

LAS VEGAS RESCUE MISSION
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

The logo for HRC (Human Resources Corporation) is located in the bottom right corner. It consists of the letters "HRC" in a white, sans-serif font, centered within a dark blue square. The square has a white border and is set against a background of green curved shapes.

HRC

**LAS VEGAS RESCUE MISSION
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Las Vegas Rescue Mission
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Las Vegas Rescue Mission (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Las Vegas Rescue Mission as of June 30, 2023 and 2022 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 Las Vegas Rescue Mission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 misstatements, 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 Las Vegas Rescue Mission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the 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 Las Vegas Rescue 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 Las Vegas Rescue 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
February 16, 2024

LAS VEGAS RESCUE MISSION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 3,744,309	\$ 3,509,196
Cash and equivalents, restricted	197,714	159,736
Investments	15,223	15,354
Accounts receivable	26,947	23,080
Pledges receivable	92,500	86,000
Grants receivable	152,795	40,064
Prepaid expenses	125,889	75,095
Other current assets	3,306	1,769
	<u>4,358,683</u>	<u>3,910,294</u>
OTHER ASSETS		
Cash and equivalents, restricted	1,506,502	876,249
Property and equipment, net	5,274,135	5,471,641
Operating lease right-of-use (ROU) assets	23,522	-
Finance lease right-of-use (ROU) assets	41,703	-
	<u>\$ 11,204,545</u>	<u>\$ 10,258,184</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 89,095	\$ 87,031
Accrued liabilities	147,648	134,619
Funds held for others	2,395	7,617
Deferred revenue	7,000	40,525
Operating lease liabilities, current	8,011	-
Finance lease liabilities, current	10,412	7,027
	<u>264,561</u>	<u>276,819</u>
LONG-TERM DEBT		
Operating lease liabilities, net of current portion	15,511	-
Finance lease liabilities, net of current portion	36,103	12,710
Notes payable	1,500,000	1,500,000
	<u>1,816,175</u>	<u>1,789,529</u>
NET ASSETS		
Without donor restrictions	7,591,654	7,346,670
With donor restrictions	1,796,716	1,121,985
	<u>9,388,370</u>	<u>8,468,655</u>
	<u>\$ 11,204,545</u>	<u>\$ 10,258,184</u>

See notes to financial statements

**LAS VEGAS RESCUE MISSION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, gains, and other support:		
Contributions	\$ 3,494,298	\$ 3,482,961
Government grants	509,960	383,229
Special event revenue	\$ 270,336	\$ 240,576
Less: direct benefits to donors	<u>44,297</u>	<u>42,036</u>
	226,039	198,540
Sale of merchandise	219,353	213,857
Program revenue	437,444	277,075
In-kind donations	737,985	678,788
Investment return, net	4,842	4,085
Rental revenue	12,000	17,000
Gain on disposal	-	1,928
Other revenue	15,232	4,695
Release from restriction	<u>11,931</u>	<u>197,788</u>
Total revenue, gains, and other support	5,669,084	5,459,946
Expenses and losses:		
Program services:		
Recovery	1,659,376	1,416,022
Thrift store	501,223	409,714
Shelter and homeless services	<u>1,456,933</u>	<u>1,278,541</u>
Total program services	<u>3,617,532</u>	<u>3,104,277</u>
Supporting services:		
Management and general	690,735	536,425
Fundraising	<u>1,115,833</u>	<u>1,145,812</u>
Total expenses	<u>5,424,100</u>	<u>4,786,514</u>
Change in net assets without donor restrictions	<u>244,984</u>	<u>673,432</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	686,662	647,042
Release from restriction	<u>(11,931)</u>	<u>(197,788)</u>
Change in net assets with donor restrictions	<u>674,731</u>	<u>449,254</u>
CHANGE IN NET ASSETS	<u>919,715</u>	<u>1,122,686</u>
NET ASSETS, BEGINNING OF YEAR	<u>8,468,655</u>	<u>7,345,969</u>
NET ASSETS, END OF YEAR	<u><u>\$ 9,388,370</u></u>	<u><u>\$ 8,468,655</u></u>

