

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

for the year ended December 31, 2023

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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page(s)</u>
Independent Auditor's Report	1 - 3
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 21
Supplementary Information:	
Consolidating Schedule of Financial Position	22
Consolidating Schedule of Activities and Changes in Net Assets	23



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

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, 2023, 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Mission as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 audit opinion.

Change in Accounting Principle

As described in Note 1 to the consolidated financial statements, the Mission adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. Our opinion is not modified with respect to this matter.

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, 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 2022 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated August 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Langdon & Company LLP

Garner, North Carolina
April 23, 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**as of December 31, 2023
with comparative totals as of December 31, 2022**

	ASSETS			LIABILITIES AND NET ASSETS	
	2023	2022		2023	2022
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 7,939,169	\$ 13,445,602	Accounts payable	\$ 360,588	\$ 625,471
Investments	14,437,381	10,218,420	Accrued payroll liabilities	249,311	283,575
Pledges receivable (less allowance for uncollectable pledges of \$11,100 and \$29,500)	29,370	149,826	Employee savings	299,552	413,970
Accounts receivable	13,345	22,585	Current portion of operating lease liabilities (Note 7)	60,610	59,373
Other receivables	37,630	56,511	Total current liabilities	970,061	1,382,389
Inventory	1,401,595	1,103,902	Long-term liabilities:		
Prepaid expenses	18,591	62,032	Operating lease liabilities (Note 7), less current portion	123,724	173,461
Property held for sale	869,922	-	Total long-term liabilities	123,724	173,461
Total current assets	24,747,003	25,058,878	Total liabilities	1,093,785	1,555,850
Long-term assets:			Net assets:		
Property & equipment, net	32,447,193	27,001,266	Without donor restrictions		
Operating right-of-use assets (Note 7)	180,353	232,834	Undesignated	53,559,108	48,689,234
Pledges receivable - long term	-	3,887	Board designated for special purpose	272,178	261,191
Security deposits	25,000	25,000	Total without donor restrictions	53,831,286	48,950,425
Investments - restricted in perpetuity	250,000	250,000	With donor restrictions		
Total long-term assets	32,902,546	27,512,987	Purpose restricted	2,474,478	1,815,590
Total long-term assets	32,902,546	27,512,987	Perpetual in nature	250,000	250,000
Total assets	\$ 57,649,549	\$ 52,571,865	Total with donor restrictions	2,724,478	2,065,590
			Total net assets	56,555,764	51,016,015
			Total liabilities and net assets	\$ 57,649,549	\$ 52,571,865

*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, 2023
with comparative totals for December 31, 2022**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Public support and revenue:				
Public support:				
Contributions	\$ 6,264,136	\$ 911,353	\$ 7,175,489	\$ 7,925,902
In-kind contributions	8,007,198	-	8,007,198	8,867,038
Fundraising events:				
Fundraising events revenue	109,890	148,724	258,614	135,588
Less: direct expenses	(24,439)	(25,243)	(49,682)	(32,024)
Total public support	<u>14,356,785</u>	<u>1,034,834</u>	<u>15,391,619</u>	<u>16,896,504</u>
Revenue:				
Thrift store sales and services	7,998,426	-	7,998,426	7,636,285
Investment income (loss), net	2,069,437	55,976	2,125,413	(2,112,504)
Rent	394,417	-	394,417	381,525
Program services	271,169	-	271,169	182,307
Other income	30,014	-	30,014	38,776
TTTR labor income	41,436	-	41,436	38,516
Total revenue	<u>10,804,899</u>	<u>55,976</u>	<u>10,860,875</u>	<u>6,164,905</u>
Net assets released from restrictions	431,922	(431,922)	-	-
Total public support and revenue	<u>25,593,606</u>	<u>658,888</u>	<u>26,252,494</u>	<u>23,061,409</u>
Expenses:				
Program expenses:				
Durham Rescue Mission program services	13,204,438	-	13,204,438	15,074,521
Rescue Legacy Fund program services	600,211	-	600,211	643,487
Temps to the Rescue program services	2,632,896	-	2,632,896	2,253,219
Total program services	<u>16,437,545</u>	<u>-</u>	<u>16,437,545</u>	<u>17,971,227</u>
Supporting services:				
Management and general	2,497,656	-	2,497,656	2,300,111
Fundraising	1,774,857	-	1,774,857	1,251,340
Total supporting services	<u>4,272,513</u>	<u>-</u>	<u>4,272,513</u>	<u>3,551,451</u>
Total expenses	<u>20,710,058</u>	<u>-</u>	<u>20,710,058</u>	<u>21,522,678</u>
Changes in net assets from operations	4,883,548	658,888	5,542,436	1,538,731
Other changes in net assets:				
Loss on disposal of property and equipment	(2,687)	-	(2,687)	(2,590)
Change in net assets	4,880,861	658,888	5,539,749	1,536,141
Net assets at beginning of year	48,950,425	2,065,590	51,016,015	49,479,874
Net assets at end of year	<u>\$ 53,831,286</u>	<u>\$ 2,724,478</u>	<u>\$ 56,555,764</u>	<u>\$ 51,016,015</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, 2023
with comparative totals for December 31, 2022**

