

# San Diego Rescue Mission and Subsidiaries

**Consolidated Financial Statements with Report of Independent Auditors  
September 30, 2024  
(with comparative totals for the year ended September 30, 2023)**



## Report of Independent Auditors

To the Board of Directors of  
San Diego Rescue Mission and Subsidiaries:

### **Opinion**

We have audited the accompanying consolidated financial statements of San Diego Rescue Mission and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statement of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of San Diego Rescue Mission and Subsidiaries as of September 30, 2024, and the changes in their net assets and their 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Rescue Mission and Subsidiaries 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 discussed in Note 2 to the consolidated financial statements, San Diego Rescue Mission and Subsidiaries adopted accounting standards changes related to accounting for and disclosing measurement of credit losses on financial instruments. 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 these 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 San Diego Rescue Mission and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 San Diego Rescue Mission and Subsidiaries' 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 San Diego Rescue Mission and Subsidiaries' 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 supplementary information 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 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 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 San Diego Rescue Mission and Subsidiaries' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Novogradac & Company LLP*

Long Beach, California  
February 13, 2025

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2024**  
(with comparative totals as of September 30, 2023)

	2024	2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,406,824	\$ 1,303,348
Investments	5,241,711	6,344,635
Current portion of pledges receivable, net	2,280,466	2,229,503
Current portion of note receivable	2,300,000	2,300,000
Accounts receivable	331,126	857,105
Prepaid expenses	450,766	430,519
Other current assets	835	560
Inventory, net	246,374	276,684
Total current assets	12,258,102	13,742,354
Property and equipment, net	25,777,766	26,490,383
Other assets		
Restricted cash	2,457,633	392,333
Scholarship fund	117,618	125,691
Construction in progress	6,314,656	2,354,031
Notes receivable	13,580,160	7,047,960
Pledges receivable, net	535,751	1,951,491
Right-of-use asset, net	48,915	111,324
Other long-term assets	25,946	21,245
Total other assets	23,080,679	12,004,075
Total assets	\$ 61,116,547	\$ 52,236,812
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,425,723	\$ 1,677,753
Compensated absences	263,820	211,840
Deferred revenue	78,030	134,863
Deposits	5,525	20,660
Current portion of lease liability	44,517	65,763
Current portion of notes payable, net	591,666	573,018
Total current liabilities	2,409,281	2,683,897
Long-term liabilities		
Notes payable, net	27,591,477	19,777,949
Interest payable	1,221,230	1,160,000
Lease liability	9,827	54,344
Total long-term liabilities	28,822,534	20,992,293
Total liabilities	31,231,815	23,676,190
<b>NET ASSETS</b>		
Without donor restrictions	27,068,515	24,334,105
With donor restrictions	2,816,217	4,226,517
Total net assets	29,884,732	28,560,622
Total liabilities and net assets	\$ 61,116,547	\$ 52,236,812

see accompanying notes

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions	\$ 15,535,828	\$ -	\$ 15,535,828	\$ 15,323,693
Donated food	5,500,879	-	5,500,879	5,974,913
Grants and contracts	1,855,441	-	1,855,441	847,013
Donated material	1,134,814	-	1,134,814	1,280,370
Rental income	290,850	-	290,850	324,264
Program fees	137,500	-	137,500	404,343
Interest income	226,688	-	226,688	202,730
Warehouse	2,402	-	2,402	997
Vehicle donation sales	47,825	-	47,825	46,800
Other	100,329	-	100,329	1,004,693
Net assets released from restrictions by specific purpose	1,410,300	(1,410,300)	-	-
Total revenue and other support	26,242,856	(1,410,300)	24,832,556	25,409,816
<b>EXPENDITURES</b>				
Program services				
Men, women, and children's services	12,251,026	-	12,251,026	12,196,596
Mission services	343,809	-	343,809	373,148
Partners for Hunger Relief	2,474,466	-	2,474,466	2,621,035
Oceanside Navigation Center	1,478,164	-	1,478,164	638,470
Church partnership	578,850	-	578,850	466,564
Thrift store ministry	-	-	-	122,597
National City Navigation Center	865,150	-	865,150	263,553
Outreach	398,472	-	398,472	493,143
New markets tax credit	167,452	-	167,452	167,409
Special events	35,404	-	35,404	48,175
Total program service	18,592,793	-	18,592,793	17,390,690
Management and general	1,541,799	-	1,541,799	1,414,291
Fundraising	4,269,705	-	4,269,705	4,476,294
Total expenditures	24,404,297	-	24,404,297	23,281,275
Change in net assets from operations	1,838,559	(1,410,300)	428,259	2,128,541
<b>NONOPERATING ACTIVITIES</b>				
Investment interest and dividends	122,935	-	122,935	60,175
Realized investment gain (loss)	402,548	-	402,548	(125,213)
Unrealized investment gain	370,368	-	370,368	520,149
Total nonoperating activities	895,851	-	895,851	455,111
CHANGE IN NET ASSETS	2,734,410	(1,410,300)	1,324,110	2,583,652
NET ASSETS AT BEGINNING OF YEAR	24,334,105	4,226,517	28,560,622	25,976,970
NET ASSETS AT END OF YEAR	\$ 27,068,515	\$ 2,816,217	\$ 29,884,732	\$ 28,560,622

see accompanying notes

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

EXPENDITURES	2024				2023
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 5,721,482	\$ 664,568	\$ 1,331,153	\$ 7,717,203	\$ 6,066,382
Employee benefits	546,565	45,025	103,063	694,653	595,904
Payroll tax expense	481,532	33,376	100,853	615,761	485,963
Donated food and materials	6,554,154	38,424	38,424	6,631,002	7,082,850
Fundraising	67,430	1,065	2,216,834	2,285,329	2,709,885
Facilities allocated costs	1,548,625	60,660	60,660	1,669,945	1,772,242
Food services allocated costs	846,507	-	-	846,507	794,461
Depreciation and amortization	945,368	58,955	14,739	1,019,062	1,005,836
Lease expense	69,570	-	-	69,570	79,689
Outside services	180,520	359,942	2,734	543,196	538,974
Interest	444,663	6,620	6,620	457,903	478,285
Rent	107,400	-	-	107,400	122,183
Supplies	154,720	6,540	6,929	168,189	176,776
Professional fees	2,374	103,919	21,832	128,125	56,826
Client services	258,719	-	-	258,719	132,107
Public relations	21,650	-	90,790	112,440	100,650
Other	4,881	32,631	17,221	54,733	104,664
Auto expense	96,394	3,136	2,090	101,620	64,902
Bank fees	-	15,172	81,327	96,499	105,957
Meal, travel, and entertainment	52,531	20,523	33,306	106,360	106,846
Security	223,276	-	-	223,276	206,298
Communications	70,788	75,802	83,417	230,007	219,370
Dues and subscriptions	44,884	12,491	6,119	63,494	69,681
Utilities	84,803	-	-	84,803	68,615
Postage	614	1,185	50,455	52,254	52,904
Repairs and maintenance	40,689	130	1	40,820	18,757
Insurance	-	1,592	1,061	2,653	2,653
Permit/license	464	-	34	498	51,209
Equipment rental	14,619	-	-	14,619	9,235
Food	6,486	-	-	6,486	-
Loan fees	1,085	43	43	1,171	1,171
<b>Total expenditures</b>	<b>\$ 18,592,793</b>	<b>\$ 1,541,799</b>	<b>\$ 4,269,705</b>	<b>\$ 24,404,297</b>	<b>\$ 23,281,275</b>