See notes to financial statements

LAS VEGAS RESCUE MISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		Special Event	Total
	Recovery	Thrift Store	Shelter and Homeless Services	Management and General	Fundraising	Direct Benefits To Donors	
Wages and payroll taxes	\$ 586,165	\$ 217,764	\$ 499,889	\$ 401,372	\$ 269,095	\$ -	\$ 1,974,285
Employee benefits	45,989	17,085	39,220	31,491	21,113	-	154,898
Advertising	-	-	-	-	633,276	-	633,276
Bank and merchant fees	-	2,854	-	10,198	11,936	-	24,988
Depreciation and amortization	105,712	61,605	84,324	7,138	7,564	-	266,343
Dues and subscriptions	2,889	1,073	2,464	1,978	1,327	-	9,731
Equipment rental	5,501	3,206	4,388	371	393	-	13,859
Food commodities	263,893	-	535,782	-	-	-	799,675
Insurance	26,958	15,710	21,504	1,820	1,930	-	67,922
Interest	-	-	-	26,362	-	-	26,362
Maintenance	71,592	41,722	57,108	4,834	5,123	-	180,379
Meals	1,538	571	1,311	1,053	706	-	5,179
Office supplies	21,036	12,259	16,780	1,420	1,505	-	53,000
Postage and shipping	31,000	11,517	26,437	21,227	14,231	-	104,412
Professional fees	49,416	18,358	42,144	160,915	134,000	-	404,833
Supplies	290,946	8,274	-	-	-	24,247	323,467
Property taxes	-	-	-	5,169	-	-	5,169
Training	10,027	3,725	8,551	6,866	4,604	-	33,773
Transportation	20,514	11,955	16,364	-	-	-	48,833
Utilities	126,200	73,545	100,667	8,521	9,030	-	317,963
Venue	-	-	-	-	-	20,050	20,050
	<u>\$ 1,659,376</u>	<u>\$ 501,223</u>	<u>\$ 1,456,933</u>	<u>\$ 690,735</u>	<u>\$ 1,115,833</u>	44,297	5,468,397
Less: direct benefits to donors						(44,297)	(44,297)
						<u>\$ -</u>	<u>\$ 5,424,100</u>

See notes to financial statements

LAS VEGAS RESCUE MISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		Special Event	Total
	Recovery	Thrift Store	Shelter and Homeless Services	Management and General	Fundraising	Direct Benefits To Donors	
Wages and payroll taxes	\$ 493,500	\$ 178,232	\$ 437,307	\$ 341,296	\$ 273,381	\$ -	\$ 1,723,716
Employee benefits	38,604	13,943	34,209	26,699	21,386	-	134,841
Advertising	-	-	-	-	576,501	-	576,501
Bank and merchant fees	-	2,477	-	8,097	13,855	-	24,429
Depreciation	103,942	60,574	82,913	7,019	7,438	-	261,886
Dues and subscriptions	2,767	999	2,452	1,913	1,533	-	9,664
Equipment rental	8,579	5,000	6,844	579	614	-	21,616
Food commodities	243,421	-	494,219	-	-	-	737,640
Insurance	29,529	17,208	23,554	1,994	2,113	-	74,398
Interest	-	-	-	24,176	-	-	24,176
Maintenance	59,589	34,727	47,534	4,024	4,264	-	150,138
Meals	1,567	566	1,388	1,083	868	-	5,472
Office supplies	11,369	6,626	9,069	768	814	-	28,646
Postage and shipping	1,729	624	1,532	1,195	101,304	-	106,384
Professional fees	38,623	13,973	34,215	99,353	129,481	-	315,645
Supplies	254,333	1,969	-	-	-	13,756	270,058
Property taxes	-	-	-	5,082	-	-	5,082
Training	9,352	3,377	8,287	6,467	5,181	-	32,664
Transportation	20,196	11,770	16,110	-	-	-	48,076
Utilities	98,922	57,649	78,908	6,680	7,079	-	249,238
Venue	-	-	-	-	-	28,280	28,280
	<u>\$ 1,416,022</u>	<u>\$ 409,714</u>	<u>\$ 1,278,541</u>	<u>\$ 536,425</u>	<u>\$ 1,145,812</u>	42,036	4,828,550
Less: direct benefits to donors						(42,036)	(42,036)
						<u>\$ -</u>	<u>\$ 4,786,514</u>

