

EVANSVILLE RESCUE MISSION, INC.

EVANSVILLE, INDIANA

INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023



EVANSVILLE RESCUE MISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Evansville Rescue Mission, Inc.
Evansville, Indiana

Opinion

We have audited the accompanying financial statements of Evansville Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evansville Rescue Mission, Inc. (the Mission) as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mission 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Board of Directors
Evansville Rescue Mission, Inc.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

July 9, 2025


Kramer CPA Group, LLP
Certified Public Accountants and Consultants
Evansville, Indiana

EVANSVILLE RESCUE MISSION, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
ASSETS	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 3,594,461	\$ 4,204,395
Investments	2,763,079	1,548,097
Per diem receivables	49,337	21,444
Inventory	264,018	251,799
Unconditional promises to give	473,015	605,833
Other receivables	40,973	14,880
Prepaid and other assets	23,227	19,037
Total Current Assets	<u>7,208,110</u>	<u>6,665,485</u>
Land, Building, and Equipment – net of accumulated depreciation	<u>9,911,570</u>	<u>6,894,517</u>
Other Assets		
Operating lease right of use asset	643,304	872,013
Cash surrender value of life insurance	138,332	138,332
Unconditional promises to give - net of current portion	453,141	734,278
Beneficial interest in trusts	1,442,843	1,129,966
Total Other Assets	<u>2,677,620</u>	<u>2,874,589</u>
	<u>\$ 19,797,300</u>	<u>\$ 16,434,591</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,138,235	\$ 102,512
Operating lease right of use liability - current portion	88,741	295,049
Accrued payroll and accrued and withheld payroll taxes	221,926	186,882
	<u>1,448,902</u>	<u>584,443</u>
Long Term Liabilities		
Operating lease right of use liability, net of current portion	580,446	563,123
Total Liabilities	<u>2,029,348</u>	<u>1,147,566</u>
Net Assets		
Without donor restrictions	12,676,076	11,847,572
With donor restrictions	5,091,876	3,439,453
Total Net Assets	<u>17,767,952</u>	<u>15,287,025</u>
	<u>\$ 19,797,300</u>	<u>\$ 16,434,591</u>

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENT OF ACTIVITIES

	Year Ended December 31, 2024		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, Gains, and Support			
Contributions	\$ 2,881,347	\$ 1,820,898	\$ 4,702,245
Contributions - noncash	1,211,467	0	1,211,467
Grants	797,250	0	797,250
Program services fees	2,393,325	0	2,393,325
Store sales	998,058	0	998,058
Investment return	189,553	0	189,553
Change in beneficial interest in trusts	0	65,360	65,360
Camp rental	0	0	0
Realized gain on fixed assets	0	0	0
Other	288,671	0	288,671
Gross special events revenue	77,835	0	77,835
Less cost of direct benefits to donors	(90,820)	0	(90,820)
Net special events revenue	(12,985)	0	(12,985)
Net Assets Released from Restrictions	233,835	(233,835)	0
Total Revenues, Gains, and Support	8,980,521	1,652,423	10,632,944
Expenses			
Program expenses			
Mission ministries	2,599,633	0	2,599,633
Washington Thrift Store	1,882,442	0	1,882,442
Camp Ministries	0	0	0
CWC	369,543	0	369,543
Youth Care Center	2,202,869	0	2,202,869
Total program expenses	7,054,487	0	7,054,487
Supporting services			
Administration	351,114	0	351,114
Fundraising	746,416	0	746,416
Total supporting services expenses	1,097,530	0	1,097,530
Total expenses	8,152,017	0	8,152,017
Increase in Net Assets	828,504	1,652,423	2,480,927
Net Assets at Beginning of Year	11,847,572	3,439,453	15,287,025
NET ASSETS AT END OF YEAR	\$ 12,676,076	\$ 5,091,876	\$ 17,767,952

