



SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2021 and 2020

SPRINGS RESCUE MISSION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Springs Rescue Mission and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Springs Rescue Mission and Affiliates as of June 30, 2021 and 2020, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
December 20, 2021

**SPRINGS RESCUE MISSION
AND AFFILIATES**

Consolidated Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,177,867	\$ 3,098,989
Cash restricted for capital projects	-	132,920
Gift-in-kind inventory	95,464	159,460
Contributions and government grants receivable	859,860	130,699
Prepaid expenses and other assets	166,379	154,475
	4,299,570	3,676,543
Notes receivable—related party	3,166,475	3,166,475
Property and equipment—net	22,129,255	18,258,715
	\$ 29,595,300	\$ 25,101,733
Total Assets	\$ 29,595,300	\$ 25,101,733
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,206,632	\$ 1,076,571
Notes payable—current portion	152,086	109,408
	1,358,718	1,185,979
Notes payable—net of current portion	5,693,439	5,875,213
Deferred gain	98,879	98,879
Asset retirement obligations	80,745	76,843
Total liabilities	7,231,781	7,236,914
Net assets:		
Without donor restrictions	21,503,659	14,924,642
With donor restrictions	859,860	2,940,177
Total net assets	22,363,519	17,864,819
Total Liabilities and Net Assets	\$ 29,595,300	\$ 25,101,733

See notes to consolidated financial statements

**SPRINGS RESCUE MISSION
AND AFFILIATES**

Consolidated Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 4,129,823	\$ 5,357,206	\$ 9,487,029	\$ 3,828,411	\$ 4,460,181	\$ 8,288,592
Government grants	3,311,480	-	3,311,480	3,141,585	-	3,141,585
Gift-in-kind contributions	3,050,192	-	3,050,192	4,433,297	-	4,433,297
Catering revenue	403,795	-	403,795	325,362	-	325,362
Other income	454,718	-	454,718	377,774	-	377,774
Total Support and Revenue	11,350,008	5,357,206	16,707,214	12,106,429	4,460,181	16,566,610
NET ASSETS RELEASED:						
Purpose restrictions	6,936,420	(6,936,420)	-	2,213,167	(2,213,167)	-
Time restrictions	501,103	(501,103)	-	241,489	(241,489)	-
Total Net Assets Released	7,437,523	(7,437,523)	-	2,454,656	(2,454,656)	-
EXPENSES:						
Program services	9,345,102	-	9,345,102	10,021,882	-	10,021,882
Supporting activities:						
General and administrative	1,557,854	-	1,557,854	1,390,446	-	1,390,446
Fundraising	1,305,558	-	1,305,558	1,188,237	-	1,188,237
	2,863,412	-	2,863,412	2,578,683	-	2,578,683
Total Expenses	12,208,514	-	12,208,514	12,600,565	-	12,600,565
Change in Net Assets	6,579,017	(2,080,317)	4,498,700	1,960,520	2,005,525	3,966,045
Net Assets, Beginning of Year	14,924,642	2,940,177	17,864,819	12,964,122	934,652	13,898,774
Net Assets, End of Year	\$ 21,503,659	\$ 859,860	\$ 22,363,519	\$ 14,924,642	\$ 2,940,177	\$ 17,864,819

See notes to consolidated financial statements

**SPRINGS RESCUE MISSION
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Wages and benefits	\$ 3,793,656	\$ 794,500	\$ 712,027	\$ 5,300,183
Food, clothing, and other distributions	3,114,188	-	-	3,114,188
Depreciation and amortization	771,312	32,831	22,714	826,857
Professional services	196,696	294,524	79,438	570,658
Office and supplies	250,805	296,353	6,652	553,810
Printing and advertising	452	78,862	450,079	529,393
Client supplies and events	407,263	-	-	407,263
Staff training and other	299,201	40,783	21,294	361,278
Telephone and utilities	193,848	8,736	5,560	208,144
Interest	161,738	6,884	4,763	173,385
Facilities and transportation	155,943	4,381	3,031	163,355
Total Expenses	<u>\$ 9,345,102</u>	<u>\$ 1,557,854</u>	<u>\$ 1,305,558</u>	<u>\$ 12,208,514</u>