See notes to financial statements

LAS VEGAS RESCUE MISSION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in in net assets	\$ 919,715	\$ 1,122,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	260,131	261,886
Amortization of finance right-of-use asset	6,212	-
Amortization of operating right-of-use asset (lease expense)	1,305	-
Gain on disposal	-	(1,928)
Unrealized loss on investments	131	919
(Increase) decrease in operating assets:		
Accounts receivable	(3,867)	2,984
Pledges receivable	(6,500)	8,200
Grants receivable	(112,731)	97,567
Prepaid expenses	(50,794)	(23,791)
Other current assets	(1,537)	(625)
Increase (decrease) in operating liabilities:		
Accounts payable	2,064	(30,756)
Accrued liabilities	13,029	72,418
Deferred compensation	-	(10,500)
Operating lease liability	(1,305)	-
Funds held for others	(5,222)	3,174
Deferred revenue	(33,525)	8,325
Net cash provided by operating activities	<u>987,106</u>	<u>1,510,559</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(76,159)</u>	<u>(170,964)</u>
Net cash used in investing activities	<u>(76,159)</u>	<u>(170,964)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease obligations	(7,603)	(7,120)
Proceeds from Economic Injury Disaster Loan	<u>-</u>	<u>350,000</u>
Net cash used in financing activities	<u>(7,603)</u>	<u>342,880</u>
NET CHANGE IN CASH AND EQUIVALENTS	<u>903,344</u>	<u>1,682,475</u>
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>4,545,181</u>	<u>2,862,706</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 5,448,525</u>	<u>\$ 4,545,181</u>

See notes to financial statements

LAS VEGAS RESCUE MISSION
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
SUMMARY OF CASH ACCOUNTS		
Cash and equivalents	\$ 3,744,309	\$ 3,509,196
Cash and equivalents, restricted, current	197,714	159,736
Cash and equivalents, restricted, non current	1,506,502	876,249
	<u>\$ 5,448,525</u>	<u>\$ 4,545,181</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	<u>\$ 26,362</u>	<u>\$ 24,176</u>
Accrued and unpaid purchases of property and equipment	<u>\$ -</u>	<u>\$ 8,200</u>
Property and equipment acquired through capital lease obligations	<u>\$ -</u>	<u>\$ 9,101</u>
Finance lease ROU assets obtained from finance lease liabilities	<u>\$ 34,381</u>	<u>\$ -</u>
Operating lease ROU assets obtained from operating lease liabilities	<u>\$ 24,827</u>	<u>\$ -</u>

See notes to financial statements

**LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Las Vegas Rescue Mission (the Organization or the Mission) is a non-profit organization located in Southern Nevada, which was organized solely for educational, religious, scientific and general charitable purposes. The Mission provides food, shelter, and clothing, and offers programs to help citizens recover from alcohol and drugs, and spiritual guidance.

The Mission was incorporated under the laws of the State of Nevada on October 3, 1979.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205 and subsections. Under the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. See Note 10 for discussion of significant estimates.

Cash and Equivalents

The Mission considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Mission is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Advertising

The Mission uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred.

**LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. It is the Mission's policy to charge off uncollectible receivables when management determines the receivable will not be collected. As of June 30, 2023 and 2022, management expects the outstanding balances to be collected in full and no allowance was recognized. No interest income is recognized or charged on receivables. Pledges receivable at June 30, 2023 and 2022 are considered collectible, unconditional, and due within one year. Accordingly, no discount has been recognized. Grants receivable represent funds to be reimbursed to the Mission for incurring expenses considered allowable under the grant agreements. The Mission expects to collect all grants receivable in full in less than one year.

Property and Equipment

The Mission follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500 with a useful life over one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the useful lives of the assets, generally as follows:

Vehicles	5 Years
Furniture, fixtures, and equipment	5-7 Years
Buildings and improvements	5-39 Years

When assets are retired or otherwise disposed, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activities for the period. The cost of maintenance and repairs is expensed as incurred, while significant renewals and betterments are capitalized.

Leases

The Mission leases office equipment and machinery for which a determination of whether an arrangement is a lease is made at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in finance lease right-of-use (ROU) assets and finance lease liabilities on the statement of financial position.

ROU assets represent the Mission's 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 and finance lease ROU assets and liabilities are recognized at the 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, a risk-free rate is used based on the information available at the commencement date in determining the present value of lease payments. The operating and finance ROU assets also include any lease payments made and exclude lease incentives. The Mission's lease terms may include options to extend or terminate a lease when it is reasonably certain that the Mission will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Mission's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Mission periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of property and equipment or whether the remaining balance of property and equipment should be evaluated for possible impairment. The Mission uses an estimate of the related undiscounted cash flows over the remaining life of the property and equipment in measuring their recoverability.