	2023				Supporting Services			2022	
	Program Services			Total Program Expenses	Management and General	Fund- Raising	Total Supporting Services	Grand Total	Grand Total
	DRM Program Services	RLF Program Services	TTTR Program Services						
Salaries, taxes and benefits	\$ 1,443,400	\$ -	\$ 2,442,458	\$ 3,885,858	\$ 792,867	\$ 626,958	\$ 1,419,825	\$ 5,305,683	\$ 4,755,759
Food	712,634	991	-	713,625	-	-	-	713,625	407,000
Cost of goods sold (thrift stores) - in-kind	7,326,383	-	-	7,326,383	-	-	-	7,326,383	8,794,038
Depreciation	304,006	455,469	-	759,475	166,992	132,049	299,041	1,058,516	1,013,920
Postage and printing	182,834	281	-	183,115	109,701	73,134	182,835	365,950	697,856
Maintenance and repairs	271,530	23,021	-	294,551	149,153	117,942	267,095	561,646	807,982
Community events	173,443	-	-	173,443	-	-	-	173,443	76,730
Utilities	579,059	3,844	152	583,055	316,944	250,623	567,567	1,150,622	961,747
Development	4,556	-	-	4,556	175,299	537,202	712,501	717,057	653,570
Taxes and licenses	259,457	25,437	-	284,894	259,458	-	259,458	544,352	500,475
Insurance	452,231	4,708	147,095	604,034	78,075	36,949	115,024	719,058	574,004
Benevolent gifts	483,507	-	-	483,507	2,500	-	2,500	486,007	421,231
Membership and dues	-	1,421	-	1,421	95,484	-	95,484	96,905	73,562
Program supplies	450,212	-	-	450,212	2,917	-	2,917	453,129	471,304
Transportation	375,220	5,676	511	381,407	-	-	-	381,407	377,944
Professional fees	78,311	70,412	23,137	171,860	78,311	-	78,311	250,171	193,844
Bank and service charges	-	-	-	-	192,910	-	192,910	192,910	155,789
Office expense	43,497	3,151	-	46,648	43,497	-	43,497	90,145	258,491
In-kind expenses - other	-	-	-	-	-	-	-	-	234,007
Miscellaneous	64,158	5,800	19,543	89,501	33,548	-	33,548	123,049	93,425
Total expenses	<u>\$ 13,204,438</u>	<u>\$ 600,211</u>	<u>\$ 2,632,896</u>	<u>\$ 16,437,545</u>	<u>\$ 2,497,656</u>	<u>\$ 1,774,857</u>	<u>\$ 4,272,513</u>	<u>\$ 20,710,058</u>	<u>\$ 21,522,678</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 CASH FLOWS

**for the year ended December 31, 2023
with comparative totals for December 31, 2022**

	2023	2022
Cash flows from operating activities:		
Cash received from grantors and contributors	\$ 6,346,221	\$ 6,418,615
Cash received from clients and third-party payers	8,763,582	8,192,887
Cash paid to suppliers and employees	(12,513,001)	(11,197,080)
Interest and dividends received	770,074	547,628
Net cash provided by operating activities	3,366,876	3,962,050
Cash flows from investing activities:		
Purchases of property and equipment	(7,341,052)	(4,137,772)
Sales of investments	58,315,386	6,917,880
Purchases of investments	(60,759,662)	(6,474,602)
Net cash used in investing activities	(9,785,328)	(3,694,494)
Cash flows from financing activities:		
Contributions restricted for capital campaign	912,019	1,398,898
Net cash provided by financing activities	912,019	1,398,898
Net (decrease) increase in cash	(5,506,433)	1,666,454
Cash at beginning of year	13,445,602	11,779,148
Cash at end of year	\$ 7,939,169	\$ 13,445,602
Noncash investing activities:		
Donated stock	\$ 287,524	\$ 367,734
Donated vehicles	36,000	73,000
	\$ 323,524	\$ 440,734

*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 six 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 and contributions to RLF's investments.