see accompanying notes

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,324,110	\$ 2,583,652
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,096,833	1,087,210
Lease expense	62,409	79,689
Beneficial interest in charitable gift annuity	(4,701)	(1,462)
In-kind donation (distribution) of inventory, net	30,310	(172,434)
Net unrealized and realized gain on investments	(370,368)	(520,149)
Transfer to investment account from operations	(3,331,511)	(2,749,476)
Change in assets:		
Accounts receivable	525,979	(674,627)
Prepaid expenses	(20,247)	63,742
Pledges receivable, net	1,364,777	(796,421)
Other current assets	(275)	1,291
Change in liabilities:		
Accounts payable and accrued liabilities	33,275	1,039,815
Compensated absences	51,980	13,317
Deferred revenue	(56,833)	73,021
Deposits	(15,135)	23,047
Interest payable	61,230	(295,088)
Deferred rent	-	(91,363)
Net cash provided by (used in) operating activities	751,833	(336,236)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	4,804,803	2,096,490
Withdrawal from scholarship fund	8,073	826
Purchase of property and equipment	(4,617,052)	(3,473,470)
Loans made to borrowers	(6,532,200)	-
Net cash used in investing activities	(6,336,376)	(1,376,154)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (payments on) notes payable	7,819,082	(464,345)
Principal payments on lease liability	(65,763)	(19,340)
Net cash provided by (used in) financing activities	7,753,319	(483,685)
Net change in cash, cash equivalents, and restricted cash	2,168,776	(2,196,075)
Cash, cash equivalents, and restricted cash at beginning of year	1,695,681	3,891,756
Cash, cash equivalents, and restricted cash at end of year	\$ 3,864,457	\$ 1,695,681

see accompanying notes

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

	2024	2023
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 401,971	\$ 773,373
In-kind contributions:		
Stock	\$ 181,032	\$ -
Supplemental disclosures of non-cash investing and financing activities		
Disposal of fixed assets	\$ -	\$ 5,914
Increase in right-of-use asset and lease liability	\$ -	\$ 191,013
Decrease in accounts payable included in purchase of property and equipment	\$ 285,305	\$ 40,615

see accompanying notes



**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

1. Organization

The accompanying consolidated financial statements of the San Diego Rescue Mission and Subsidiaries (the “Organization” or the “Mission”) include the accounts of the following entities:

San Diego Rescue Mission, Inc.

San Diego Rescue Mission, Inc. (“SDRM”) is a Christian nonprofit public benefit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. SDRM was organized in 1955 to care for the homeless and destitute men, women, and children of San Diego by providing shelter, food, clothing, medical care, education, counseling, rehabilitation, and spiritual guidance. SDRM operates a donation processing center dedicated to the rehabilitation of men and women in the workplace (see Notes 6 and 14). The following is a list of descriptions of SDRM’s programs.

Mission Academy

The residential program is a holistic year long program. It serves single men, women, and single parents. Those in the program are referred to as students. It is structured around three semesters and five goals. Semester one is focused on wellness. Semester two is focused on job training and placement and semester three is designed for the student to find housing and prepare to transition to a life of stability. The five goals are to encounter God, experience recovery, engage in job training, establish housing, and enlist a support network. Upon graduation they are invited to participate in an Alumni program where they are invited to volunteer and serve in the community.

Nueva Vida Haven/Downtown Navigation Center

Nueva Vida Haven provides emergency shelter services for single women and women with children experiencing homelessness. Each night, up to 60 women and children use the Nueva Vida Haven facility for a warm, safe place to sleep, a place to shower and obtain clean clothes and a nutritious breakfast. Residents also have access to therapists and social workers to help them to determine the best course of action for life improvement. This often includes entry into the Organization’s Mission Academy.

Therapy Services

Therapeutic services are offered to people served in all the Mission’s programs. Treatment is provided by licensed therapists, or by interns and trainees under their supervision.

Children’s Resource Center

The Children’s Resource Center (CRC) provides assistance in connecting families to educational and childcare services that they are eligible for. This includes school enrollment and benefit management. In addition, the CRC helps families access behavioral health services for children and provides training and mentorship on topics of parenting and planning.

Partners for Hunger Relief

Partners for Hunger Relief is a program of SDRM which was formed to bolster food recovery efforts in San Diego and serve a broad base of agencies and people. SDRM has developed a successful system of locating, recovering, and distributing donated food. This food is not only used by SDRM program members, but a large percentage of this food is shared at no cost with the network of nonprofit feeding programs and food pantries throughout San Diego County.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

1. Organization (continued)

North County Shelter Services

In July 2022, SDRM provided a reimbursable sheltering service for the City of Oceanside. SDRM managed 30 rooms at a city-rented facility. Rooms were provided via referrals from the Oceanside Homeless Outreach Team, the Oceanside Housing Authority, and the County of San Diego. People were provided shelter to include showers, food, laundry, and access to hygiene and clothing. Case management was provided with a goal of identifying the next step for the person to end their homelessness to include admissions to Mission Academy.

Oceanside Navigation Center

The Oceanside Navigation Center (ONC) provides emergency shelter services for people experiencing homelessness. This is a partnership with the City of Oceanside. The San Diego Rescue Mission funds the day-to-day operations through donations and grants while the City owns the building. ONC is designed to serve single men, single women and families. Those being served are referred to as guests. Each night, up to 50 men, women and children use the facility for a warm, safe place to sleep, a place to shower and obtain clean clothes and a place to receive nutritious meals. Residents also have access to case managers to help them determine the best course of action for life improvement. The ONC partners with other agencies and government entities such as the County of San Diego to provide access to additional resources for the guests. This includes entry into the Organization's Mission Academy.

Outreach Services

The Outreach Department operates two shower trailers. One operates in North County primarily in Oceanside. The second one operates in the South Bay Serving the Cities of Chula Vista, National City, San Diego and Imperial Beach. These trailers offer showers with the opportunity to connect with services. Food and clothing are also provided. The Outreach Departments also provides street case management services to people experiencing homelessness in the North Coastal region and the Little Italy Association in San Diego.

South County Lighthouse

The South County Lighthouse (SCL) provides emergency shelter services for people experiencing homelessness. The San Diego Rescue Mission funds the day-to-day operations through donations and grants. SCL is designed to serve single men, single women and families. Those being served are referred to as guests. Each night, up to 125 men, women and children use the facility for a warm, safe place to sleep, a place to shower and obtain clean clothes and a place to receive nutritious meals. Residents also have access to case managers to help them determine the best course of action for life improvement. The SCL partners with other agencies and government entities such as the County of San Diego to provide access to additional resources for the guests. This includes entry into the Organization's Mission Academy.

Church and Community Engagement

The Church and Community Engagement department has three key roles: 1) Uniting the local Church around healing our region from homelessness. We do this by engaging with hundreds of churches on multiple levels, including financial giving, serving, donation drives, chapel services and chaplaincy. Our partnerships with churches are two-way, meaning we also help them educate their congregations on SDRM and homelessness in general. 2) Offering a robust volunteer program that provides impactful opportunities for multiple constituents (donors, corporations, churches, schools, and individuals) to serve with us and experience the power of our work first-hand. 3) Hosting three public outreach meals at Thanksgiving, Christmas and Easter for our neighbors in need.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024  
(with comparative totals for the year ended September 30, 2023)

1. Organization (continued)

San Diego Rescue Mission Foundation

San Diego Rescue Mission Foundation (the “Foundation”) was incorporated in 2022 as a supporting organization controlled by SDRM to facilitate New Market Tax Credit (“NMTC”) and to manage the Barbara Lee Scholarship Fund program.