Deferred Revenue

Event attendance fees or sponsorships collected in advance are included in deferred revenue in the accompanying statements of financial position. This deferred revenue is expected to be recognized within one year.

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Generally, donated goods, if significant in amount, are recorded at fair market value provided the Mission has a clearly measurable and objective basis for determining the value.

Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Mission. The Mission received a substantial amount of donated services from unpaid volunteers. However, the value of the contributed services is not reflected in the accompanying financial statements as it did not meet the criteria for recognition under FASB ASC.

Revenue With and Without Donor Restrictions

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the existence and/or nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Reclassifications

Certain reclassifications have been made to the 2022 presentation to be comparative to the 2023 presentation.

**LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Some expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses were allocated on the basis of a salary and square footage allocation percentages, which is calculated based on the estimate of the percentage of time employees spend working under the various programs or supporting functions or the proportionate square footage used by the activity.

The following expenses were directly allocated by function based on the nature of the expense: advertising, bank and merchant fees, food commodities, interest, supplies, property taxes, and venue.

The following expenses were allocated on the basis of an estimate of employee time and effort: wages and payroll taxes, employee benefits, dues and subscriptions, meals, and training.

The following expenses were allocated on the basis of an estimate of the square footage utilized by the program or supporting function: depreciation and amortization, equipment rental, insurance, maintenance, office supplies, transportation, and utilities.

The following expenses were allocated on a combination of direct allocation based on the nature of the expense and estimated employee time and effort: postage and shipping and professional fees.

Date of Management's Review

Subsequent events have been evaluated through February 16, 2024, which is the date the financial statements were available to be issued.

Recently Adopted Accounting Guidance

In February 2016, the FASB issued ASC 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Mission adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Mission elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classifications of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Mission did not recognize any operating or finance lease liabilities as part of the adoption on July 1, 2022. The Mission separately classified \$13,534 of finance lease ROU assets that were previously included in property and equipment as a part of the implementation. There was no adjustment to net assets as a result of the adoption of this guidance.

The standard had a material impact on the Mission's statement of financial position, but did not have an impact on the statement of activities or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Mission's accounting for finance leases remained substantially unchanged.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Mission is substantially supported by contribution revenues, program revenues, and donated merchandise sales, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Mission manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To help manage unanticipated liquidity needs, the Mission has a line of credit for a total of \$250,000 which could be drawn upon, as discussed in Note 14.

The following table reflects the Mission's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 5,448,525	\$ 4,545,181
Investments	15,223	15,354
Accounts receivable	26,947	23,080
Pledges receivable	92,500	86,000
Grants receivable	152,795	40,064
Other current assets	<u>3,306</u>	<u>1,769</u>
Total financial assets	<u>5,739,296</u>	<u>4,711,448</u>
Less amounts unavailable for general expenditures within one year, due to:		
Funds held on behalf of others	2,395	7,617
Restricted by donors for long-term purposes	<u>1,506,502</u>	<u>876,249</u>
Total amounts unavailable for general expenditures within one year	<u>1,508,897</u>	<u>883,866</u>
Total for general expenditures within one year	<u>\$ 4,230,399</u>	<u>\$ 3,827,582</u>

NOTE 3. FUNDS HELD FOR OTHERS

As of June 30, 2023 and 2022, funds held for others consists of monies held by the Mission for program participants who do not maintain bank accounts. These monies are readily available to the individuals.

NOTE 4. CONCENTRATIONS AND RELATED PARTY

In the ordinary course of business, the Organization maintains cash balances at financial institutions in excess of federally insured limits. The cash held by the banking institutions is insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4. CONCENTRATIONS AND RELATED PARTY (CONTINUED)

As of the year ended June 30, 2023, 81% of total pledges receivable were due from one donor. For the year ended June 30, 2022, 87% of total pledges receivable were due from one donor.

For the year ending June 30, 2022, approximately 87% of the total pledges receivable balance was due from a company in which a board member had significant influence. Revenues of approximately \$350,000, inclusive of the pledge receivable, were recognized that were attributable to this board member.

NOTE 5. INVESTMENTS AND FAIR VALUE OF ASSETS

In accordance with FASB ASC 820-10, the following are quantitative disclosures about the fair value measurements. Fair value measurements are categorized on three levels:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities, which are traded by dealers and brokers in active markets. Valuations obtained from readily available pricing.