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, 2023 and 2022.

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 thrifts 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.

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)

Support and Receivables (Continued)

Contributions and Pledges Receivable (Continued)

Pledges receivable consist of unconditional promises to give of \$40,470 and \$183,213 and are stated at unpaid balances, less an allowance for doubtful accounts of \$11,100 and \$29,500 as of December 31, 2023 and 2022, 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 76% and 49% of pledges receivable was due from two contributors and one contributor at December 31, 2023 and 2022, respectively.

Donated Food, Clothing and Other

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

	<u>2023</u>	<u>2022</u>
Clothing, materials, and supplies	\$6,438,738	\$7,372,224
Furniture	1,089,184	1,058,611
Food	378,337	168,080
Media/Electronics	64,939	195,123
Vehicles	36,000	73,000
	<u>\$8,007,198</u>	<u>\$8,867,038</u>
 Donated stock	 <u>\$ 287,524</u>	 <u>\$ 367,734</u>

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.

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.

**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)

Support and Receivables (Continued)

Donated Food, Clothing and Other (Continued)

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.

TTR Labor Income

TTR primarily derives its revenues from temporary staffing to the Durham Rescue Mission and other local businesses throughout the greater Triangle area. TTR 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)

Revenue and Receivables (Continued)

Total revenue from contracts for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Revenue recognized over time:		
Program services	\$ 271,169	\$ 182,307
Rent	394,417	381,525
	<u>665,586</u>	<u>563,832</u>
Revenue recognized at a point in time:		
Thrift store sales and services	7,998,426	7,636,285
TTTR labor income	41,436	38,516
	<u>8,039,862</u>	<u>7,674,801</u>
	<u>\$ 8,705,448</u>	<u>\$ 8,238,633</u>

Accounts Receivable and Allowance for Credit Losses

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

We adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Accounts receivable principally consists of amounts due for contracted labor. The allowance estimate is derived from a review of the Mission's historical losses based on the aging of receivables and adjusted for management's assessment of current conditions and reasonable and supportable forecasts regarding future economic conditions or events. The Mission believes historical loss information is a reasonable starting point in which to calculate expected losses as the Mission's customers have remained consistent for many years.

Amounts are past due when they are not paid within the terms agreed upon by the Mission and the customer. The Organization has historically had insignificant write-offs due to bad debts. As of December 31, 2023, the balance of accounts receivable consists of receivables from one customer. This customer has been a long-time customer with the Mission and the Mission has historically collected the entirety of receivable balances from this customer. As a result, no allowance for credit losses was deemed necessary as of December 31, 2023, as management considered estimated future losses to be minimal. As of December 31, 2022, no allowance was deemed necessary as management considered all accounts receivable to be collectible at that time.

**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

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 on the consolidated statement of financial position.

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.

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

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, 2023 and 2022.

**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 (Continued)

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, 2023 and 2022.

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 and service charges, benevolent gifts, membership and dues, program supplies, transportation, cost of goods sold, and in-kind expenses. 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, 2022, from which the summarized information was derived.

Reclassifications

Certain items included in the 2022 financial statements have been reclassified to conform to the 2023 presentation. Change in net assets of the Mission previously reported for 2022 was not affected by these reclassifications.

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 and 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY (Continued)

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.

Financial assets at year-end:	2023	2022
Cash and cash equivalents	\$ 7,939,169	\$ 13,445,602
Investments	14,437,381	10,218,420
Pledges receivable	29,370	149,826
Accounts receivable	13,345	22,585
Other receivables	37,630	56,511
	<u>22,456,895</u>	<u>23,892,944</u>
Less amounts not available to be used within one year, due to:		
Donor-imposed restrictions	2,474,478	1,815,590
Board-designated for special purpose	272,178	261,191
	<u>2,746,656</u>	<u>2,076,781</u>
Financial assets available to meet general expenditures within one year	<u>\$19,710,239</u>	<u>\$ 21,816,163</u>

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Level 2 inputs are those inputs that are observable, either directly or indirectly, for the assets or liability other than quoted prices included in level 1. Level 3 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, 2023 and 2022.

