



RESCUE MISSION ALLIANCE

Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024



RESCUE MISSION ALLIANCE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rescue Mission Alliance
Oxnard, California

Opinion

We have audited the accompanying financial statements of Rescue Mission Alliance, which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Rescue Mission Alliance as of June 30, 2025 and 2024, 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 Rescue Mission Alliance 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
Rescue Mission Alliance
Oxnard, California

Auditor's Responsibilities 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 Rescue Mission Alliance'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 Rescue Mission Alliance'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Capin Crouse LLC

Colorado Springs, Colorado
December 12, 2025

RESCUE MISSION ALLIANCE

Statements of Financial Position

	June 30,	
	<u>2025</u>	<u>2024</u>
ASSETS:		
Cash and cash equivalents	\$ 278,683	\$ 1,816,324
Investments	3,617,881	1,328,423
Gift-in-kind inventory	763,676	793,418
Prepaid expenses and other assets	579,577	444,308
Property held for sale	431,510	-
Property and equipment—net	<u>19,108,480</u>	<u>19,797,444</u>
Total Assets	<u>\$ 24,779,807</u>	<u>\$ 24,179,917</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 357,455	\$ 442,359
Accrued wages and related liabilities	834,632	750,927
Refundable advances	750,000	600,000
Debt payable—net	<u>2,621,257</u>	<u>3,091,821</u>
Total liabilities	<u>4,563,344</u>	<u>4,885,107</u>
Net assets:		
Without donor restrictions	19,876,031	18,739,284
With donor restrictions	<u>340,432</u>	<u>555,526</u>
Total net assets	<u>20,216,463</u>	<u>19,294,810</u>
Total Liabilities and Net Assets	<u>\$ 24,779,807</u>	<u>\$ 24,179,917</u>

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Sales	\$ 11,097,594	\$ -	\$ 11,097,594	\$ 11,668,917	\$ -	\$ 11,668,917
Less value of donated goods sold	(10,688,382)	-	(10,688,382)	(11,093,263)	-	(11,093,263)
	409,212	-	409,212	575,654	-	575,654
Grants and contributions	8,298,125	214,313	8,512,438	7,434,206	339,407	7,773,613
Contributions of non-financial assets	20,878,948	-	20,878,948	21,816,075	-	21,816,075
Government grant income	2,687,691	-	2,687,691	-	-	-
Gain on sale of property and equipment	-	-	-	691,885	-	691,885
Rental and other income	169,411	-	169,411	135,952	-	135,952
Total Support and Revenue	32,443,387	214,313	32,657,700	30,653,772	339,407	30,993,179
NET ASSETS RELEASED FROM:						
Purpose restrictions	429,407	(429,407)	-	340,392	(340,392)	-
Total Support, Revenue, and Reclassifications	32,872,794	(215,094)	32,657,700	30,994,164	(985)	30,993,179
EXPENSES:						
Program services	25,555,296	-	25,555,296	27,403,357	-	27,403,357
Supporting activities:						
Management and general	3,691,970	-	3,691,970	3,363,778	-	3,363,778
Fundraising	2,488,781	-	2,488,781	2,602,239	-	2,602,239
Total Expenses	31,736,047	-	31,736,047	33,369,374	-	33,369,374
Change in Net Assets	1,136,747	(215,094)	921,653	(2,375,210)	(985)	(2,376,195)
Net Assets, Beginning of Year	18,739,284	555,526	19,294,810	21,114,494	556,511	21,671,005
Net Assets, End of Year	\$ 19,876,031	\$ 340,432	\$ 20,216,463	\$ 18,739,284	\$ 555,526	\$ 19,294,810