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENT OF ACTIVITIES

	Year Ended December 31, 2023		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, Gains, and Support			
Contributions	\$ 3,021,182	\$ 2,275,094	\$ 5,296,276
Contributions - noncash	1,119,906	0	1,119,906
Grants	261,250	0	261,250
Program services fees	2,431,897	0	2,431,897
Store sales	843,582	0	843,582
Investment return (loss)	87,760	0	87,760
Change in beneficial interest in trusts	0	72,819	72,819
Camp rental	24,150	0	24,150
Realized gain (loss) on fixed assets	1,280,449	0	1,280,449
Other	245,531	0	245,531
Gross special events revenue	104,373	0	104,373
Less cost of direct benefits to donors	(131,168)	0	(131,168)
Net special events revenue	(26,795)	0	(26,795)
Net Assets Released from Restrictions	7,299	(7,299)	0
Total Revenues, Gains and Support	9,296,211	2,340,614	11,636,825
Expenses			
Program expenses			
Mission ministries	2,660,536	0	2,660,536
Washington Thrift Store	1,148,368	0	1,148,368
Camp Ministries	560,046	0	560,046
CWC	66,480	0	66,480
Youth Care Center	2,170,872	0	2,170,872
Total program expenses	6,606,302	0	6,606,302
Supporting services			
Administration	397,154	0	397,154
Fundraising	615,884	0	615,884
Total supporting services expenses	1,013,038	0	1,013,038
Total expenses	7,619,340	0	7,619,340
Increase (decrease) in Net Assets	1,676,871	2,340,614	4,017,485
Net Assets at Beginning of Year	10,170,701	1,098,839	11,269,540
NET ASSETS AT END OF YEAR	\$ 11,847,572	\$ 3,439,453	\$ 15,287,025

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,480,927	\$ 4,017,485
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	402,095	401,490
(Gain) loss – disposal of fixed assets	0	(1,280,449)
Realized (gain) loss on investments	(17,159)	1,607
Unrealized (gain) loss on investments	(45,989)	(25,062)
Unrealized (gain) loss on beneficial interest in trusts	(312,877)	(72,819)
Noncash gifts and bequests:		
Donated investments	(185,986)	(257,929)
(Increase) decrease in:		
Receivables and unconditional promises to give	359,969	(1,342,069)
Prepaid and other assets	(4,190)	22,762
Inventory	(12,219)	(160,732)
Accounts payable	1,035,723	(15,763)
Operating lease asset and liability	39,724	(38,146)
Accrued wages and accrued and withheld payroll taxes	<u>35,044</u>	<u>12,300</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,775,062</u>	<u>1,262,675</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,419,148)	(307,010)
Purchase of investments	(1,018,904)	(277,976)
Proceeds from sale of property and equipment	0	1,994,090
Proceeds from sale of investments	<u>53,056</u>	<u>418,669</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(4,384,996)</u>	<u>1,827,773</u>

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

	Years Ended December 31,	
	<u>2024</u>	<u>2023</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (609,934)	\$ 3,090,448
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,204,395	1,113,947
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,594,461</u>	<u>\$ 4,204,395</u>

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

	Program Activities				
	<u>Mission</u> <u>Ministries</u>	<u>Washington</u> <u>Thrift Store</u>	<u>CWC</u>	<u>Youth</u> <u>Care Center</u>	<u>Total</u>
<u>Year Ended December 31, 2024</u>					
Salaries	\$ 728,571	\$ 612,411	\$ 69,000	\$ 1,465,000	\$ 2,874,982
Other program supplies	249,911	22,325	236,414	70,410	579,060
Cost of goods sold - donated goods	0	782,502	0	0	782,502
Food	652,314	0	42,427	117,469	812,210
Fundraising fees	0	0	0	0	0
Benevolence	9,844	0	0	3,000	12,844
Grants	28,801	0	0	0	28,801
School lunch	0	0	0	0	0
Store supplies	22,138	34,925	0	0	57,063
Payroll taxes	56,478	48,645	0	119,559	224,682
Health insurance	1,531	0	0	1,007	2,538
Retirement	40,137	0	0	14,984	55,121
Advertising and promotion	1,300	264	0	1,076	2,640
Vehicle	25,353	3,689	0	13,674	42,716
Bad debt	0	0	0	0	0
Building and grounds maintenance	101,944	96,453	0	69,929	268,326
Lease	130,606	122,214	0	0	252,820
Contract services	3,290	418	0	1,531	5,239
Equipment purchases	5,880	0	0	4,221	10,101
Equipment repair	1,690	0	0	3,845	5,535
Insurance	101,624	27,536	0	109,191	238,351
Finance charge	0	0	0	0	0
Interest	0	0	0	0	0
Membership fees	2,975	0	0	884	3,859
Office supplies	10,098	302	0	2,327	12,727
Postage	396	0	0	716	1,112
Professional fees	0	0	0	0	0
Janitorial	28,733	1,015	0	6,155	35,903
Property tax	0	0	0	0	0
Telecommunications	3,119	1,211	0	4,443	8,773
Conferences and seminars	21,409	0	0	0	21,409
Depreciation and amortization	179,191	59,389	0	123,305	361,885
Utilities	192,300	69,143	21,702	70,143	353,288
	<u>\$ 2,599,633</u>	<u>\$ 1,882,442</u>	<u>\$ 369,543</u>	<u>\$ 2,202,869</u>	<u>\$ 7,054,487</u>