Fair value for assets measured on a recurring basis as of December 31, 2023 and 2022 are as follows:

	<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>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2023</u>				
Common stocks	\$ 7,880,921	\$ 7,880,921	\$ -	\$ -
Bonds	6,806,460	6,806,460	-	-
	<u>\$ 14,687,381</u>	<u>\$ 14,687,381</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

<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>	<u>Significant Unobservable Inputs (Level 3)</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>

The following schedule summarizes the investment earnings (losses) for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net realized and unrealized gains (losses)	\$ 1,487,160	\$ (2,574,877)
Interest and dividends	770,074	547,628
Investment fees	(131,821)	(85,255)
	<u>\$ 2,125,413</u>	<u>\$ (2,112,504)</u>

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

	<u>2023</u>	<u>2022</u>
Without donor restrictions	\$ 2,069,437	\$ (2,032,115)
With donor restrictions	55,976	(80,389)
	<u>\$ 2,125,413</u>	<u>\$ (2,112,504)</u>

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ENDOWMENT (Continued)

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.

Endowment net asset composition by type of endowment as of December 31, 2023 and 2022 is as follows:

	2023	2022
GlaxoSmithKline (GSK) Endowment		
Original donor-restricted gifts in perpetuity	\$ 250,000	\$ 250,000
Accumulated investment gains	239,783	183,808
	\$ 489,783	\$ 433,808

Changes in endowment net assets as of December 31, 2023 and 2022, are as follows:

	With donor restrictions
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
Investment income	14,857
Amounts appropriated for expenditure	(2,777)
Net appreciation (realized and unrealized)	43,895
Endowment Net Assets, December 31, 2023	\$ 489,783

5. PROPERTY HELD FOR SALE

During the year ended December 31, 2023, the Board of Directors of RLF voted to sell a property owned by the RLF in Durham, North Carolina. As of December 31, 2023, sale of the property was not yet completed. As such, the property is reported as held for sale on the consolidated statement of financial position. This property was sold subsequent to year end, as disclosed in Note 10.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2023 and 2022 are as follows:

	2023	2022
Land	\$ 5,006,515	\$ 4,107,526
Buildings and improvements	33,306,588	24,093,289
Furniture and equipment	1,147,223	1,147,223
Vehicles	618,283	487,231
Construction in progress	170,487	4,013,802
	40,249,096	33,849,071
Less accumulated depreciation and amortization	(7,801,903)	(6,847,805)
Net property and equipment	\$ 32,447,193	\$ 27,001,266

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 2 to 4 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:

<u>Lease Cost</u>	2023	2022
Operating lease cost, included in maintenance and repairs on the consolidated statement of activities	\$ 52,481	\$ 52,660
 <u>Other Information</u>		
Cash paid for amounts included in measuring operating lease liabilities:		
Operating cash flows from operating leases	52,481	52,660
Right-of-use assets obtained in exchange for new operating lease liabilities	-	290,731
Weighted average remaining lease term	3.1 years	4.1 years
Weighted average discount rate	2.55%	2.55%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LEASES (Continued)

Lease Transactions as Lessee (Continued)

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

<u>Year ending December 31,</u>	
2024	\$ 64,559
2025	58,260
2026	50,520
2027	<u>18,700</u>
Total lease payments	192,039
Less interest	<u>7,705</u>
Present value of lease liabilities	<u><u>\$ 184,334</u></u>

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, 2023 and 2022 were \$1,116,576 and \$1,118,310, 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, 2023 and 2022, and has been eliminated in consolidation.