2. Summary of significant accounting policies

Basis of accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

*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 Organization’s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Principles of consolidation

The Organization’s consolidated financial statements include SDRM and the accounts of its wholly-owned, controlled subsidiary, the Foundation.

All material intercompany balances and transactions have been eliminated.

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for NMTC purposes. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown on the statements of cash flows as of September 30:

	2024	2023
Cash and cash equivalents	\$ 1,406,824	\$ 1,303,348
Restricted cash	2,457,633	392,333
Total cash, cash equivalents and restricted cash shown on the statements of cash flows	\$ 3,864,457	\$ 1,695,681

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for expected uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2024, there was no balance of the allowance for credit losses.

Pledges receivable

Pledges receivable consist of various pledges made for the Organization's capital campaign. The Board of Directors of the Organization approved the capital campaign, the proceeds of which will be used to fund the conversion of two buildings located in National City, California that will provide shelter and services for 162 people in addition to room renovations at 120 Elm Street and operations at the Oceanside Navigation Center. Unconditional pledges to give are recorded as contributions when pledged, at the net present value of the amounts expected to be collected. Accounting principles generally accepted in the United States of America require that unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn.

Conditional promises to give are not included as support until the conditions are met.

Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual pledges. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to pledges receivable. As of September 30, 2024 and 2023, the balance of the allowance for doubtful accounts was \$151,098 and \$235,236, respectively.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

*Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

*Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

*Level 3:* Unobservable inputs that reflect the Organization's own assumptions.

The following tables present the Organization's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of September 30:

	2024	2023
Cash/Money Accounts	\$ 222,730	\$ 96,844
Money Market Accounts	551,240	1,464,239
Equities	711,433	1,398,071
Mutual Funds	911,800	2,984,235
ETFs & CEFs	2,962,126	401,246
Total	<u>\$ 5,359,329</u>	<u>\$ 6,344,635</u>

Investments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the finance policy adopted by the Organization's Board of Directors. The guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Organization for the purpose of providing investment and consulting advice.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Inventories

Inventories of in-kind contributions are valued at thrift store values based on published guidelines for donated goods.

Fixed assets and depreciation

Land, buildings, and equipment costing more than \$5,000 and an expected life of three years or more are recorded at cost. Donations of land, buildings, and equipment are recorded as support at their estimated fair value in the statement of activities. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire buildings and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Assets under construction are not depreciated until placed in service. Depreciation expense for the years ended September 30, 2024 and 2023 was \$1,083,739 and \$1,074,610, respectively. For the years ended September 30, 2024 and 2023, depreciation expense was allocated on the accompanying statements of functional expenses as follows: Depreciation and amortization: \$1,019,062 and \$1,005,836, respectively; facilities allocated costs: \$64,677 and \$68,774, respectively. The useful lives of the assets are estimated as follows:

Building and improvements	5 – 40 years
Equipment	5 — 7 years
Furniture and fixture	5 — 7 years
Autos and truck	5 — 7 years
Software	5 years

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized during of the years ended September 30, 2024 and 2023.

Notes receivable and allowance for loan losses (prior to the adoption of ASC 326 effective October 1, 2023)

Notes receivable are stated at unpaid principal balances, less an allowance for loan losses and net of deferred loan origination fees and unearned discounts, as applicable. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, known and other risks inherent in the portfolio, specific impaired loans, and adverse situations. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Notes receivable and allowance for loan losses (prior to the adoption of ASC 326 effective October 1, 2023) (continued)

The Organization considers a loan impaired when based on current information or factors, it is probable that the Organization will not collect the principal and interest payments according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has claimed bankruptcy or the Organization has received specific information concerning the loan impairment. The Organization reviews delinquent loans to determine impaired accounts. The Organization measures impairment on a loan-by-loan basis by either using the fair value of collateral or the present value of expected cash flows.

The Organization's key credit quality indicator is a loan's performance status, defined as accruing or non-accruing. Performing loans are considered to have a lower risk of loss, while nonaccrual loans are those which the Organization believes have a higher risk of loss. Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified on nonaccrual status. Loans may also be placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollectable interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectable. There were no loans on nonaccrual status as of September 30, 2023.

A loan previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the loan when payments on the loan become current. Loans may also resume accruing interest if management no longer believes a loan is impaired or the collection of principal and interest is no longer in doubt. As of September 30, 2023, management believed that the Organization's loans receivable were fully collectable and as such, the allowance for loan loss was zero.

Loan origination and commitment fees, as well as certain direct origination costs, are deferred and recognized into income ratably over the term of the loan. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

Notes receivable and allowance for loan losses (after to the adoption of ASC 326 effective October 1, 2023)

Notes receivable are measured at amortized cost basis and presented at the amount expected to be collected, net of deferred loan origination fees and unearned discounts, as applicable. The Organization records an allowance for credit losses based on losses expected to arise over the contractual term of the financial asset. Assets are written off when the Organization deems the loan receivable to be uncollectable. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. As of September 30, 2024, management believes that the Organization's loans receivable are fully collectable and as such, the allowance for credit losses is zero.

In developing estimates for expected credit losses, management considers historical loss information updated for current conditions and reasonable and supportable forecasts that affect expected collectability using a discounted cash flow method. Management considers factors such as the borrower's financial condition, the borrower's ability to make scheduled interest or principal payments based on the current and forecasted direction of the economic and business environment, the remaining payment terms of the loan, the remaining time to maturity, and the value of underlying collateral.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Notes receivable and allowance for loan losses (after to the adoption of ASC 326 effective October 1, 2023) (continued)

Although management uses many factors to estimate credit losses, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a material change could occur in the allowance for credit loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified on nonaccrual status. Uncollectable interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectable. A loan previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the loan when payments on the loan become current. There were no loans on nonaccrual status as of September 30, 2024.

Debt issuance costs

The Organization presents debt issuance costs as an offset against debt on its consolidated financial statements. Debt issuance costs are amortized to interest expense using the effective interest method over the life of the associated loan.

Revenue recognition

When monies or other assets are received, the Organization classifies the transaction as either a contribution (i.e., a nonreciprocal transaction) or an exchange (i.e., a reciprocal transaction).

*Contributed revenue* - In accordance with ASU 2016-14, Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”), when a transaction is determined to be a contribution, the Organization then determines whether it is conditional or unconditional. According to ASU 2018-08, Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”), conditional contributions contain i) donor-imposed barrier(s) that must be overcome before the Organization is entitled to the assets transferred or promised and ii) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. When the condition(s) are substantially met, the contribution becomes unconditional. Unconditional contributions are those that are absent of any indication that the Organization is only entitled to the transfer of assets or a future transfer of assets if it has overcome a barrier, or that the agreement does not contain a right of return of assets transferred or a right of release from obligation.

*Contributed revenue (continued)* - Unconditional contributions are classified as either net assets with donor restrictions or net assets without donor restrictions and are recorded in accordance with the guidelines outlined in Subtopic 958-605, Not-for-Profit Entities – Revenue Recognition. Unconditional contributions are recognized when the donor makes a promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Expenses are recorded when incurred in accordance with the accrual basis of accounting. Contributions received with restrictions that are met in the same reporting period as received are reported as unrestricted support and increase net assets without donor restrictions.