Level 2 – Valuation for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain unobservable assumptions and projections in determining the fair value assigned to such assets and liabilities.

The fair value guidance at ASC 820-10 also includes an exemption from classification within the three fair value hierarchy levels for certain investments where fair value is measured using net asset value per share (or its equivalent). The fair value amounts noted as being included at NAV in the table below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5. INVESTMENTS AND FAIR VALUE OF ASSETS (CONTINUED)

For the fiscal years ending June 30, 2023 and 2022, the Mission's only assets or liabilities measured at fair value are its investments. Investments measured at fair value on a recurring basis as of June 30 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at net asset value</u>	<u>2023 Total</u>
REIT					
Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,223</u>	<u>\$ 15,223</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at net asset value</u>	<u>2022 Total</u>
REIT					
Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,354</u>	<u>\$ 15,354</u>

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 8,470,616	\$ 8,402,704
Land	343,757	343,757
Vehicles	199,279	199,279
Furniture, fixtures, and equipment	1,092,227	1,112,282
Website and software	<u>31,252</u>	<u>31,252</u>
	10,137,131	10,089,274
Less: accumulated depreciation	<u>4,862,996</u>	<u>4,617,633</u>
	<u>\$ 5,274,135</u>	<u>\$ 5,471,641</u>

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 7. NOTES PAYABLE

In December 2007, the Mission was awarded an Affordable Housing Program (AHP) Subsidy for the construction of the Las Vegas Rescue Mission Men’s Center totaling \$1,000,000. These funds have been recognized as a note payable and will be forgiven at the expiration of the fifteen year retention period from the date construction was completed. As construction completed on April 12, 2011 and the expiration of the retention period is April 12, 2026. The entire \$1,000,000 balance of the loan will be recognized as a gain in the year of expiration.

This agreement includes certain restrictive covenants that must be adhered to by the Mission. These covenants include compliance with AHP regulations and a requirement that dwellings remain occupied by individuals whose incomes meet low-income thresholds, among others. If the Mission fails to meet any of these covenants, it is required to repay the note payable. The loan is collateralized with the premises located at 480 W. Bonanza Road in Las Vegas, Nevada. As of June 30, 2023, and 2022, the Mission was in compliance with all such covenants.

On June 1, 2020, the Mission was granted a loan (Loan) from the U.S. Small Business Administration (SBA) in the aggregate amount of \$150,000 pursuant to the Economic Injury Disaster Loan Program (EIDL), under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated June 1, 2020, matures on June 1, 2050 and bears interest at a rate of 2.75% per annum, payable in monthly installments of \$641, commencing on June 1, 2021. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used as working capital which are subject to certain restrictions. The Mission intends to use the Loan for qualifying expenses.

On July 28, 2021, the Mission’s EIDL Loan was amended to provide an additional amount of \$350,000 for a total aggregate amount of \$500,000. The new monthly installment payments of \$2,206 commenced on December 1, 2022. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used as working capital which are subject to certain restrictions. The Mission intends to use the Loan for qualifying expenses.

Required principal payments on the loans are as follows for the year ended June 30:

2024	\$	-
2025		9,811
2026		1,013,157
2027		13,523
2028		13,900
Thereafter		<u>449,609</u>
	<u>\$</u>	<u>1,500,000</u>

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8. OPERATING LEASES

In May 2023, the Mission entered into an operating lease agreement for a dishwasher which expires in April 2026. Monthly payments of \$729 are required under this lease. The remaining lease term for the operating lease is 34 months and the discount rate is 3.85% at June 30, 2023. Operating lease cost for this lease was \$1,611 for the year ended June 30, 2023. Rent expense under operating leases was \$12,281 for the year ended June 30, 2022.

As of June 30, 2023, future minimum operating lease payments were as follows:

2024	\$ 8,748
2025	8,748
2026	<u>7,291</u>
Total minimum lease payments	24,787
Less: imputed interest	<u>1,265</u>
Total operating lease liabilities	<u>\$ 23,522</u>

NOTE 9. FINANCE LEASES

In August 2018, the Mission entered into a finance lease agreement for a copier which expires in November 2023. Monthly payments of \$1,052 are required under this lease.

In April 2022, the Mission entered into a finance lease agreement for a copier which expires in July 2027. Monthly payments of \$514 are required under this lease.