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 \$107,395 and \$107,571 for the years ended December 31, 2023 and 2022, 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 \$79,431 and \$63,933 for the years ended December 31, 2023 and 2022, 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 \$563-\$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, 2023 and 2022 was \$207,591 and \$210,021 respectively and is included in rent income on the consolidated statement of activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. LEASES (Continued)

Lease Transactions as Lessor (Continued)

Future minimum rentals to be received are as follows:

<u>Year ending December 31,</u>	
2024	\$ 161,686
2025	153,244
2026	158,760
2027	162,645
2028	150,045
Thereafter	<u>309,251</u>
	<u><u>\$1,095,631</u></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 years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,975,553	\$ 2,975,553
Buildings and improvements	10,551,631	10,082,701
Furniture and equipment	<u>684,472</u>	<u>684,472</u>
	14,211,656	13,742,726
Less accumulated depreciation and amortization	<u>(2,522,806)</u>	<u>(2,137,471)</u>
Net property and equipment	<u><u>\$ 11,688,850</u></u>	<u><u>\$ 11,605,255</u></u>

8. NET ASSETS

At December 31, 2023 and 2022, net assets with donor restrictions were available for the following purposes:

	<u>2023</u>	<u>2022</u>
Restricted in perpetuity - endowment	\$ 250,000	\$ 250,000
Restricted for purpose:		
Capital Campaign - GSI Capital Projects	1,831,570	1,226,290
Endowment earnings - Victory Program scholarships	239,783	183,808
Thanksgiving	196,478	221,176
Men's program	112,316	129,236
Women's program	<u>94,331</u>	<u>55,080</u>
Total restricted for purpose	<u>2,474,478</u>	<u>1,815,590</u>
Total net assets with donor restrictions	<u><u>\$ 2,724,478</u></u>	<u><u>\$ 2,065,590</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. NET ASSETS (Continued)

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capital Campaign - Men's Dorm 3	\$ -	\$ 3,250,401
Capital Campaign - GSI Capital Projects	221,288	123,551
Men's program	154,346	139,680
Thanksgiving	46,486	294,027
Women's program	9,802	24,334
	<u>\$ 431,922</u>	<u>\$ 3,831,993</u>

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 \$127,809 (DRM), \$12,760 (RLF), and \$28,432 (TTTR) for the year ended December 31, 2023. Contributions under the plan totaled \$61,277 (DRM), \$15,159 (RLF), and \$28,892 (TTTR) for the year ended December 31, 2022.

10. SUBSEQUENT EVENTS

On January 23, 2024, RLF entered into a purchase and sale agreement for a Durham property in the amount of \$1,750,000. This property was classified as held for sale at December 31, 2023.

Management has evaluated subsequent events through April 23, 2024, 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, 2023

	ASSETS					LIABILITIES AND NET ASSETS			
	2023					2023			
	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	\$ 5,904,422	\$ 1,355,842	\$ 678,905	\$ 7,939,169	Accounts payable	\$ 313,116	\$ 43,175	\$ 4,297	\$ 360,588
Investments	1,556,974	12,880,407	-	14,437,381	Accrued payroll liabilities	239,259	10,052	-	249,311
Pledges receivable (less allowance for uncollectable pledges of \$11,100 and \$29,500)	29,370	-	-	29,370	Employee savings	-	-	299,552	299,552
Accounts receivable	-	-	13,345	13,345	Current portion of operating lease liabilities (Note 7)	60,610	-	-	60,610
Other receivables	36,930	-	700	37,630	Total current liabilities	612,985	53,227	303,849	970,061
Inventory	1,401,595	-	-	1,401,595	Long-term liabilities:				
Prepaid expenses	100	-	18,491	18,591	Operating lease liabilities (Note 7), less current portion	123,724	-	-	123,724
Property held for sale	-	869,922	-	869,922	Total long-term liabilities	123,724	-	-	123,724
Total current assets	8,929,391	15,106,171	711,441	24,747,003	Total liabilities	736,709	53,227	303,849	1,093,785
Long-term assets:					Net assets:				
Property & equipment, net	15,176,189	17,271,004	-	32,447,193	Without donor restrictions				
Operating right-of-use assets (Note 7)	180,353	-	-	180,353	Undesignated	20,827,568	32,323,948	407,592	53,559,108
Security deposits	25,000	-	-	25,000	Board designated for special purpose	272,178	-	-	272,178
Investments - restricted in perpetuity	250,000	-	-	250,000	Total without donor restrictions	21,099,746	32,323,948	407,592	53,831,286
Total long-term assets	15,631,542	17,271,004	-	32,902,546	With donor restrictions				
Total assets	\$ 24,560,933	\$ 32,377,175	\$ 711,441	\$ 57,649,549	Purpose restricted	2,474,478	-	-	2,474,478
					Perpetual in nature	250,000	-	-	250,000
					Total with donor restrictions	2,724,478	-	-	2,724,478
					Total net assets	23,824,224	32,323,948	407,592	56,555,764
					Total liabilities and net assets	\$ 24,560,933	\$ 32,377,175	\$ 711,441	\$ 57,649,549