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

	Supporting Activities			
		Fund		Total
	Administration	Raising	Total	Expenses
Year Ended December 31, 2024				
Salaries	\$ 85,714	\$ 42,857	\$ 128,571	\$ 3,003,553
Other program supplies	0	0	0	579,060
Cost of goods sold - donated goods	0	0	0	782,502
Food	0	0	0	812,210
Fundraising fees	0	683,883	683,883	683,883
Benevolence	0	0	0	12,844
Grants	0	0	0	28,801
School lunch	0	0	0	0
Store supplies	0	0	0	57,063
Payroll taxes	6,645	3,322	9,967	234,649
Health insurance	359	204	563	3,101
Retirement	13,133	5,734	18,867	73,988
Advertising and promotion	5,280	5,280	10,560	13,200
Vehicle	1,334	0	1,334	44,050
Building and grounds maintenance	5,365	0	5,365	273,691
Lease	0	0	0	252,820
Contract services	3,931	658	4,589	9,828
Equipment purchases	653	0	653	10,754
Equipment repair	615	0	615	6,150
Insurance	20,082	0	20,082	258,433
Membership fees	0	0	0	3,859
Office supplies	8,078	2,020	10,098	22,825
Postage	316	79	395	1,507
Professional fees	152,135	0	152,135	152,135
Janitorial	3,517	0	3,517	39,420
Property tax	0	0	0	0
Telecommunications	3,747	0	3,747	12,520
Conferences and seminars	0	2,379	2,379	23,788
Depreciation and amortization	40,210	0	40,210	402,095
Utilities	0	0	0	353,288
	\$ 351,114	\$ 746,416	\$ 1,097,530	\$ 8,152,017

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

	Program Activities					<u>Total</u>
	<u>Mission</u> <u>Ministries</u>	<u>Washington</u> <u>Thrift Store</u>	<u>Camp</u> <u>Reveal</u>	<u>CWC</u>	<u>Youth</u> <u>Care Center</u>	
<u>Year Ended December 31, 2023</u>						
Salaries	\$ 807,832	\$ 430,128	\$ 147,985	\$ 0	\$ 1,400,000	2,785,945
Other program supplies	214,423	14,222	35,991	0	122,325	386,961
Cost of goods sold - donated goods	0	592,952	0	0	0	592,952
Food	639,350	0	32,781	0	138,979	811,110
Grants	21,522	0	0	0	0	21,522
Store supplies	50,974	0	0	0	0	50,974
Payroll taxes	64,620	33,958	11,751	0	108,486	218,815
Health insurance	1,347	0	0	0	140	1,487
Retirement	38,607	0	0	0	6,808	45,415
Advertising and promotion	3,270	381	0	8,249	0	11,900
Vehicle	22,316	2,822	2,337	0	11,316	38,791
Building and grounds maintenance	129,371	0	101,105	0	28,285	258,761
Lease	100,547	69,780	0	0	0	170,327
Contract services	17,375	4,125	2,733	0	16,500	40,733
Equipment purchases	10,652	0	3,853	0	17,328	31,833
Equipment repair	548	0	0	0	5,498	6,046
Insurance	104,254	0	48,844	0	115,284	268,382
Membership fees	5,264	0	140	0	693	6,097
Office supplies	11,104	0	169	0	2,521	13,794
Postage	767	0	0	0	961	1,728
Janitorial	19,889	0	292	0	9,789	29,970
Property tax	0	0	3,301	0	0	3,301
Telecommunications	3,671	0	1,017	0	4,067	8,755
Conferences and seminars	55,301	0	3,243	0	5,518	64,062
Depreciation	171,819	0	68,901	0	122,273	362,993
Utilities	165,713	0	95,603	58,231	54,101	373,648
	<u>\$ 2,660,536</u>	<u>\$ 1,148,368</u>	<u>\$ 560,046</u>	<u>\$ 66,480</u>	<u>\$ 2,170,872</u>	<u>\$ 6,606,302</u>