See notes to financial statements

RESCUE MISSION ALLIANCE

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Supporting Activities:		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 8,372,969	\$ 1,609,641	\$ 879,209	\$ 10,861,819
Fringe benefits	1,029,210	143,135	93,355	1,265,700
Payroll taxes	725,094	134,122	68,531	927,747
Total salaries and related expenses	10,127,273	1,886,898	1,041,095	13,055,266
Other expenses:				
Gift-in-kind food and clothing	10,221,331	-	-	10,221,331
Consultants	384,293	785,452	131,160	1,300,905
Donor development	-	-	1,115,005	1,115,005
Depreciation	882,905	64,467	16,261	963,633
Utilities	765,962	23,299	10,025	799,286
Auto expense	631,038	16,665	1,167	648,870
Rent	627,044	219	15	627,278
Insurance	475,166	133,991	15,851	625,008
Supplies	314,953	41,509	8,185	364,647
Telephone	161,986	61,559	48,907	272,452
Repairs and maintenance	224,275	16,397	4,140	244,812
Bank charges	-	199,763	-	199,763
Security	195,449	625	116	196,190
Miscellaneous	-	149,358	43,938	193,296
Personal aid	142,179	28	49	142,256
Advertising	119,751	2,359	1,772	123,882
Interest	-	97,868	7,298	105,166
Professional fees	-	101,676	-	101,676
Equipment rental	88,937	4,982	6,535	100,454
Taxes and licenses	53,836	15,100	4,165	73,101
Food costs	62,150	40	230	62,420
Printing	16,647	18,386	-	35,033
Postage	-	8,399	25,121	33,520
Meals and entertainment	17,024	14,023	1,619	32,666
Computer expenses	3,730	24,074	2,235	30,039
Travel	14,818	9,745	2,276	26,839
Dues and subscriptions	5,354	8,372	664	14,390
Medical expenses	13,263	563	83	13,909
Conferences and meetings	1,503	5,948	619	8,070
Contributions to others	4,429	205	250	4,884
Total 2025 Expenses	\$ 25,555,296	\$ 3,691,970	\$ 2,488,781	\$ 31,736,047

See notes to financial statements

RESCUE MISSION ALLIANCE

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Supporting Activities:		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 9,318,889	\$ 1,747,235	\$ 897,945	\$ 11,964,069
Fringe benefits	910,101	160,244	83,338	1,153,683
Payroll taxes	703,129	137,041	67,015	907,185
Total salaries and related expenses	10,932,119	2,044,520	1,048,298	14,024,937
Other expenses:				
Gift-in-kind food and clothing	10,745,130	-	-	10,745,130
Consultants	495,738	260,316	87,183	843,237
Donor development	-	-	1,301,028	1,301,028
Depreciation	925,397	59,286	22,005	1,006,688
Utilities	875,919	25,238	13,366	914,523
Auto expense	691,353	15,155	1,100	707,608
Rent	633,322	-	-	633,322
Insurance	424,009	172,680	19,501	616,190
Supplies	340,619	41,192	6,753	388,564
Telephone	151,014	60,172	43,158	254,344
Repairs and maintenance	243,017	11,249	2,514	256,780
Bank charges	-	190,322	-	190,322
Security	250,131	2,296	407	252,834
Miscellaneous	16,714	73,099	28,632	118,445
Personal aid	-	-	-	-
Advertising	94,570	26,301	1,864	122,735
Interest	-	139,363	-	139,363
Professional fees	-	55,057	-	55,057
Equipment rental	103,801	8,540	6,353	118,694
Taxes and licenses	49,127	11,918	4,374	65,419
Food costs	191,997	54	29	192,080
Printing	17,212	30,661	-	47,873
Postage	-	36,651	-	36,651
Meals and entertainment	31,451	19,285	4,048	54,784
Computer expenses	9,900	54,616	2,021	66,537
Travel	32,665	14,720	4,257	51,642
Dues and subscriptions	10,193	7,388	673	18,254
Medical expenses	20,199	755	184	21,138
Conferences and meetings	478	2,944	4,491	7,913
Contributions to others	117,282	-	-	117,282
Total 2024 Expenses	\$ 27,403,357	\$ 3,363,778	\$ 2,602,239	\$ 33,369,374