In May 2023, the Mission entered into a finance lease agreement for a copier which expires in April 2028. Monthly payments of \$626 are required under this lease.

The weighted average remaining lease term for the Mission's finance leases was 51 months and the weighted average discount rate was 21.57% at June 30, 2023. Components of finance lease cost included amortization on finance lease ROU assets of \$6,212 and interest on finance lease liabilities of \$11,958 for the year ended June 30, 2023.

As of June 30, 2023, future minimum finance lease payments were as follows:

2024	\$ 18,929
2025	13,671
2026	13,671
2027	13,671
2028	<u>6,770</u>
Total minimum lease payments	66,712
Less: imputed interest	<u>20,197</u>
Total finance lease liabilities	<u>\$ 46,515</u>

Amortization expense of \$3,952 is included in depreciation expense for capital leases for the year ended June 30, 2022. Capital leases of \$26,600 with accumulated amortization of \$14,455 was included as part of furniture and equipment at June 30, 2022.

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10. DEFERRED COMPENSATION

The Mission had a deferred compensation arrangement with a former officer of the Mission. Providing the Mission is solvent, the recipient is entitled to a defined benefit payment of \$1,500 per month for the remainder of the recipient's life. If the Mission becomes insolvent, payments to the recipient will cease until such a time that the Mission regains solvency. During times of insolvency, the defined benefit payment of \$1,500 will accrue.

During the year ended June 30, 2022, \$15,000 was paid to the recipient. As of June 30, 2022, the Mission no longer maintains a deferred compensation liability due to the former officer passing away during the year.

NOTE 11. ESTIMATES

The Mission receives significant amounts of donated food and goods which are recognized as in-kind revenues and expenses. The valuation of these in-kind donations is a significant estimate. The amount recorded as donated food revenue and expense is determined using the estimated fair value of that food. The amount recorded as other in-kind revenue and expense is determined based on the estimated fair value of the items donated.

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 1,255,775	\$ 622,458
Shelter of Hope	227,342	228,820
Transportation	75,000	75,000
Father's Haven	42,174	49,001
Women's scholarships	48,000	48,000
Toy drive	31,429	24,584
Vehicle purchase	20,000	20,000
Men's recovery dorm	3,385	4,972
Recovery Program	-	1,869
Baby essentials	1,111	1,111
Blankets	-	170
Time restricted	<u>92,500</u>	<u>46,000</u>
	<u>\$ 1,796,716</u>	<u>\$ 1,121,985</u>

Net assets with donor restrictions are held as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and equivalents, current	\$ 197,714	\$ 159,736
Cash and equivalents, long-term	1,506,502	876,249
Pledges receivable	<u>92,500</u>	<u>86,000</u>
	<u>\$ 1,796,716</u>	<u>\$ 1,121,985</u>

LAS VEGAS RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Father's Haven	\$ 6,827	\$ 16,205
Recovery Program	1,869	4,063
Men's recovery dorm	1,587	63,709
Shelter of Hope	1,478	24,180
Blankets	170	830
Make Over the Mission	-	77,913
Shelter and Homeless Program	-	1,415
Underwear drive	-	811
Baby essentials	-	462
Time restricted	-	8,200
	<u>\$ 11,931</u>	<u>\$ 197,788</u>

NOTE 13. IN-KIND CONTRIBUTIONS

The Mission received goods and services donated for use in their programs. The Mission receives a substantial amount of donated food that is distributed to shelter clients. Assets unconditionally donated and retained by the Organization are recorded at fair value on the date of donation.

The Organization's in-kind contributions consisted of the following during the year ended June 30, 2023:

<u>Category</u>	<u>Usage</u>	<u>Total</u>
Donated food	Distributed to shelter clients	\$ 645,141
Donated goods	Advertising	88,244
Donated services	Maintenance	4,600
		<u>\$ 737,985</u>

The Organization's in-kind contributions consisted of the following during the year ended June 30, 2022:

<u>Category</u>	<u>Usage</u>	<u>Total</u>
Donated food	Distributed to shelter clients	\$ 597,356
Donated goods	Advertising	81,432
		<u>\$ 678,788</u>

NOTE 14. COMMITMENTS

In December 2015, the Mission entered into a line of credit agreement for \$250,000 that is collateralized by the Mission's property. As of June 30, 2023 and 2022, this line of credit had a maturity date of November 30, 2024, an interest rate of 6%, and a balance of \$0.