purpose	1,815,590	4,163,113
Total net assets with donor restrictions	\$ 2,065,590	\$ 4,413,113

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022 and 2021:

	2022	2021
Capital Campaign - Men's Dorm 3	\$ 3,250,401	\$ 199,617
Thanksgiving	294,027	26,159
Men's program	139,680	296,108
Capital Campaign - GSI Capital Projects	123,551	-
Women's program	24,334	29,315
	\$ 3,831,993	\$ 551,199

9. RETIREMENT PLAN

Durham Rescue Mission, RLF, and TTTR have a safe-harbor 401(k) plan. RLF's plan started on January 1, 2022. Employees are eligible to participate upon reaching 21 years of age and 1,000 hours of service. Contributions are determined solely at the discretion of the Board of Directors, subject to a limit of 8% for of each participant's salary for Durham Rescue Mission and TTTR and 4% of each participant's salary for RLF. Contributions under the plans totaled \$61,277 (DRM), \$15,159 (RLF), and \$28,892 (TTTR) for the year ended December 31, 2022. Contributions under the plan totaled \$118,700 (DRM) and \$26,661 (TTTR) for the year ended December 31, 2021.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 22, 2023, the date which the consolidated financial statements are available for issue.

RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

as of December 31, 2022

	ASSETS					LIABILITIES AND NET ASSETS			
	2022					2022			
	Durham Rescue Mission	Rescue Legacy Fund	Temps to the Rescue	Consolidated		Durham Rescue Mission	Rescue Legacy Fund	Temps to the Rescue	Consolidated
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 5,687,446	\$ 6,829,752	\$ 928,404	\$ 13,445,602	Accounts payable	\$ 585,583	\$ 35,561	\$ 4,327	\$ 625,471
Investments	1,435,873	8,782,547	-	10,218,420	Accrued payroll liabilities	264,951	18,624	-	283,575
Pledges receivable (less allowance for doubtful accounts of \$29,500)	149,826	-	-	149,826	Employee savings	-	-	413,970	413,970
Accounts receivable, net	-	-	22,585	22,585	Current portion of operating lease liabilities (Note 7)	59,373	-	-	59,373
Other receivables	33,442	23,069	-	56,511	Total current liabilities	909,907	54,185	418,297	1,382,389
Inventory	1,103,902	-	-	1,103,902	Long-term liabilities				
Prepaid expenses	44,554	-	17,478	62,032	Operating lease liabilities (Note 7), less current portion	173,461	-	-	173,461
Total current assets	8,455,043	15,635,368	968,467	25,058,878	Total long-term liabilities	173,461	-	-	173,461
					Total liabilities	1,083,368	54,185	418,297	1,555,850
Long-term assets:					Net assets:				
Property & equipment, net	14,227,298	12,773,968	-	27,001,266	Without donor restrictions:				
Operating right-of-use assets (See Note 7)	232,834	-	-	232,834	Undesignated	19,783,913	28,355,151	550,170	48,689,234
Pledges receivable - long term	3,887	-	-	3,887	Board designated for special purpose	261,191	-	-	261,191
Security deposits	25,000	-	-	25,000	Total without donor restrictions	20,045,104	28,355,151	550,170	48,950,425
Investments - restricted in perpetuity	250,000	-	-	250,000	With donor restrictions:				
Total long term assets	14,739,019	12,773,968	-	27,512,987	Purpose restricted	1,815,590	-	-	1,815,590
					Perpetual in nature	250,000	-	-	250,000
					Total with donor restrictions	2,065,590	-	-	2,065,590
Total assets	\$ 23,194,062	\$ 28,409,336	\$ 968,467	\$ 52,571,865	Total net assets	22,110,694	28,355,151	550,170	51,016,015
					Total liabilities and net assets	\$ 23,194,062	\$ 28,409,336	\$ 968,467	\$ 52,571,865