**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Grant revenue is recognized in the period that the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant exceeds the cash received. Deferred revenue is recorded when cash received under a grant exceeds the revenue earned.

Donated property and equipment are recorded at fair market value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The Organization receives substantial donations of materials, clothing, and food at the National City Warehouse where they are sorted and distributed. The Organization values the materials, clothing and food based on comparable cost estimates.

The Mission receives contributions from sponsors for the Organization’s special events. Unless specified as restricted at the time of donation, these contributions are recorded as increases in net assets without donor restrictions at the point in time the event takes place. Sponsorships that have been purchased as of September 30 for which events have not yet taken place are recorded as deferred revenues in the consolidated statements of financial position. Sponsorship revenue for special events amounted to \$123,855 and \$125,396 for the years ended September 30, 2024 and 2023, respectively, and is recorded as contribution revenue in the consolidated statements of activities. Deferred sponsorship revenue for special events was \$63,530 and \$22,315 as of September 30, 2024 and 2023, respectively.

The nature and extent of donated and contributed services received by the Organization range from the limited participation of many individuals in fundraising activities to active participation in the Organization’s management and service programs during 2024 and 2023. The valuation of contributed time is not reflected in these statements since they do not require specialized skills.

The following is a summary of revenue and expenses related to donated items for the years ended September 30:

	2024	2023
Revenue		
Donated food	\$ 5,500,879	\$ 5,974,913
Donated material	1,134,814	1,280,370
Total revenue	\$ 6,635,693	\$ 7,255,283
Expenses		
Food services	\$ 5,500,879	\$ 5,974,913
Distribution center	1,130,124	1,107,936
Total expense	\$ 6,631,003	\$ 7,082,849

Exchange Transactions – The Organization accounts for exchange transactions in accordance with ASU No. 2014-09 (ASC Topic 606), *Revenue from Contracts with Customers* (“Topic 606).

The organization determines if a contract is a lease or contains a lease at inception. Rental income is recognized on a monthly basis in accordance with the lease agreements. The difference between recognizing actual rents received and recognizing rental income using the straight-line method under which contractual rent increases are recognized equally over the lease term are immaterial for financial statement presentation purposes. Rental income for lease contracts is recognized in accordance with Topic ASC 842: *Leases*.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Mission maintains investments in marketable securities and a capital project fund. The Organization recognizes investment returns based on the fair value of the funds in accordance with ASU 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. Investment returns for the marketable securities and the capital project funds are classified as without donor restrictions in the statements of activities (Notes 4 and 5).

Allocated expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by the Organization's management. Facility costs are allocated on the basis of square footage occupied. Warehouse costs are allocated to the various departments basis on square footage occupied. Food service costs are allocated 40% to Partners for Hunger Relief and the remaining costs are allocated for the programs based on meals served.

Income taxes

SDRM and the Foundation are exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d). SDRM and the Foundation are not private foundations.

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax laws and new authoritative rulings. No loss contingencies were recognized for each of the years ended September 30, 2024 and 2023.

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Prior year summarized information

The 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 generally accepted accounting principles. Accordingly, such financial information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Leases

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024  
(with comparative totals for the year ended September 30, 2023)

2. Summary of significant accounting policies (continued)

Leases (continued)

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. Using the incremental borrowing rate requires judgment and is based on external market factors.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Change in accounting principle

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* to provide financial statement users with improved information about expected credit losses on financial assets, as well as improve users’ ability to understand the realizability of assets held at each reporting period.

The Organization adopted ASU 2016-13 effective October 1, 2023, and any necessary adjustment was recognized through a cumulative effect adjustment to retained earnings as of the effective date. Credit loss disclosures for the year ended September 30, 2023 are made under the prior guidance provided by FASB ASC 310.

With respect to measuring expected credit losses for the Organization’s loans receivable, ASU 2016-13 did not have a material impact on the financial statements.

3. Restricted cash

Asset management fee reserve

In accordance with the NMTC loan agreement with NMTC Sub-CDE XIX, LLC, SDRM shall establish a reserve in the amount of \$336,000. The funds shall only be used to pay the asset management fee payable related to the new markets tax credit loan. The balance of the asset management fee reserve was \$217,733 and \$354,533 as of September 30, 2024 and 2023, respectively.

In accordance with the NMTC loan agreement with NMTC Sub-CDE XXVIII, LLC, SDRM shall establish a reserve in the amount of \$315,000. The funds shall only be used to pay the asset management fee payable related to the new markets tax credit loan. The balance of the asset management fee reserve was \$315,000 and \$0 as of September 30, 2024 and 2023, respectively.

Compliance cost reimbursement reserve

In accordance with the NMTC loan agreement with NMTC Sub-CDE XIX, LLC, SDRM shall establish a reserve in the amount of \$112,000. The funds shall only be used to pay accounting, audit and tax preparation costs payable related to the new markets tax credit loan. The balance of the compliance cost reimbursement reserve was \$70,000 and \$37,800 as of September 30, 2024 and 2023, respectively.

In accordance with the NMTC loan agreement with NMTC Sub-CDE XXVIII, LLC, SDRM shall establish a reserve in the amount of \$98,000. The funds shall only be used to pay accounting, audit and tax preparation costs payable related to the new markets tax credit loan. The balance of the compliance cost reimbursement reserve was \$98,000 and \$0 as of September 30, 2024 and 2023, respectively.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

3. Restricted cash (continued)

LLC fee reserve

In accordance with the NMTC loan agreement with NMTC Sub-CDE XIX, LLC, SDRM shall establish a reserve in the amount of \$6,400. The funds shall only be used to pay LLC fees/tax costs payable related to the new markets tax credit loan. The balance of the LLC fee reserve was \$4,000 and \$0 as of September 30, 2024 and 2023, respectively.

In accordance with the NMTC loan agreement with NMTC Sub-CDE XXVIII, LLC, SDRM shall establish a reserve in the amount of \$5,600. The funds shall only be used to pay LLC fees/tax costs payable related to the new markets tax credit loan. The balance of the LLC fee reserve was \$5,600 and \$0 as of September 30, 2024 and 2023, respectively.

Working capital reserve

In accordance with the NMTC loan agreement with NMTC Sub-CDE XIX, LLC, SDRM established a working capital reserve in the amount of \$37,800. The balance of the reserve was \$37,800 and \$0 as of September 30, 2024 and 2023, respectively.

In accordance with the NMTC loan agreement with NMTC Sub-CDE XXVIII, LLC, SDRM established a working capital reserve in the amount of \$1,709,500. The balance of the reserve was \$1,709,500 and \$0 as of September 30, 2024 and 2023, respectively.