**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, 2023

	2023				
	Durham Rescue Mission	Rescue Legacy Fund	Temps to the Rescue	Eliminating Entries	Consolidated
Public support and revenue:					
Public support:					
Contributions	\$ 7,477,100	\$ 1,710,850	\$ -	\$ (2,012,461)	\$ 7,175,489
In-kind contributions	8,007,198	-	-	-	8,007,198
Fundraising events:					
Fundraising events revenue	258,614	-	-	-	258,614
Less: direct expenses	(49,682)	-	-	-	(49,682)
Total public support	<u>15,693,230</u>	<u>1,710,850</u>	<u>-</u>	<u>(2,012,461)</u>	<u>15,391,619</u>
Revenue:					
Thrift store sales and services	7,998,426	-	-	-	7,998,426
Investment income (loss), net	369,993	1,754,655	765	-	2,125,413
Rent	202,677	1,324,516	-	(1,132,776)	394,417
Program services	616,849	-	3,340	(349,020)	271,169
Other income	48,415	13,185	-	(31,586)	30,014
TTR labor income	-	-	3,481,319	(3,439,883)	41,436
Total revenue	<u>9,236,360</u>	<u>3,092,356</u>	<u>3,485,424</u>	<u>(4,953,265)</u>	<u>10,860,875</u>
Total public support and revenue	<u>24,929,590</u>	<u>4,803,206</u>	<u>3,485,424</u>	<u>(6,965,726)</u>	<u>26,252,494</u>
Salaries, taxes and benefits	6,083,071	220,037	2,442,458	(3,439,883)	5,305,683
Food	712,634	991	-	-	713,625
Depreciation	603,047	455,469	-	-	1,058,516
Postage and printing	365,669	281	-	-	365,950
Maintenance and repairs	538,625	23,021	-	-	561,646
Community events	173,443	-	-	-	173,443
Utilities	1,146,626	3,844	152	-	1,150,622
Development	717,057	-	-	-	717,057
Miscellaneous	97,706	5,800	19,543	-	123,049
Taxes and licenses	518,915	25,437	-	-	544,352
Insurance	567,255	4,708	147,095	-	719,058
Benevolent gifts	486,007	-	-	-	486,007
Membership and dues	95,484	1,421	-	-	96,905
Program supplies	453,129	-	-	-	453,129
Transportation	375,220	5,676	32,097	(31,586)	381,407
Professional fees	156,622	70,412	23,137	-	250,171
Cost of goods sold (thrift stores) - in-kind	7,326,383	-	-	-	7,326,383
Bank and service charges	192,910	-	-	-	192,910
Office expense	86,994	3,151	-	-	90,145
In-kind expenses - other	-	-	-	-	-
Donations expense	1,400,000	9,961	602,500	(2,012,461)	-
Rent expense	1,116,576	4,200	12,000	(1,132,776)	-
Program fees	-	-	349,020	(349,020)	-
Total expenses	<u>23,213,373</u>	<u>834,409</u>	<u>3,628,002</u>	<u>(6,965,726)</u>	<u>20,710,058</u>
Changes in net assets from operations	<u>1,716,217</u>	<u>3,968,797</u>	<u>(142,578)</u>	<u>-</u>	<u>5,542,436</u>
Other changes in net assets:					
Loss on disposal of property and equipment	(2,687)	-	-	-	(2,687)
Change in net assets	<u>1,713,530</u>	<u>3,968,797</u>	<u>(142,578)</u>	<u>-</u>	<u>5,539,749</u>
Net assets, beginning of year	<u>22,110,694</u>	<u>28,355,151</u>	<u>550,170</u>	<u>-</u>	<u>51,016,015</u>
Net assets, end of year	<u>\$ 23,824,224</u>	<u>\$ 32,323,948</u>	<u>\$ 407,592</u>	<u>\$ -</u>	<u>\$ 56,555,764</u>