See notes to consolidated financial statements

**SPRINGS RESCUE MISSION
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Wages and benefits	\$ 3,441,888	\$ 699,460	\$ 630,274	\$ 4,771,622
Food, clothing, and other distributions	4,418,842	-	-	4,418,842
Depreciation and amortization	679,388	42,492	22,496	744,376
Printing and advertising	1,026	73,209	441,350	515,585
Professional services	159,846	272,889	51,562	484,297
Staff training and other	292,344	66,122	22,935	381,401
Office and supplies	154,061	206,606	4,805	365,472
Client supplies and events	353,181	-	-	353,181
Facilities and transportation	197,863	8,021	4,247	210,131
Interest	167,522	10,478	5,547	183,547
Telephone and utilities	155,921	11,169	5,021	172,111
Total Expenses	\$ 10,021,882	\$ 1,390,446	\$ 1,188,237	\$ 12,600,565

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,498,700	\$ 3,966,045
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	826,857	744,376
In-kind grant to related party	-	-
Accretion of asset retirement obligations	3,902	3,718
Capitalized loan fees	(17,658)	-
Contributions and grants restricted for long-term purposes	(3,062,657)	(3,325,552)
Recognition of Paycheck Protection Program grant income	-	(629,212)
Change in operating assets and liabilities:		
Gift-in-kind inventory	63,996	(15,956)
Contributions and government grants receivable	(729,161)	(130,699)
Prepaid expenses and other assets	(11,904)	32,287
Accounts payable and accrued expenses	130,061	(116,214)
Net Cash Provided by Operating Activities	1,702,136	528,793
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(4,680,835)	(2,589,368)
Proceeds from notes receivable	-	(3,166,475)
Payoff of notes receivable	-	241,475
Net Cash Used by Investing Activities	(4,680,835)	(5,514,368)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions and grants restricted for long-term purposes	3,062,657	3,325,552
Principal payments on notes payable	(138,000)	(90,042)
Payments on lines of credit	-	(503,142)
Proceeds from notes payable	-	2,000,000
Proceeds from Paycheck Protection Program loan	-	629,212
Net Cash Provided by Financing Activities	2,924,657	5,361,580
Net Change in Cash and Restricted Cash	(54,042)	376,005
Cash and Restricted Cash, Beginning of Year	3,231,909	2,855,904
Cash and Restricted Cash, End of Year	\$ 3,177,867	\$ 3,231,909
CASH AND RESTRICTED CASH CONSIST OF:		
Cash and cash equivalents	\$ 3,177,867	\$ 3,098,989
Cash restricted for projects	-	132,920
	\$ 3,177,867	\$ 3,231,909
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for interest	\$ 150,885	\$ 183,546
Property and equipment acquired through liabilities	\$ -	\$ 681,370
Recognition of Paycheck Protection Program loan contribution	\$ -	\$ 629,212

See notes to consolidated financial statements

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

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

During the year ended June 30, 2015, SRM formed Mission Enterprises Corporation (MEC), a wholly-owned for-profit Colorado corporation. All inter-company activity is eliminated.

During the year ended June 30, 2018, SRM formed SRM PPSH1 Inc., a wholly-owned for-profit Colorado corporation. All inter-company activity is eliminated.

During the year ended June 30, 2018, SRM formed City Gate Motors, LLC, a wholly-owned not-for-profit Colorado corporation. All inter-company activity is eliminated.

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

2. SIGNIFICANT ACCOUNTING POLICIES:

SRM maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash includes checking and savings accounts, and a money market account. As of June 30, 2021 and 2020, SRM has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$2,860,000 and \$2,986,000, respectively. SRM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GIFT-IN-KIND INVENTORY

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

PREPAID EXPENSES AND OTHER ASSETS

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

CONTRIBUTIONS AND GOVERNMENT GRANTS RECEIVABLE

Contributions and government grants receivable consist of contributions receivable from individual donors, and government grants receivable on conditional grant agreements. These agreements have a right-of-release in the form of funds to be paid to SRM once the barriers to entitlement are met. As of the year ended June 30, 2021, these barriers had been met, but the funds had not yet been paid to SRM by the grantors. All receivables are considered to be due within one year, and no allowance has been recorded.