4. Investments

Investments in marketable securities are measured at fair value (see Note 2) under Level 1 of the valuation hierarchy and consist of the following as of September 30:

	2024	2023
Cash/Money Accounts	\$ 105,112	\$ 93,765
Money Market Accounts	551,240	1,464,239
Equities	711,433	1,398,071
Mutual Funds	911,800	2,688,756
EFTs & CEFs	2,962,126	344,972
Total	\$ 5,241,711	\$ 5,989,803

The following schedule summarizes the investment return and is classified as net assets without donor restrictions in the statement of activities for the years ended September 30, as follows:

	2024	2023
Interest and dividend income	\$ 114,091	\$ 36,568
Realized and unrealized gains/(losses)	835,613	414,744
Management fees	(33,728)	(42,889)
Total	\$ 915,976	\$ 408,423

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

5. Capital project funds

The capital project funds are presented with investments in marketable securities in the consolidated statements of financial position as of September 30, 2024 and 2023. The capital project fund ended during 2024 and all funds were depleted. The accounts are measured at fair value (see Note 2) under Level 1 of the valuation hierarchy and consist of the following as of September 30:

	2024	2023
Cash/Money Accounts	\$ -	\$ 3,079
Mutual Funds	-	295,479
EFTs & CEFs	-	56,274
Total	\$ -	\$ 354,832

The following schedule summarizes the investment return for the years ended September 30, 2024 and 2023. The gains on capital project funds are classified as net assets without donor restrictions in the statement of activities for the years ended September 30, as follows:

	2024	2023
Interest and dividend income	\$ 8,837	\$ 18,321
Realized and unrealized gains/(losses)	28,664	26,625
Management fees	(1,569)	(3,544)
Total	\$ 35,932	\$ 41,402

6. Barbara Lee scholarship fund

In December 2018, the Organization received a donation of \$75,000 from a related party to be invested as a scholarship fund. In November 2019, the same donor contributed an additional \$25,000 to the fund. During 2022, the scholarship fund was transferred from SDRM to the Foundation and deposited into a non-interest-bearing checking account. The scholarship is measured at fair value (see Note 2) under Level 1 of the valuation hierarchy and is classified as net assets without donor restrictions in the consolidated statements of activities for the years ended September 30, 2024 and 2023, and consists of the following as of September 30:

	2024	2023
Cash/Money Accounts	\$ 117,618	\$ 125,691

7. Notes receivable

Note receivable - New Market Tax Credit

The Foundation has the following note receivable from Twain Investment Fund 656, LLC as of both September 30, 2024 and 2023:

Note receivable, Interest at 1.00% per annum, interest-only receipts quarterly in arrears until September 2029 when principal payments commence in accordance with the loan amortization schedule, all outstanding principal and interest is due upon maturity in April 2047.

\$ 7,047,960

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

7. Notes receivable (continued)

Note receivable - New Market Tax Credit (continued)

The Foundation has the following note receivable from Twain Investment Fund 812, LLC as of September 30, 2024:

Note receivable, Interest at 1.00% per annum, interest-only receipts quarterly in arrears until March 2032 when principal payments commence in accordance with the loan amortization schedule, all outstanding principal and interest is due upon maturity in September 2050.

\$ 6,532,200

Note receivable – North Park thrift store sale

On June 3, 2021, the Mission finalized the sale of its North Park thrift store for \$2,800,000. The buyer paid an initial deposit of \$20,000 in April 2021 and \$396,000 in June 2021 upon settlement of the sale. After deducting the commissions and fees, the remaining balance due from the buyer was \$2,300,000. The Mission entered into a note receivable agreement with the buyer, whereby the buyer will make interest-only payments at a rate of 5.5% through the maturity of the note on July 1, 2023, when the entire principal and any remaining interest due will be paid. The buyer had the option to exercise an extension through July 1, 2024, whereby the buyer will make interest-only payments at a rate of 6.5% through the maturity of the note on July 1, 2024, when the entire principal and any remaining interest due will be paid. On May 23, 2023, the buyer exercised the option to extend the note to July 1, 2024. On August 22, 2024, the maturity of the loan was extended to October 1, 2024, and the loan was paid in full subsequent to year-end (Note 17). The balance of the note receivable as of both September 30, 2024 and 2023 was \$2,300,000. The Mission received interest income from the note receivable in the amount of \$156,208 and \$132,250, respectively, for the years ended September 30, 2024 and 2023, which is recorded as interest income in the consolidated statements of activities.

8. Pledges receivable

As of September 30, the Organization's contributions receivable consisted of unconditional promises to give in the following amounts:

	2024	2023
Expected to be collected during the year ended:		
September 30, 2024	\$ -	\$ 2,346,846
September 30, 2025	2,400,491	2,307,754
September 30, 2026	604,805	50,109
September 30, 2027	16,667	-
September 30, 2028	-	-
Gross pledges receivable	3,021,963	4,704,709
Less: allowance for uncollectible pledges	(151,098)	(235,236)
Less: discount to reflect pledges receivable at present value	(54,648)	(288,479)
Pledges receivable, net	\$ 2,816,217	\$ 4,180,994

As of September 30, 2024 and 2023, the discount rate on the pledges receivable was 7.12% and 8.72%, respectively.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

9. Fixed assets

As of September 30, 2024 and 2023, the Organization's fixed assets consist of the following:

	2024	2023
Land	\$ 5,920,396	\$ 5,920,396
Building and improvements	30,090,327	29,889,681
Equipment	446,875	418,743
Furniture and fixtures	749,252	702,594
Autos and trucks	466,048	409,692
Software	342,525	303,195
	38,015,423	37,644,301
Less: accumulated depreciation and amortization	(12,237,657)	(11,153,918)
Total	\$ 25,777,766	\$ 26,490,383

10. Line of credit

On November 5, 2020, the Mission entered into a revolving line of credit agreement with Bank of Montreal in the amount of \$2,300,000 to fund certain operating activities. Interest of LIBOR plus 2.25% accrues from the date of each advance until the repayment of each advance. Monthly payments of all accrued unpaid interest are due beginning December 5, 2020. All outstanding principal plus all accrued unpaid interest shall be due on November 5, 2027, its maturity date. No advances were made from the line of credit during each of the years ended September 30, 2024 and 2023.

11. Notes payable

Notes payable consists of the following as of September 30:

	2024	2023
Note payable to a commercial bank dated October 11, 2013, secured by a deed of trust, in the original amount of \$6,827,000, which bore interest at 4.5% per annum until the note was refinanced in November 2020 for \$5,000,000 with an interest rate of 3.1%. Payments were interest only until December 2022, at which time principal and interest are payable in monthly installments of \$58,976. The note is due on November 5, 2030.	\$ 3,962,637	\$ 4,535,655
Note payable to the Redevelopment Agency of the City of San Diego dated May 19, 2004, in the original amount of \$2,000,000 and bears interest at 3% annum. Interest is deferred over the term of the loan, and the note and accrued interest will be deemed paid in full at maturity if all covenants, conditions, and restrictions included in the loan agreement are complied with. The note is due in May 2059 and is secured by deed of trust. Accrued interest totaled \$1,220,000 and \$1,160,000 as of September 30, 2024 and 2023, respectively.	2,000,000	2,000,000

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

11. Notes payable (continued)

Note payable (“NMTC 1A”) to CCP NMTC Sub-CDE XIX, LLC (“CDE XIX”) dated April 14, 2022, in the original amount of \$7,047,960, which bears interest at 1.3331% per annum. Commencing June 5, 2022, interest-only payments in the amount of \$23,489 shall be due and payable in quarterly installments through June 5, 2029. Commencing September 5, 2029, principal and interest payments in the amount of \$89,634 shall be made quarterly. The note is due April 14, 2052 and is secured by a deed of trust. Accrued interest payable totaled \$0 as of both September 30, 2024 and 2023.

7,047,960                      7,047,960

Note payable (“NMTC 1B”) to CDE XIX dated April 14, 2022, in the original amount of \$2,312,040, which bears interest at 1.3331% per annum. Commencing June 5, 2022, interest-only payments in the amount of \$7,705 shall be due and payable in quarterly installments through June 5, 2029. Commencing September 5, 2029, principal and interest payments in the amount of \$29,404 shall be made quarterly. The note is due April 14, 2052 and is secured by a deed of trust. Accrued interest payable totaled \$0 as of both September 30, 2024 and 2023.