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES (CONCLUDED)

	Supporting Activities			Total
	<u>Administration</u>	<u>Fund Raising</u>	<u>Total</u>	
<u>Year Ended December 31, 2023</u>				
Salaries	\$ 102,828	\$ 47,520	\$ 150,348	\$ 2,936,293
Other program supplies	0	0	0	386,961
Cost of goods sold - donated goods	0	0	0	592,952
Food	0	0	0	811,110
Fundraising fees	0	548,065	548,065	548,065
Benevolence	0	0	0	0
Grants	0	0	0	21,522
Store supplies	0	0	0	50,974
Payroll taxes	8,221	3,801	12,022	230,837
Health insurance	277	180	457	1,944
Retirement	756	0	756	46,171
Advertising and promotion	7,301	7,301	14,602	26,502
Vehicle	1,175	0	1,175	39,966
Building and grounds maintenance	6,809	0	6,809	265,570
Lease	0	0	0	170,327
Contract services	29,472	3,475	32,947	73,680
Equipment purchases	1,346	0	1,346	33,179
Equipment repair	672	0	672	6,718
Insurance	23,098	0	23,098	291,480
Membership fees	0	0	0	6,097
Office supplies	8,883	2,221	11,104	24,898
Postage	614	153	767	2,495
Professional fees	126,821	0	126,821	126,821
Janitorial	2,725	0	2,725	32,695
Property tax	9,000	0	9,000	12,301
Telecommunications	4,235	0	4,235	12,990
Conferences and seminars	0	3,168	3,168	67,230
Depreciation	38,497	0	38,497	401,490
Utilities	24,424	0	24,424	398,072
	<u>\$ 397,154</u>	<u>\$ 615,884</u>	<u>\$ 1,013,038</u>	<u>\$ 7,619,340</u>

See accompanying notes.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The Evansville Rescue Mission, Inc. (the Mission) is an Indiana not-for-profit corporation. The purpose of the Mission is to minister to people whose needs are not met by other charitable and civic organizations. The Mission proposes to minister to the whole person: physical, social, mental, emotional, and spiritual. It is a ministry that gives people the opportunity to hear God's compelling message of love and salvation. The Mission cares for all people regardless of sex, age, race, color, or national origin. These people include indigent children, homeless and transitory men, alcoholics, parolees, those who are emotionally disturbed, teenage boys, and the unemployed. The Mission operates the following programs.

Mission Ministries

The Mission shelter provides food, clothing, shelter, and spiritual encouragement to the less fortunate, particularly for homeless men who stay overnight, but also for women and children who need services besides lodging.

Evansville Rescue Mission Thrift Store

The Thrift Store sells used clothing, household goods, and other miscellaneous items that have been donated.

Youth Care Center (YCC)

A secure lock-up service for juvenile offenders who are considered a danger either to themselves or to others. While in the YCC Unit, young offenders are assessed, evaluated, and adjudicated, as well as given GED instruction and personal direction by trained technicians and counselors. The Mission has entered into an agreement with the Board of Commissioners of Vanderburgh County to provide detention services to the County. At December 31, 2024 and 2023, Vanderburgh County is paying a fixed fee of \$168,126 and \$152,506 per month, respectively.