NOTES RECEIVABLE

During the year ended June 30, 2020, SRM loaned \$3,166,475 to the Greenway Flats project. This consisted of a \$1,500,000 loan with interest due of 1% per annum; a \$500,000 loan bearing no interest; and a \$1,166,475 loan bearing no interest. Interest was imputed at 2.3% on the \$1,166,475 note receivable based on the financing arrangement. The maturity dates are December 31, 2050, for all the loans.

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

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NOTES RECEIVABLE, continued

The investor member of GF is US Bancorp Community Development Corporation which has a 99.9% interest in GF. The managing member of GF is Pikes Peak Permanent Supportive Housing No. 1 LLC (PPPSH1), which has a 0.009% interest in GF. During the year ending June 30, 2021, SRM PPSH1 Inc. obtained full control of the board of PPPSH1, and has full interest in the LLC. As the managing member of Greenway Flats, SRM is the Guarantor and required that if at any time an operating deficit occurs, SRM shall advance funds to Greenway Flats as a loan equal to the amount of the deficit. SRM's obligation is however limited, to a maximum amount of \$216,872. In the same agreement, SRM also has guaranteed the performance of certain operational requirements and performance obligations that guarantee punctual payment and performance of a \$150,000 Community Development Block Grant Loan from the City of Colorado Springs, and its obligations to satisfy its indemnification requirements of the Member Operating Agreement. During the year ended June 30, 2021, no payments were made as a result of this agreement. During the year ending June 30, 2020, SRM PPSH1 Inc. had a 50% interest in PPPSH1, and another organization had the remaining 50% interest. The Colorado Springs Housing Authority is a special member of GF, and has a 0.001% interest in GF.

PROPERTY AND EQUIPMENT

SRM capitalizes fixed assets exceeding \$2,500. Property and equipment are recorded at cost. Donated items are recorded at their estimated fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives which range from three to thirty years.

DEFERRED GAIN

A gain related to the note receivables referred to above was recorded in the amount of \$98,879 during the year ended June 30, 2019. SRM did not receive a down payment from Greenway Flats, LLC for the purchase of this land. Therefore, the amount was recorded as a deferred gain and the balance as of both years ended June 30 2021 and 2020 is \$98,879.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are currently available for use at the discretion of the board and resources invested in property and equipment-net.

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

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

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

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

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

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

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

FUNCTIONAL ALLOCATION OF EXPENSES

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

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*. SRM adopted the provisions of this new standard during the year ended June 30, 2021. This new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects SRM's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 3,177,867	\$ 3,098,989
Cash restricted for capital projects	-	132,920
Contributions and government grants receivable	859,860	130,699
Accounts receivable	48,556	45,274
Notes receivable	3,166,475	3,166,475
	7,252,758	6,574,357
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for capital projects	-	(132,920)
Notes receivable, not collectible in the next year	(3,166,475)	(3,166,475)
	(3,166,475)	(3,166,475)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,086,283	\$ 3,274,962

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

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

4. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consists of:

	June 30,	
	2021	2020
Land and improvements	\$ 1,600,778	\$ 1,581,938
Buildings and improvements	24,623,407	17,255,750
Furniture and equipment	1,104,521	1,046,041
Vehicles	174,700	174,700
	27,503,406	20,058,429
Less accumulated depreciation and amortization	(5,374,151)	(4,563,858)
	22,129,255	15,494,571
Construction in progress	-	2,764,144
	\$ 22,129,255	\$ 18,258,715

5. LINE OF CREDIT:

During the year ended June 30, 2020, SRM extended a \$750,000 revolving line of credit. The line had a variable interest rate from a financial institution. The line had a maturity date of December 2020. As of June 30, 2020, the balance was \$0. The line of credit was not renewed.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

6. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2021	2020
<p>Note payable to a financial institution in the amount of \$3,100,000, due in monthly installments of principal and interest of \$18,719, with interest calculated at 3.91%. Note matures December 2028 with a balloon payment due at that time and is secured by property. Note payable is presented net of capitalized loan fees of \$45,521 and \$51,590, respectively, net of accumulated amortization.</p>	\$ 2,801,300	\$ 2,904,621
<p>Promissory note to the seller of a property in the amount of \$1,080,000, due in quarterly payments of interest of \$13,500, with interest calculated at 5%. During the year ended June 30, 2021, SRM refinanced the note payable with a financial institution.</p>	-	1,080,000
<p>Note payable to a financial institution in the amount of \$1,080,000, due in monthly installments of principal and interest of \$6,320, with interest calculated at 3.55%. Balloon payment of principal due on scheduled maturity date of \$640,464. Note matures December 2030 and is secured by property. Note payable is presented net of capitalized loan fees of \$16,775, net of accumulated amortization.</p>	1,044,225	-
<p>Note payable to the City of Colorado Springs in the amount of \$1,500,000, related to the Greenway Flats project. This note bears interest at 1% per annum, and the maturity date is December 31, 2050. Subject to certain conditions, the loan is eligible for forgiveness at loan maturity date.</p>	1,500,000	1,500,000
<p>Note payable to the City of Colorado Springs in the amount of \$500,000, related to the Greenway Flats project. This note bears no interest, and the maturity date is December 31, 2050. Subject to certain conditions, the loan is eligible for forgiveness at loan maturity date.</p>	500,000	500,000
	5,845,525	5,984,621
Less current portion	(152,086)	(109,408)
	\$ 5,693,439	\$ 5,875,213

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

6. NOTES PAYABLE, continued:

Future minimum payments for notes payable are:

<u>Year Ending June 30,</u>		
2022	\$	152,086
2023		158,081
2024		163,940
2025		170,777
2026		177,510
Thereafter		<u>5,023,131</u>
	<u>\$</u>	<u>5,845,525</u>

SRM was in compliance with all financial and reporting covenants at June 30, 2021.

7. NET ASSETS WITH DONOR RESTRICTIONS:

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

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Government grants receivable	\$ 785,474	\$ 87,585
Ezone	74,386	43,114
Building fund	-	<u>2,809,478</u>
	<u>\$ 859,860</u>	<u>\$ 2,940,177</u>

8. GIFT-IN-KIND CONTRIBUTIONS:

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

	<u>Year ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Clothing	\$ 2,030,474	\$ 2,755,003
Household goods	595,653	413,757
Food	227,774	978,424
Others	<u>196,291</u>	<u>286,113</u>
	<u>\$ 3,050,192</u>	<u>\$ 4,433,297</u>

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

9. EMPLOYEE BENEFITS:

SRM has a 403(b) Retirement Plan that is available for all employees who meet eligibility requirements. SRM matches up to 2% of eligible compensation to those employees who meet eligibility requirements. SRM also contributes an additional 1% for direct expenses. Effective February 2016, all eligible employees are automatically enrolled at 3% unless they chose to opt out. During the years ended June 30, 2021 and 2020, employer contributions were \$87,630 and \$74,632, respectively.

10. FUTURE LEASE INCOME:

During the year ended June 30, 2021, SRM entered into a lease agreement with an unrelated third-party tenant. Lease income for the year ended June 30, 2021, was approximately \$78,600. Future minimum lease income under this agreement is:

<u>Year Ending June 30,</u>	
2022	\$ 117,167
2023	121,917
2024	126,667
2025	131,417
2026	44,333
	<hr/>
	\$ 541,501
	<hr/>

11. RISKS AND UNCERTAINTIES:

During the year ended June 30, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of SRM for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

SRM has received a number of grants from the Federal Home Loan Bank prior to July 1, 2018, and from the City of Colorado Springs during the years ended June 30, 2021 and 2020. These grants contained a right of return provision and also program specific barriers to overcome. SRM has met all of these program specific conditions as of June 30, 2021 and 2020, respectively and has therefore recognized this grant income.

12. DONOR CONCENTRATION:

During the years ended June 30, 2021 and 2020, one donor contributed approximately 16% and 12% of contributions, respectively.

SPRINGS RESCUE MISSION AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

13. SUBSEQUENT EVENTS:

Subsequent to the year ended June 30, 2021, a note payable in the amount of \$920,000 was obtained for capital improvements.

Subsequent events were evaluated through December 20, 2021, which is the date the consolidated financial statements were available to be issued.