2,312,040                      2,312,040

Note payable (“NMTC 2A”) to CCP NMTC Sub-CDE XXVIII, LLC (“CDE XXVIII”) dated September 27, 2024, in the original amount of \$6,532,200, which bears interest at 1.2617% per annum. Commencing December 5, 2024, interest-only payments in the amount of \$20,604 shall be due and payable in quarterly installments through December 5, 2031. Commencing March 5, 2032, principal and interest payments in the amount of \$82,953 shall be made quarterly. The note is due September 27, 2054 and is secured by a deed of trust. Accrued interest payable totaled \$916 and \$0 as of September 30, 2024 and 2023, respectively.

6,532,200                      -

Note payable (“NMTC 2B”) to CDE XXVIII dated September 27, 2024, in the original amount of \$2,242,800, which bears interest at 1.2617% per annum. Commencing December 5, 2024, interest-only payments in the amount of \$7,074 shall be due and payable in quarterly installments through December 5, 2031. Commencing March 5, 2032, principal and interest payments in the amount of \$28,481 shall be made quarterly. The note is due September 27, 2054 and is secured by a deed of trust. Accrued interest payable totaled \$314 and \$0 as of September 30, 2024 and 2023, respectively.

2,242,800                      -

Note payable to South Bay Community Church of National City dated February 22, 2022, secured by a deed of trust, in the original amount of \$4,750,000 which bears interest at 3% per annum. Interest-only payments are payable monthly in the amount of \$11,875. The note is due February 22, 2026. Accrued interest payable totaled \$0 as of both September 30, 2024 and 2023.

4,750,000                      4,750,000

Total notes payable	28,847,637	20,645,655
Less: current portion	(591,666)	(573,018)
Less: unamortized loan costs	(664,494)	(294,688)
	<u>\$ 27,591,477</u>	<u>\$ 19,777,949</u>



**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

11. Notes payable (continued)

Debt issuance costs related to the refinanced commercial bank note payable of \$7,604 and \$8,854, net of accumulated amortization of \$4,896 and \$3,646 as of September 30, 2024 and 2023, respectively, are presented as a contra-liability offsetting the note payable balance in the consolidated statement of financial position. For the years ended September 30, 2024 and 2023, the effective interest rate was 3.20% and 3.38%, respectively.

Loan costs related to NMTC 1A and 1B of \$274,211 and \$285,834, net of accumulated amortization of \$28,854 and \$17,231 as of September 30, 2024 and 2023, respectively, are presented as a contra-liability offsetting the note payable balance in the consolidated statement of financial position. For the year ended September 30, 2024 and 2023, the effective interest rate was 1.4410% and 1.6310%, respectively.

Loan costs related to the NMTC 2A and 2B of \$382,679, net of accumulated amortization of \$221 as of September 30, 2024 are presented as a contra-liability offsetting the note payable balance in the consolidated statement of financial position. For the year ended September 30, 2024, the effective interest rate was 0.4064%.

These loan costs are amortized on a straight-line basis over the term of the associated debt.

Interest expense was \$476,295 and \$493,083 for the years ended September 30, 2024 and 2023, respectively. As of both September 30, 2024 and 2023, the Organization was in substantial compliance with the covenants, conditions, and restrictions included in the loan agreements.

Future principal payments on the notes payable are as follows:

Years ending September 30,	
2024	\$ 573,018
2025	591,666
2026	5,360,533
2027	630,001
2028	649,927
Thereafter	12,840,510
	<u>\$ 20,645,655</u>

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

12. Net assets

Net assets consist of the following as of September 30:

	2024	2023
Without donor restrictions:		
Designated by the board for capital projects	\$ -	\$ 354,833
Undesignated	27,068,515	23,979,272
	27,068,515	24,334,105
With donor restrictions:		
Mobile Shower Ministry	-	40,763
Built-in Shade Canopy for Playground	-	4,760
Capital Campaign projects	2,816,217	4,180,994
	2,816,217	4,226,517
Total net assets	\$ 29,884,732	\$ 28,560,622

13. Lease agreements

Facility and equipment leases

The Organization was the lessor of certain commercial space and accounted for its leases of administrative offices and the Sports Arena thrift store in San Diego County as operating leases. The term of the administrative office lease was from March 1, 2016, through July 31, 2026. Management terminated the administrative office lease in March 2023. The term of the lease for the Sports Arena thrift store in San Diego was from June 1, 2019, through January 31, 2023. Rent expense under the commercial leases totaled \$107,400 and \$208,885 for the years ended September 30, 2024 and 2023, respectively and is included in rent and facilities allocated costs on the statement of functional expenses.

Finance leases

Equipment under finance lease consists of three delivery trucks. For each of the years ended September 30, 2024 and 2023, the Organization recorded a right-of-use asset \$177,530 which is being amortized over the remaining non-cancelable lease term.

The balances for finance leases are presented as follows on the consolidated statement of financial position as of September 30:

	2024	2023
Finance lease right-of-use asset, net	\$ 48,915	\$ 111,324
Finance lease liability	\$ 54,344	\$ 120,107

Lease expense on the consolidated statement of activities for the years ended September 30 consists of the following:

	2024	2023
Amortization of leased assets	\$ 62,409	\$ 67,051
Interest on lease liabilities	7,161	12,638
Total lease expense	\$ 69,570	\$ 79,689

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

13. Lease agreements (continued)

Finance leases (continued)

The weighted average remaining lease term for the leases approximated one year and the weighted average discount rate approximated 8.24% as of both September 30, 2024 and 2023. The maturities of finance lease liabilities are summarized as follows as of September 30:

2025		\$	16,177
Less: interest			19,487
Present value of lease obligations		\$	54,344

Rental income

The Organization owns the building located at 120 Elm Street and 1840 First Avenue, San Diego, California and leases space to others in these buildings under operating leases which expire on various dates through December 2023. Rental income under lease agreements totaled \$290,850 and \$324,264 for the years ended September 30, 2024 and 2023, respectively.

14. Retirement plan

The Mission has a defined contribution plan covering employees aged 18 years or over with at least one year of service. The Mission matches employees' contributions equal to 100% of employees' elective deferral contributions which are not over 3% of their pay, plus 50% of their elective deferral contributions which are over 3% of their pay but are not over 5% of their pay. Total employer contributions were \$115,357 and \$123,996 for the years ended September 30, 2024 and 2023, respectively.

15. Liquidity and funds available

The following table reflect the Organization's financial assets as of September 30, reduced by amounts not available for general expenditure within one year. Financial assets include assets that are considered unavailable when illiquid or not convertible to cash within one year and receivables not available for general expenditure.

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,406,824	\$ 1,695,681
Restricted cash	2,457,633	-
Investments	5,241,711	6,344,635
Pledges receivable, net	2,816,217	4,180,994
Accounts receivable	331,126	867,698
Notes receivable	15,880,160	9,347,960
Financial assets at year-end	28,133,671	22,436,968
Less those unavailable for general expenditure within one year		
Restricted cash	(2,457,633)	-
Net assets with donor restrictions	(2,816,217)	(354,533)
Pledges receivable, net	(535,751)	(1,951,491)
Notes receivable	(15,880,160)	(7,047,960)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,443,910	\$ 13,082,984

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

15. Liquidity and funds available (continued)

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's goal is generally to maintain financial assets to meet 6 months of operating expenses.