Camp Reveal

Camp Reveal operated summer camps, retreats, etc. for children.

CWC

The Center for Women and Children will provide food, clothing, shelter, and spiritual encouragement to the less fortunate, particularly for homeless women and children who stay overnight. The Center will open in 2025.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

The Mission recognizes revenue from store sales at the time of purchase and fees from the contract with the Board of Commissioners of Vanderburgh County on a monthly basis as performance obligations are met.

The Mission recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give on December 31, 2024 and 2023.

Basis of Accounting

The financial statements of the Mission have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources 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.

Income Tax Status

The Mission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Mission has been classified as an organization other than a private foundation. The Mission files tax returns in the U.S. federal jurisdiction and the state of Indiana.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Concentration

The Mission considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Mission maintains cash balances at several banks. For purposes of the statements of cash flows, cash includes cash on hand and on deposit with banks. Accounts at each institution are insured by the FDIC up to \$250,000. At December 31, 2024 and 2023 the Mission had \$2,700,392 and \$2,597,992 in excess of the FDIC limit, respectively.

Per Diem Receivables

The Mission extends credit on a short-term basis to customers in the normal course of business. Accounts receivables are stated at their estimated collectible amounts and comprise amounts billed and currently due from customers. These uncollateralized customer obligations are due under normal trade terms requiring payment within thirty days from the invoice date. The Mission does not charge interest on outstanding balances.

The carrying amounts of accounts receivable are reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Collections from customers are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry-specific economic factors. The Mission also considers any specific customer collection issues. Since the Mission's accounts receivable are largely similar, the Mission evaluates its allowance for credit losses as one portfolio segment. The Mission has determined that all outstanding balances are fully collectible and therefore no allowance for credit losses has been made. At origination, the Mission evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On a continuing basis, data for each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance. Write-offs to the allowance for credit losses were \$0 for the years ended December 31, 2024 and 2023.

The balance of accounts receivable as of January 1, 2023 was \$15,923.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs have been allocated based on actual direct expenditures and cost allocations based on time spent by Mission personnel.

Investments

Purchased investments are recorded at cost or if donated, fair value at the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, and less external investment expenses.

Donated Services

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. The Mission generally pays for services requiring expertise. No significant contributions of services were received during the years ended December 31, 2024 and 2023, respectively.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Land, Buildings, and Equipment

Land, buildings and equipment include additions over \$5,000 and are stated at cost or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line basis over the estimated useful life of each asset ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Mission reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Mission has determined that no long-lived assets were impaired during the years ended December 31, 2024 and 2023.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation except for donated goods sold in our Thrift store. See the Inventory section of Note 1 for the method of valuation for donated goods.

In 2024 and 2023, the Mission had \$1,211,467 and \$1,119,906, respectively of in-kind contributions. These in-kind contributions consist mostly of donated food, meals, household items, and basic necessities which are unrestricted. Donated food is valued based on pounds of food received. Other items are valued based on estimated costs to purchase identical or similar products.

Inventory

Inventory consists of various donated items. Both store and warehouse inventory are stated at anticipated excess of retail sales over cost of goods sold.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (Concluded)

Date of Management's Review

The Mission has evaluated subsequent events through July 9, 2025, the date which the financial statements were available to be issued.

Leases

The Mission leases certain retail stores. The Mission determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Mission's leases do not provide an implicit rate, the Mission uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Note 2 – Concentration of Program Service Fees

For the years ended December 31, 2024 and 2023, the Mission received 85% and 77%, respectively, of its program service fees through the YCC program contract it has with Vanderburgh County. Total revenue from this program was \$2,048,747 and \$1,892,963, respectively, for the years ended December 31, 2024 and 2023. These fees are included in the program service fees in the statement of activities.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 3 – Risks and Uncertainties

The Mission invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Note 4 – Investments

Investments are stated at fair value and are summarized as follows:

	December 31,	
	2024	2023
Common Stocks	\$ 485,636	\$ 389,629
Certificate of Deposit > 3 mo	2,080,040	893,281
Preferred Stocks	86,951	86,496
Government and Corporate Bonds	110,452	178,691
	<u>\$ 2,763,079</u>	<u>\$ 1,548,097</u>

The following schedule summarizes investment return on the statements of activities:

	December 31,	
	2024	2023
Interest and dividend income	\$ 132,047	\$ 69,244
Realized gains (losses) on investments	17,159	(1,607)
Unrealized gains (losses) on investments	45,989	25,062
Investment fees	(5,642)	(4,939)
	<u>\$ 189,553</u>	<u>\$ 87,760</u>

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 5 – Fair Value Measurements

The Mission follows FASB ASC 820-10 "Fair Value Measurements," which provides a framework for measuring fair value under U.S. generally accepted accounting principles. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

Level 1: Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured at December 31, 2024 and 2023 are as follows:

December 31, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 485,636	\$ 485,636	\$ 0	\$ 0
Certificates of Deposit	2,080,040	2,080,040	0	0
Preferred Stock	86,951	86,951	0	0
Corporate bonds	75,580	0	75,580	0
Municipal bonds	34,872	0	34,872	0
	<u>\$ 2,763,079</u>	<u>\$ 2,652,627</u>	<u>\$ 110,452</u>	<u>\$ 0</u>
Beneficial interest in trusts				
Perpetual Trust	\$ 506,535	\$ 0	\$ 0	\$ 506,535
Charitable Trust	936,308	0	0	936,308
	<u>\$ 1,442,843</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,442,843</u>

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 5 – Fair Value Measurements (Concluded)

December 31, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 389,629	\$ 389,629	\$ 0	\$ 0
Certificates of Deposit	893,281	893,281	0	0
Preferred Stock	86,496	86,496	0	0
Corporate bonds	128,022	0	128,022	0
Municipal bonds	50,669	0	50,669	0
	<u>\$ 1,548,097</u>	<u>\$ 1,369,406</u>	<u>\$ 178,691</u>	<u>\$ 0</u>
Beneficial interest in trusts				
Perpetual Trust	\$ 240,073	\$ 0	\$ 0	\$ 240,073
Charitable Trust	889,893	0	0	889,893
	<u>\$ 1,129,966</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,129,966</u>

The fair values of corporate bonds, municipal bonds, and collateralized mortgage obligations for which quoted market prices are not available are based on yields currently available on comparable securities of issuers with similar credit ratings.

Fair value for beneficial interest in perpetual trust is measured using the fair value of the assets held in the trust reported by the trustee as of December 31, 2024 and 2023.

Beneficial interest in Charitable Trust is estimated at the present value of future income distributions expected to be received by the Mission.

The Mission recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended December 31, 2024 and 2023.

The change in fair value of assets valued using significant unobservable inputs (Level 3) is shown below.

Balance at December 31, 2023	\$ 1,129,966
Change in value in split-interest agreement	65,360
Balance at December 31, 2024	<u>\$ 1,195,326</u>

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 6 – Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following:

	Mission Ministries	Thrift Stores	Centennial Center	Youth Care Center	Coffee Shop	Children and Women's Center	Total
<u>December 31, 2024</u>							
Land	\$ 248,995	\$ 0	\$ 0	\$ 19,407	\$ 0	\$ 0	\$ 268,402
Buildings and improvements	2,247,586	267,823	1,686,135	3,291,801	126,296	0	7,619,641
Furniture and equipment	595,722	74,620	0	117,329	0	0	787,671
Construction in progress	0	0	0	0	0	5,282,284	5,282,284
	3,092,303	342,443	1,686,135	3,428,537	126,296	5,282,284	13,957,998
Less accumulated depreciation	1,368,475	156,192	312,491	2,145,824	63,446	0	4,046,428
	<u>\$ 1,723,828</u>	<u>\$ 186,251</u>	<u>\$ 1,373,644</u>	<u>\$ 1,282,713</u>	<u>\$ 62,850</u>	<u>\$ 5,282,284</u>	<u>\$ 9,911,570</u>