See notes to financial statements

RESCUE MISSION ALLIANCE

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 921,653	\$ (2,376,195)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions of non-financial assets	(20,878,948)	(21,816,075)
Distributed gift-in-kind inventory	20,908,690	21,834,996
Depreciation	963,633	1,006,688
Net realized and unrealized gains on investments	(87,604)	(46,798)
Gain on disposal of property and equipment	-	(691,885)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(135,269)	66,316
Accounts payable and accrued liabilities	(84,904)	(95,072)
Accrued wages and related liabilities	83,705	11,160
Refundable advance	150,000	600,000
Net Cash Provided (Used) by Operating Activities	1,840,956	(1,506,865)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,178,847)	(2,738,077)
Proceeds from sale of investments	2,976,993	3,216,000
Proceeds from sale of property and equipment	-	1,513,831
Purchases of property and equipment	(703,109)	(608,477)
Net Cash Provided (Used) by Investing Activities	(2,904,963)	1,383,277
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt payable	(983,634)	(983,741)
Proceeds from new debt payable	510,000	1,500,000
Net Cash Provided (Used) by Financing Activities	(473,634)	516,259
Net Change in Cash and Cash Equivalents	(1,537,641)	392,671
Cash and Cash Equivalents, Beginning of Year	1,816,324	1,423,653
Cash and Cash Equivalents, End of Year	\$ 278,683	\$ 1,816,324
SUPPLEMENTARY DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for interest	\$ 96,497	\$ 139,566
Property and equipment—net transferred to property held for sale	\$ 431,510	\$ -

See notes to financial statements

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION:

Rescue Mission Alliance (RMA) was incorporated in 1972 in California as a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, RMA is subject to federal income tax on any unrelated business taxable income. In addition, the organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions by the public are deductible for income tax purposes.

RMA focuses its efforts on two core ministries, rescue missions and thrift stores, in addition to some auxiliary services they provide. RMA operates the following rescue missions and programs: Ventura County Rescue Mission, Central Coast Rescue Mission, San Fernando Valley Rescue Mission, Victor Valley Rescue Mission, Lighthouse for Women and Children, and Valley Food Bank. RMA operates six thrift stores in the following cities: Oxnard, Santa Maria, North Hollywood, Reseda, and Hesperia (Victor Valley).

RMA was formed to share the gospel of Jesus Christ and to provide care and services to homeless individuals and families. These services encompass food, shelter, Biblical counseling, job training, and personal development.

The primary support for RMA comes through contributions and sales from their six thrift stores that sell donated merchandise. These facilities are also used to train RMA clients in various vocations.

2. SIGNIFICANT ACCOUNTING POLICIES:

RMA uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. Estimates that are particularly susceptible to significant change in the near term are related to depreciation and useful lives of property and equipment, allocation of expenses on a functional basis, and valuation of contributed non-financial assets and gift-in-kind inventory. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

RMA has defined cash and cash equivalents as cash on hand, cash in banks, and money market funds with original maturities of less than 90 days, excluding cash and cash equivalents held in general investments, which RMA includes within investments as part of its overall investment portfolio strategy, and cash equivalents pending reinvestment in accordance with its investment strategy. These accounts may, at times, exceed federally insured limits. As of June 30, 2025 and 2024, RMA's cash balances exceeded federally insured limits by approximately \$77,000 and \$1,294,000, respectively.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GIFT-IN-KIND INVENTORY

Gift-in-kind (GIK) inventory consists primarily of donated clothing for the thrift stores. Donations of inventory are measured at estimated fair value, based on estimated exit transaction value, and recognized as revenue in the period received. RMA also purchases certain specialty items for resale. These items are valued at the lower of cost or net realizable value.

INVESTMENTS

Investments consist of United States Treasury bills, which are held at fair value. Realized and unrealized gains or losses in fair value are recognized in the year in which they occur and are reported as other income in the statements of activities. Note 4 provides additional details regarding the fair value of investments.

PROPERTY HELD FOR SALE

Property held for sale is held at the lower of cost or fair market value less estimated selling costs at the time the property qualified to be held for sale. Management determined that the estimated net proceeds from the sale of the property would exceed its carrying value, so the property is held at its carrying value as of the date it qualified to be held for sale.

During the year ended June 30, 2025, RMA entered into a contract for the sale of the property, and since the estimated proceeds expected to be received exceed the assets' carrying value, no impairment was recorded. RMA has received \$150,000 of escrow funds related to this contract, which is included with refundable advances on the statements of financial position.

PROPERTY AND EQUIPMENT—NET

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the time of the donation. Such donations are reported as unrestricted support 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 property and equipment, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, RMA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service. Depreciation of property and equipment, excluding land and projects in progress, is provided using the straight-line method over the estimated useful lives of the assets. RMA capitalizes all assets acquired through purchase or donation with a cost or fair value of greater than or equal to \$500, which is considered tangible personal or real property. The estimated useful lives of property and equipment are:

Buildings and building improvements	3-40 years
Equipment and furniture	3-7 years
Vehicles	5-7 years

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

REFUNDABLE ADVANCES

Refundable advances consist primarily of a forgivable loan in which RMA must provide low income housing through the year ended June 30, 2029, at which time the refundable advance will be fully forgiven and recognized as revenue.

NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions include amounts currently available at the discretion of the board of directors for use in RMA's operations and net investment in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to RMA. RMA records contributions with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. Contributions restricted by the donor for a specific purpose and for which the restrictions are fully satisfied on or before year end are reported as support without donor restrictions. If the restrictions are not fully satisfied on or before year end, the contributions are recorded as support with donor restrictions. Upon satisfaction of the restriction, 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. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

Contributions of non-financial assets consist of food and non-food items such as clothing, household goods and vehicles. These items are recorded using their fair value on the date of donation. Additional details are included in Note 8.

Sales consist of product sales and are recognized at a point in time when products are sold, net of returns and discounts. The majority of these sales represent sales of the items that were donated and recognized as contributions of non-financial assets. While the contributions and sales are related to the same product, this is in accordance with accounting principles generally accepted in the United States of America and would have to be purchased by RMA if they were not donated.

Government grant income consists of funds received from the employee retention credit (ERC). These funds are recognized at the point in time in which RMA received the ERC funds.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Rental and other income is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Many individuals and businesses volunteer their time and equipment to perform a variety of tasks that assist RMA's project development, fundraising, and operations. These contributed services are recorded at fair value at the date of contribution only if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended June 30, 2025 and 2024, no services meeting the criteria for recognition were received.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities based on time and effort, square footage, and estimated benefit to each category. For the years ended June 30, 2025 and 2024, joint costs totaling \$230,358 and \$182,823, respectively, related to the newsletter have been allocated equally between the program and fundraising functions.

ADVERTISING

RMA uses advertising to promote its programs among the audiences it serves, as well as to educate the public on issues surrounding homelessness, which is why some of the advertising costs are allocated to program. Advertising costs are expensed as incurred.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

RMA maintains financial assets to provide liquidity to ensure funds are available as its expenditures become due. The following table reflects RMA's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 278,683	\$ 1,816,324
Investments	3,617,881	1,328,423
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,896,564</u>	<u>\$ 3,144,747</u>

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

3. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

RMA has \$340,432 of donor-restricted net assets that are available for general expenditure within one year of June 30, 2025, as the restrictions are expected to be met by conducting the normal activities of RMA in the coming year. RMA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, RMA maintains a \$1,500,000 revolving line of credit. If necessary, that line of credit could be utilized to satisfy obligations as they come due.

4. FAIR VALUE MEASUREMENTS:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that RMA has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value.

Treasury bills: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although RMA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

4. FAIR VALUE MEASUREMENTS, continued:

Assets measured at fair value on a recurring basis as of June 30, 2025, consist of the following:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes	\$ 3,535,800	\$ 3,535,800	\$ -	\$ -
Investments held at cost:				
Cash & cash equivalents	<u>82,081</u>			
Total investments	<u>\$ 3,617,881</u>			

Assets measured at fair value on a recurring basis as of June 30, 2024, consist of the following:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes	\$ 1,319,669	\$ 1,319,669	\$ -	\$ -
Investments held at cost:				
Cash & cash equivalents	<u>8,754</u>			
Total investments	<u>\$ 1,328,423</u>			

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2025 and 2024, there were no significant transfers in or out of Levels 1, 2, or 3.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	June 30,	
	2025	2024
Land and land improvements	\$ 7,281,002	\$ 7,639,373
Buildings	20,639,012	20,639,012
Equipment	3,491,727	3,430,423
Furniture and fixtures	897,861	875,593
Autos and trucks	2,617,528	2,282,581
	<u>34,927,130</u>	<u>34,866,982</u>
Less accumulated depreciation	(16,157,870)	(15,233,972)
	<u>18,769,260</u>	<u>19,633,010</u>
Projects in progress	339,220	164,434
	<u><u>\$ 19,108,480</u></u>	<u><u>\$ 19,797,444</u></u>

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

6. DEBT PAYABLE–NET:

Debt payable–net consists of:

	June 30,	
	2025	2024
Note payable to a financial institution, collateralized by real property with a net book value of \$3,126,053, with payments of \$10,815 due monthly including principal and interest at a fixed rate of 3.5%. The note matures April 2029 at which time a balloon payment will be due.	\$ 1,960,078	\$ 2,015,393
Note payable to a financial institution, collateralized by real property with a net book value of \$718,687, with monthly payments of \$3,313 including principal and interest at 4.85%, due in May 2028.	471,411	489,731
Revolving line of credit with a bank. The line of credit has a maximum draw of \$1,500,000, bears interest at the Prime Rate plus 1.25% with a minimum rate of 4%, and is secured by real property with a net book value of \$402,280. As of June 30, 2025, the interest rate for the line of credit was 6.25%. The line matures in September 2028.	200,000	600,000
	2,631,489	3,105,124
Less debt issuance costs–net	(10,232)	(13,303)
	\$ 2,621,257	\$ 3,091,821

Debt issuance costs are recorded at cost and are amortized over the term of the loan agreement using the straight-line method. Debt issuance costs totaling \$15,348 were capitalized during the year ended, June 30, 2024. Accumulated amortization as of June 30, 2025 and 2024, was \$5,116 and \$2,045, respectively.

Principal payment requirements on debt payable are:

<u>Year Ending June 30,</u>	
2026	\$ 79,636
2027	82,713
2028	499,252
2029	1,969,888
	\$ 2,631,489

RMA's debt payable includes certain financial and reporting covenant requirements. RMA was in compliance with, or obtained waivers for, all financial and reporting covenants as of June 30, 2025 and 2024.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2025	2024
Vocational training	\$ 214,313	\$ 274,407
Food storage and distribution expansion	65,000	215,000
Day care fund for Home Again	40,000	40,000
Property and equipment additions	21,119	21,119
Other	-	5,000
	<u>\$ 340,432</u>	<u>\$ 555,526</u>

8. CONTRIBUTIONS OF NON-FINANCIAL ASSETS:

Contributions of non-financial assets consist of:

	Year Ended June 30,	
	2025	2024
Clothing and furniture	\$ 10,655,943	\$ 11,070,945
Food	10,221,331	10,741,380
Other	1,674	3,750
	<u>\$ 20,878,948</u>	<u>\$ 21,816,075</u>

Contributed non-financial assets are not donor restricted. Food donations are utilized in all of RMA's programs and shelters. RMA serves as a food bank where food donations are received primarily from various grocery chains and items are prepared to be distributed to food pantries that provide food for families in need. RMA uses a discounted price schedule based on similar items available on the market. Unit items are priced in pounds, ounces, package or cans.

Clothing and household goods that are donated are sold in the thrift stores. These donations are sorted, priced at net realizable value then placed on the sales floor. Clothing and household items are priced by a team of veteran retail personnel who review comparable items online and in other thrift stores.

Vehicle donations, included in other in the table above, are valued using the average trade-in value from public websites, which approximates estimated exit transaction value.

RESCUE MISSION ALLIANCE

Notes to Financial Statements

June 30, 2025 and 2024

9. RENTAL INCOME:

RMA owns several residential buildings and an office building and received rental income from those properties of \$69,275 and \$76,577, for the years ended June 30, 2025 and 2024, respectively. RMA is also the lessor of a building that leases rooms under month-to-month leases to individuals who have graduated from drug and rehabilitation programs.

10. RETIREMENT PLAN:

RMA maintains a non-contributory defined contribution pension plan, qualified under Section 403(b) of the Internal Revenue Code, for the benefit of its eligible employees. Under the plan, a predetermined contribution is made to the account of each individual employee based on annual compensation. Contributions to the plan were \$217,555 and \$231,480, for the years ended June 30, 2025 and 2024, respectively.

11. LITIGATION:

From time to time, RMA is subject to claims arising in the ordinary course of business. RMA has been named as a defendant in multiple matters, but these matters are too early in the process to reasonably estimate a potential loss, if any.

12. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 12, 2025, and determined there were no events that occurred that required disclosure other than the item described below. Subsequent events after that date have not been evaluated.

Subsequent to June 30, 2025, RMA received additional ERC funds totaling approximately \$1,593,000, which will be recognized as government grant income for the year ended June 30, 2026.