16. New markets tax credit funding

On February 11, 2022, the Foundation, an affiliate nonprofit organization, was established to facilitate the NMTC financing structure. The Foundation is to operate exclusively for the benefit of, to perform the functions of, and/or to carry out the purpose of the Organization.

NMTC #1

On April 14, 2022, in connection to, and concurrent with, the NMTC QLICI financing, the Organization entered into a donation agreement with the Foundation. In accordance with the agreement, the Organization provided financial support in the form of a grant in the amount of \$7,047,960 to the Foundation to assist with the financing of the NMTC transaction. This donation is not from the portion of the Organization's business that is the QALICB (that is, the donation was from the non-POB portion; see supplemental schedule). The Foundation then used the funds to provide a \$7,047,960 loan to an unrelated entity, Twain Investment Fund 656, LLC ("Fund 1"), the 99.99% member of CDE XIX, the QLICI loan lender.

On April 14, 2022, the Organization secured the QLICI Loans from CDE XIX (see Note 11). As a result of the QLICI Loans, U.S. Bancorp Community Development Corporation (the "Investor") is eligible for federal income tax credits under the NMTC program implemented by Congress in December 2000 and pursuant to IRC Section 45D to assist eligible businesses in making investments in certain low-income communities.

After the expiration of the NMTCs on April 14, 2029, the Investor has until October 14, 2029 to exercise its right, but not an obligation, to require the Foundation to purchase all of the Investor's interest in the Fund for a put exercise price of \$1,000. If the put is not exercised, the Foundation has the option, during the period from October 14, 2029 to April 14, 2030 to purchase the Investor's interest in the Fund equal to the fair market value of the interest, as determined by the terms of the Put and Call Agreement dated April 14, 2022. The Foundation will record any gain or loss associated with either option on the date it is exercised. The options do not represent embedded derivatives.

NMTC #2

On September 27, 2024, in connection to, and concurrent with, the NMTC QLICI financing, the Organization entered into a donation agreement with the Foundation. In accordance with the agreement, the Organization provided financial support in the form of a grant in the amount of \$6,369,200 to the Foundation to assist with the financing of the NMTC transaction. This donation is not from the portion of the Organization's business that is the QALICB (that is, the donation was from the non-POB portion; see supplemental schedule). The Foundation then used the funds to provide a \$6,249,200 loan to an unrelated entity, Twain Investment Fund 812, LLC ("Fund 2"), the 99.99% member of CDE XXVIII, the QLICI loan lender.

On September 27, 2024, the Organization secured the QLICI Loans from CDE XXVIII (see Note 11). As a result of the QLICI Loans, U.S. Bancorp Community Development Corporation (the "Investor") is eligible for federal income tax credits under the NMTC program implemented by Congress in December 2000 and pursuant to IRC Section 45D to assist eligible businesses in making investments in certain low-income communities.

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
(with comparative totals for the year ended September 30, 2023)

16. New markets tax credit funding (continued)

NMTC #2 (continued)

After the expiration of the NMTCs on September 27, 2031, the Investor has until March 27, 2032 to exercise its right, but not an obligation, to require the Foundation to purchase all of the Investor's interest in the Fund for a put exercise price of \$1,000. If the put is not exercised, the Foundation has the option, during the period from March 27, 2032 to October 27, 2032 to purchase the Investor's interest in the Fund equal to the fair market value of the interest, as determined by the terms of the Put and Call Agreement dated September 27, 2024. The Foundation will record any gain or loss associated with either option on the date it is exercised. The options do not represent embedded derivatives.

17. Subsequent events

Subsequent events have been evaluated through February 13, 2025, which is the date the consolidated financial statements were available to be issued, and following subsequent events require disclosure.

On October 8, 2024, the North Park thrift store note was paid in full.



# **SUPPLEMENTARY INFORMATION**

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2024**

	San Diego Rescue Mission			Foundation	Eliminating Activity	Total
	POB 1	POB 2	Non - POB			
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 144,221	\$ -	\$ 1,243,915	\$ 18,688	\$ -	\$ 1,406,824
Investments	386,603	-	4,855,108	-	-	5,241,711
Current portion of pledges receivable, net	-	1,172,269	1,108,197	-	-	2,280,466
Current portion of note receivable	-	-	2,300,000	-	-	2,300,000
Accounts receivable	-	190,053	141,073	-	-	331,126
Prepaid expenses	97,886	296,355	56,525	-	-	450,766
Other current assets	-	-	835	-	-	835
Inventory, net	-	246,374	-	-	-	246,374
Total current assets	<u>628,710</u>	<u>1,905,051</u>	<u>9,705,653</u>	<u>18,688</u>	<u>-</u>	<u>12,258,102</u>
Property and equipment, net	<u>12,818,570</u>	<u>12,949,770</u>	<u>9,426</u>	<u>-</u>	<u>-</u>	<u>25,777,766</u>
Other assets						
Restricted cash	329,533	2,128,100	-	-	-	2,457,633
Scholarship fund	-	-	-	117,618	-	117,618
Construction in progress	1,778,415	4,536,241	-	-	-	6,314,656
Notes receivable	-	-	-	13,580,160	-	13,580,160
Pledges receivable, net	-	275,400	260,351	-	-	535,751
Right-of-use asset, net	-	48,915	-	-	-	48,915
Other long-term assets	-	-	25,946	-	-	25,946
Total other assets	<u>2,107,948</u>	<u>6,988,656</u>	<u>286,297</u>	<u>13,697,778</u>	<u>-</u>	<u>23,080,679</u>
Total assets	<u>\$ 15,555,228</u>	<u>\$ 21,843,477</u>	<u>\$ 10,001,376</u>	<u>\$ 13,716,466</u>	<u>\$ -</u>	<u>\$ 61,116,547</u>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities						
Accounts payable and accrued liabilities	\$ 304,370	\$ 238,764	\$ 880,589	\$ 2,000	\$ -	\$ 1,425,723
Compensated absences	104,457	117,917	41,446	-	-	263,820
Deferred revenue	-	63,530	14,500	-	-	78,030
Deposits	5,525	-	-	-	-	5,525
Current portion of lease liability	-	44,517	-	-	-	44,517
Current portion of notes payable, net	591,666	-	-	-	-	591,666
Total current liabilities	<u>1,006,018</u>	<u>464,728</u>	<u>936,535</u>	<u>2,000</u>	<u>-</u>	<u>2,409,281</u>
Long-term liabilities						
Notes payable, net	14,449,156	13,142,321	-	-	-	27,591,477
Interest payable	1,220,000	1,230	-	-	-	1,221,230
Lease liability	-	9,827	-	-	-	9,827
Total long-term liabilities	<u>15,669,156</u>	<u>13,153,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,822,534</u>
Total liabilities	<u>16,675,174</u>	<u>13,618,106</u>	<u>936,535</u>	<u>2,000</u>	<u>-</u>	<u>31,231,815</u>
NET ASSETS						
Without donor restrictions	(1,119,946)	8,225,371	6,248,624	13,714,466	-	27,068,515
With donor restrictions	-	-	2,816,217	-	-	2,816,217
Total net assets	<u>(1,119,946)</u>	<u>8,225,371</u>	<u>9,064,841</u>	<u>13,714,466</u>	<u>-</u>	<u>29,884,732</u>
Total liabilities and net assets	<u>\$ 15,555,228</u>	<u>\$ 21,843,477</u>	<u>\$ 10,001,376</u>	<u>\$ 13,716,466</u>	<u>\$ -</u>	<u>\$ 61,116,547</u>