	Mission Ministries	Thrift Stores	Centennial Center	Youth Care Center	Coffee Shop	Children and Women's Center	Total
<u>December 31, 2023</u>							
Land	\$ 248,995	\$ 0	\$ 0	\$ 19,407	\$ 0	\$ 0	\$ 268,402
Buildings and improvements	2,172,586	199,005	1,686,135	3,285,501	121,057	0	7,464,284
Furniture and equipment	595,722	74,620	0	117,329	0	0	787,671
Construction in progress	0	0	0	0	0	2,018,492	2,018,492
	3,017,303	273,625	1,686,135	3,422,237	121,057	2,018,492	10,538,849
Less accumulated depreciation	1,218,863	90,204	263,002	2,033,528	38,735	0	3,644,332
	<u>\$ 1,798,440</u>	<u>\$ 183,421</u>	<u>\$ 1,423,133</u>	<u>\$ 1,388,709</u>	<u>\$ 82,322</u>	<u>\$ 2,018,492</u>	<u>\$ 6,894,517</u>

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 7 – Defined Contribution Plan

The Mission sponsors a safe-harbor 401(k) employee retirement plan covering all employees who have completed one year of service, worked 1,000 hours, and are over 21 years old. The Mission contributes 3% of each eligible employee's gross wages, regardless of how much the employee defers. The Mission contributed \$57,339 and \$46,171 to the plan in 2024 and 2023, respectively.

Note 8 – Beneficial Interest in Trusts

Perpetual Trust

The Mission has been named as an irrevocable beneficiary of perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the Mission; however, they will never receive the assets of the trusts. At the date the Mission receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities. Amounts held in perpetual trusts at December 31, 2024 and 2023 were \$506,535 and \$240,073, respectively.

Charitable Trust

During the year ended December 31, 2011, the Mission was named as beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by outside agents designated by the donor. Therefore, the Mission has neither possession nor control over the assets of the trusts. At the date the Mission receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using the present value of future income distributions. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. The Mission is scheduled to receive contributions without donor restrictions equal to one seventh of net income from a charitable trust through 2026. At the end of the fifteen-year period, the mission will receive one fifth of the assets remaining in the trust. Using a 4.3% discount rate, the present value of future contributions expected to be received as of December 31, 2024 and 2023 is estimated to be \$936,308 and \$889,893, respectively.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 9 – Restrictions of Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	2023
Subject to expenditure for specified purpose:		
Youth Care Center capital expenses	\$ 34,392	\$ 34,392
Center for Women and Children	3,114,197	1,540,816
	<u>3,148,589</u>	<u>1,575,208</u>
Subject to the passage of time:		
Beneficial interest in charitable trust	936,308	889,893
Unconditional promises to give	500,444	734,279
Beneficial interest in perpetual trust	506,535	240,073
	<u>1,943,287</u>	<u>1,864,245</u>
	<u>\$ 5,091,876</u>	<u>\$ 3,439,453</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2024	2023
Satisfaction of purpose restrictions:		
Passage of time	\$ 233,835	\$ 0
Youth Care Center capital expenses	0	7,299
	<u>\$ 233,835</u>	<u>\$ 7,299</u>

Note 10 – Lease Arrangements

The Mission had an operating lease for office space. The lease was terminated effective December 31, 2024. Lease expense for the office space for the year ended December 31, 2024 and 2023 was \$75,147 and \$100,547.

The Mission entered into an operating lease for their thrift store in Washington Square Mall. The current lease term is through November 30, 2027 with one option to renew for a five-year period. Lease expense for the thrift store for the year ended December 31, 2024 and 2023 was \$103,147 and \$69,780.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 10 – Lease Arrangements (Concluded)

Future maturities of lease liabilities at December 31, 2024, are presented in the following table:

Maturing 2025	\$ 93,769
Maturing 2026	103,928
Maturing 2027	103,147
Maturing 2028	103,147
Maturing 2029	103,147
Maturing in the aggregate thereafter	180,505
Total undiscounted cash flows	\$ 687,643
Less: present value discount	(18,456)
Total lease liabilities	<u>\$ 669,187</u>
Lease Expense	
Operating lease expense	<u>\$ 182,616</u>