**RESCUE MISSIONS MINISTRIES, INC. d/b/a DURHAM RESCUE MISSION AND
AFFILIATES**

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

for the year ended December 31, 2022

	2022				
	Durham Rescue Mission	Rescue Legacy Fund	Temps to the Rescue	Eliminating Entries	Consolidated
Public support and revenue:					
Public support:					
Contributions	\$ 8,224,471	\$ 2,120,711	\$ -	\$ (2,602,500)	\$ 7,742,682
In-kind contributions	8,867,038	23,322	-	(23,322)	8,867,038
Fundraising events:					
Fundraising events revenue	135,588	-	-	-	135,588
Less: direct expenses	(32,024)	-	-	-	(32,024)
Total support	<u>17,195,073</u>	<u>2,144,033</u>	<u>-</u>	<u>(2,625,822)</u>	<u>16,713,284</u>
Revenue:					
Thrift store sales and services	7,636,285	-	-	-	7,636,285
Investment (loss) income, net	(126,120)	(1,803,207)	43	-	(1,929,284)
Rent	183,504	1,328,331	-	(1,130,310)	381,525
Program services	488,194	-	2,720	(308,607)	182,307
Other income	53,651	12,433	-	(27,308)	38,776
TTTR labor income	-	-	3,089,070	(3,050,554)	38,516
Total revenue	<u>8,235,514</u>	<u>(462,443)</u>	<u>3,091,833</u>	<u>(4,516,779)</u>	<u>6,348,125</u>
Total public support and revenue	<u>25,430,587</u>	<u>1,681,590</u>	<u>3,091,833</u>	<u>(7,142,601)</u>	<u>23,061,409</u>
Expenses:					
Salaries, taxes and benefits	5,453,989	245,760	2,106,564	(3,050,554)	4,755,759
Food	407,000	-	-	-	407,000
Depreciation	530,409	483,511	-	-	1,013,920
Postage and printing	697,806	50	-	-	697,856
Maintenance and repairs	771,188	36,794	-	-	807,982
Community events	76,730	-	-	-	76,730
Utilities	958,878	2,642	227	-	961,747
Development	653,570	-	-	-	653,570
Bank fees and service charges	174,908	-	-	-	174,908
Miscellaneous	129,600	1,646	16,622	-	147,868
Taxes and licenses	477,338	23,137	-	-	500,475
Insurance	469,678	5,375	98,951	-	574,004
Benevolent gifts	421,231	-	-	-	421,231
Program supplies	471,304	-	-	-	471,304
Transportation	372,072	5,595	27,585	(27,308)	377,944
Professional fees	108,936	54,330	30,578	-	193,844
Cost of goods sold (thrift stores) - in-kind	8,794,038	-	-	-	8,794,038
Office expense	251,406	7,085	-	-	258,491
In-kind expenses - other	210,685	23,322	-	-	234,007
Donations expense	2,123,322	-	502,500	(2,625,822)	-
Rent expense	1,118,310	-	12,000	(1,130,310)	-
Program fees	-	-	308,607	(308,607)	-
Loss on disposal of property and equipment	2,590	-	-	-	2,590
Total expenses	<u>24,674,988</u>	<u>889,247</u>	<u>3,103,634</u>	<u>(7,142,601)</u>	<u>21,525,268</u>
Change in net assets without donor restrictions	3,103,122	792,343	(11,801)	-	3,883,664
Change in net assets with donor restrictions	<u>(2,347,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,347,523)</u>
Change in net assets	<u>755,599</u>	<u>792,343</u>	<u>(11,801)</u>	<u>-</u>	<u>1,536,141</u>
Net assets, beginning of year	<u>21,355,095</u>	<u>27,562,808</u>	<u>561,971</u>	<u>-</u>	<u>49,479,874</u>
Net assets, end of year	<u>\$ 22,110,694</u>	<u>\$28,355,151</u>	<u>\$ 550,170</u>	<u>\$ -</u>	<u>\$ 51,016,015</u>