see report of independent auditors

**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	San Diego Rescue Mission			Foundation	Eliminating Activities	Total
	POB 1	POB 2	Non - POB			
<b>NET ASSETS</b>						
<b>REVENUE AND OTHER SUPPORT</b>						
Contributions	\$ 8,784,758	\$ 6,468,118	\$ 282,952	\$ 6,369,200	\$ (6,369,200)	\$ 15,535,828
Donated food	-	-	5,500,879	-	-	5,500,879
Grants and contracts	338,408	1,200,384	316,649	-	-	1,855,441
Donated material	35,500	18,844	1,080,470	-	-	1,134,814
Rental income	-	-	289,300	1,550	-	290,850
Program fees	-	-	137,500	-	-	137,500
Interest income	-	100	156,108	70,480	-	226,688
Warehouse	-	-	2,402	-	-	2,402
Vehicle donation sales	-	-	47,825	-	-	47,825
Other	-	-	100,329	-	-	100,329
Total revenue and other support	<u>9,158,666</u>	<u>7,687,446</u>	<u>7,914,414</u>	<u>6,441,230</u>	<u>(6,369,200)</u>	<u>24,832,556</u>
<b>EXPENDITURES</b>						
Program services						
Men, women, and children's services	6,389,034	-	5,861,992	-	-	12,251,026
Mission services	335,942	-	7,867	-	-	343,809
Partners for Hunger Relief	-	543,939	1,930,527	-	-	2,474,466
Oceanside Navigation Center	-	-	1,478,164	-	-	1,478,164
Church partnership	505,212	-	73,638	-	-	578,850
National City Navigation Center	-	864,481	669	-	-	865,150
Outreach	-	157	398,315	-	-	398,472
New markets tax credit	167,452	6,369,421	-	-	(6,369,421)	167,452
Special events	-	-	35,404	-	-	35,404
Total program service	<u>7,397,640</u>	<u>7,777,998</u>	<u>9,786,576</u>	<u>-</u>	<u>(6,369,421)</u>	<u>18,592,793</u>
Management and general	65,214	2,303,507	(830,822)	3,900	-	1,541,799
Fundraising	65,214	2,303,507	1,893,260	7,724	-	4,269,705
Total expenditures	<u>7,528,068</u>	<u>12,385,012</u>	<u>10,849,014</u>	<u>11,624</u>	<u>(6,369,421)</u>	<u>24,404,297</u>
Change in net assets from operations	1,630,598	(4,697,566)	(2,934,600)	6,429,606	221	428,259
<b>NONOPERATING ACTIVITIES</b>						
Investment interest and dividends	-	-	122,935	-	-	122,935
Realized investment gain (loss)	-	-	402,548	-	-	402,548
Unrealized investment gain	-	-	370,368	-	-	370,368
Total nonoperating activities	<u>-</u>	<u>-</u>	<u>895,851</u>	<u>-</u>	<u>-</u>	<u>895,851</u>
Transfer of net assets	469,187	12,922,937	(13,392,124)	-	-	-
<b>CHANGE IN NET ASSETS</b>	<u>2,099,785</u>	<u>8,225,371</u>	<u>(15,430,873)</u>	<u>6,429,606</u>	<u>221</u>	<u>1,324,110</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(3,219,731)</u>	<u>-</u>	<u>40,813,743</u>	<u>7,284,860</u>	<u>(16,318,250)</u>	<u>28,560,622</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (1,119,946)</u>	<u>\$ 8,225,371</u>	<u>\$ 25,382,870</u>	<u>\$ 13,714,466</u>	<u>\$ (16,318,029)</u>	<u>\$ 29,884,732</u>

see report of independent auditors



**SAN DIEGO RESCUE MISSION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	San Diego Rescue Mission			Foundation	Eliminating Activities	Total
	POB 1	POB 2	Non - POB			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Change in net assets	\$ 2,099,785	\$ 8,225,371	\$ (15,430,652)	\$ 6,429,606	\$ -	\$ 1,324,110
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	11,844	221	1,084,768	-	-	1,096,833
Lease expense	-	(48,915)	111,324	-	-	62,409
Beneficial interest in charitable gift annuity	-	-	(4,701)	-	-	(4,701)
In-kind donation (distribution) of inventory, net	-	(246,374)	276,684	-	-	30,310
Net unrealized and realized gain on investments	-	-	(370,368)	-	-	(370,368)
Transfer to investment account from operations	-	-	(3,331,511)	-	-	(3,331,511)
Change in assets:						
Accounts receivable	10,593	(190,053)	716,032	-	(10,593)	525,979
Prepaid expenses	2,725	(296,355)	273,383	-	-	(20,247)
Pledges receivable, net	-	(1,447,669)	2,812,446	-	-	1,364,777
Other current assets	-	-	(275)	-	-	(275)
Increase (decrease) in liabilities:						
Accounts payable and accrued liabilities	(134,517)	238,764	(72,972)	(8,593)	10,593	33,275
Compensated absences	(316)	117,917	(65,621)	-	-	51,980
Deferred revenue	-	63,530	(120,363)	-	-	(56,833)
Deposits	(15,135)	-	-	-	-	(15,135)
Interest payable	(409,183)	1,230	469,183	-	-	61,230
Net cash provided by (used in) operating activities	<u>1,565,796</u>	<u>6,417,667</u>	<u>(13,652,643)</u>	<u>6,421,013</u>	<u>-</u>	<u>751,833</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale of investments	(31,770)	-	4,836,573	-	-	4,804,803
Withdrawal from scholarship fund	-	-	-	8,073	-	8,073
Purchase of property and equipment	(1,024,289)	(17,486,011)	13,893,248	-	-	(4,617,052)
Loans made to borrowers	-	-	-	(6,532,200)	-	(6,532,200)
Net cash provided by (used in) investing activities	<u>(1,056,059)</u>	<u>(17,486,011)</u>	<u>18,729,821</u>	<u>(6,524,127)</u>	<u>-</u>	<u>(6,336,376)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from (payments on) notes payable	(571,989)	13,142,100	(4,751,029)	-	-	7,819,082
Principal payments on lease liability	-	54,344	(120,107)	-	-	(65,763)
Net cash provided by (used in) financing activities	<u>(571,989)</u>	<u>13,196,444</u>	<u>(4,871,136)</u>	<u>-</u>	<u>-</u>	<u>7,753,319</u>
Net change in cash, cash equivalents, and restricted cash	(62,252)	2,128,100	206,042	(103,114)	-	2,168,776
Cash, cash equivalents, and restricted cash at beginning of year	<u>536,006</u>	<u>-</u>	<u>1,037,873</u>	<u>121,802</u>	<u>-</u>	<u>1,695,681</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 473,754</u>	<u>\$ 2,128,100</u>	<u>\$ 1,243,915</u>	<u>\$ 18,688</u>	<u>\$ -</u>	<u>\$ 3,864,457</u>
Supplemental disclosures of cash flow information:						
Cash paid during the year for interest	<u>\$ 259,471</u>	<u>\$ 142,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,971</u>
In-kind contributions:						
Stock	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,032</u>
Supplemental disclosures of non-cash investing and financing activities						
Decrease in accounts payable included in purchase of property and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,305</u>