Other Information

Operating cash flows from operating leases	\$ 199,369
ROU assets obtained in exchange for new operating lease liabilities	0
Weighted-average remaining lease term in years for operating leases	6.75
Weighted-average discount rate for operating leases	0.81%

Note 11 – Related Party Transactions

The Mission purchases food from CRS OneSource. A member of the Mission's board of directors is a part owner of CRS OneSource. Purchases from CRS OneSource totaled approximately \$341,513 and \$263,829 for 2024 and 2023, respectively. The Mission outsources bookkeeping services to a local accounting firm that is owned by the parents of a board member. The total paid for these services during 2024 and 2023 was \$76,600 and \$67,900, respectively.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 12 – Affordable Housing Program (AHP) Compliance

The Mission was awarded a grant under the Affordable Housing Program (AHP) in the amount of \$575,000. Under the compliance guidelines outlined in the grant agreement, the Mission is required to complete intake forms for each resident documenting the resident is homeless. The grant requires compliance with this regulation for fifteen years after the project is completed. The project was completed in January 2013. If the Mission is not in compliance with the regulations, the Mission must cure such non-compliance or repay the grant amount plus interest.

During 2024, the Mission was awarded another grant under the AHP in the amount of \$1,500,000 for the Center for Women and Children (CWC). Under the compliance guidelines outlined in the grant agreement, the CWC must remain occupied by and affordable for households with incomes as committed to in the AHP application for a period of 15 years from the date of completion of the project. The CWC is not complete as of December 31, 2024. If the Mission is not in compliance with the regulations, the Mission must cure such non-compliance or repay the grant amount plus interest.

Note 13 – Liquidity and Availability

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

	2024	2023
Cash and cash equivalents	\$ 3,594,461	\$ 4,204,395
Investments	2,763,079	1,548,097
Inventory	264,018	251,799
Per diem receivables	49,337	21,444
Other receivables	40,973	14,880
	<u>\$ 6,711,868</u>	<u>\$ 6,040,615</u>

Note 14 – Line of Credit

The Mission has a \$1,000,000 line of credit. The line is payable in one payment of all outstanding principal plus all accrued unpaid interest on January 3, 2026. The line carries a variable interest rate based on the prime rate as published in the Wall Street Journal. The line is secured by all property of the Mission. There were no draws on this line as of December 31, 2024 or 2023.

EVANSVILLE RESCUE MISSION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 15 – Unconditional Promises to Give

Unconditional promises to give consist of amounts due from the CWC campaign. Unconditional promises to give are recorded as receivables and revenue when received. The Mission distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges to be received after December 31, 2025, are discounted to anticipated net present value of the future cash flows.

	2024	2023
Due in one year or less	\$ 473,015	\$ 605,833
Between one and five years	598,772	973,937
	<u>1,071,787</u>	<u>1,579,770</u>
Less:		
Discount to net present value	(38,452)	(81,682)
Allowance for credit losses	(107,179)	(157,977)
	<u>(145,631)</u>	<u>(239,659)</u>
Net unconditional promises to give	<u>\$ 926,156</u>	<u>\$ 1,340,111</u>

Three Organization's unconditional promises to give balance equaled 64% and 54% of the discounted unconditional promises to give at December 31, 2024 and 2023, respectively. Unconditional promises to give were discounted by the long-term applicable federal rate at the time the unconditional promise to give was made, which ranged from 4.09% to 4.18%.

Note 16 – Contingencies

On April 14, 2020, the Mission received a loan under the Paycheck Protection Program ("PPP"). The PPP established as part of the Coronavirus Act, Relief and Economic Security Act ("CARES Act") and expanded as part of the Economic Aid Act, provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The Mission was notified that as of November 2, 2020, the Small Business Administration ("SBA") had remitted to the Lender of Record full payment of principal and interest due on the loan, for full forgiveness of the PPP loan. However, the SBA may review loan forgiveness for six years from the date of forgiveness.