

Gospel Rescue Mission of Tucson

Year Ended March 31, 2025



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Gospel Rescue Mission of Tucson

Year Ended March 31, 2025

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Independent Auditors' Report

Board of Directors and Management
Gospel Rescue Mission of Tucson
Tucson, Arizona

Opinion

We have audited the accompanying financial statements of Gospel Rescue Mission of Tucson, which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Gospel Rescue Mission of Tucson as of March 31, 2025, and the changes in its net assets and its 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 Gospel Rescue Mission of Tucson and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Gospel Rescue Mission of Tucson's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 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 Gospel Rescue Mission of Tucson'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 Gospel Rescue Mission of Tucson'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.

BeachFleischman PLLC

Tucson, Arizona
August 25, 2025

Gospel Rescue Mission of Tucson

Statement of Financial Position

March 31, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 3,761,497
Bequest receivable	31,763
Donated goods inventory	50,625
Other current assets	<u>68,606</u>
 Total current assets	 3,912,491
 Property and equipment, net	 10,820,383
Operating lease assets	17,895
Assets held for sale	<u>1,810,000</u>
 Total assets	 <u>\$ 16,560,769</u>

Liabilities and Net Assets

Current liabilities:

Current portion of operating lease obligations	\$ 10,879
Accounts payable	373,037
Accrued expenses	284,196
Other current liabilities	<u>174,106</u>
 Total current liabilities	 <u>842,218</u>
 Operating lease obligations, net of current portion	 <u>7,087</u>
 Total liabilities	 <u>849,305</u>

Commitments and contingencies

Net assets:

Without donor restrictions:

Net invested in property and equipment	11,630,383
Undesignated	<u>2,989,554</u>

With donor restrictions

Total net assets	<u>14,619,937</u>
 Total liabilities and net assets	 <u>15,711,464</u>
 Total liabilities and net assets	 <u>\$ 16,560,769</u>

Gospel Rescue Mission of Tucson

Statement of Activities

Year Ended March 31, 2025

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
General contributions	\$ 6,002,651	\$ 320,007	\$ 6,322,658
Donated facilities, goods, and services	4,806,786	-	4,806,786
Bequests	344,238	-	344,238
Lease income	497,497	-	497,497
Interest income, net	147,072	-	147,072
Other	43,716	-	43,716
Net assets released from restriction	<u>372,218</u>	<u>(372,218)</u>	<u>-</u>
Total revenues and support	<u>12,214,178</u>	<u>(52,211)</u>	<u>12,161,967</u>
Expenses:			
Program services:			
Care and rehabilitation	10,069,107	-	10,069,107
Public education and volunteer recruitment	521,756	-	521,756
Supporting:			
Fundraising	1,139,587	-	1,139,587
General and administrative	<u>1,217,156</u>	<u>-</u>	<u>1,217,156</u>
Total expenses	<u>12,947,606</u>	<u>-</u>	<u>12,947,606</u>
Change in net assets	(733,428)	(52,211)	(785,639)
Net assets, beginning	<u>15,353,365</u>	<u>1,143,738</u>	<u>16,497,103</u>
Net assets, ending	<u>\$ 14,619,937</u>	<u>\$ 1,091,527</u>	<u>\$ 15,711,464</u>

Gospel Rescue Mission of Tucson

Statement of Functional Expenses

Year Ended March 31, 2025

	Program services			Supporting services		
	Public education and volunteer recruitment		Total program services	Fundraising	General and administrative	Total expenses
	Care and rehabilitation					
Salaries and wages	\$ 2,619,520	\$ 274,423	\$ 2,893,943	\$ 367,089	\$ 773,431	\$ 4,034,463
Employee benefits	319,819	39,757	359,576	20,286	64,961	444,823
Payroll taxes	<u>193,971</u>	<u>19,936</u>	<u>213,907</u>	<u>26,522</u>	<u>55,490</u>	<u>295,919</u>
	3,133,310	334,116	3,467,426	413,897	893,882	4,775,205
Advertising	6,018	99,180	105,198	322,380	774	428,352
Banquets	244	12,948	13,192	-	26	13,218
Depreciation	458,555	-	458,555	4,727	9,455	472,737
Direct mail	303	-	303	191,023	531	191,857
Education and training	147,582	3,572	151,154	4,238	23,029	178,421
Equipment lease	23,390	2,290	25,680	3,403	-	29,083
Food, clothing, and supplies	3,816,285	55	3,816,340	352	46	3,816,738
General insurance	93,741	4,047	97,788	-	5,322	103,110
Occupancy	920,156	-	920,156	8,148	19,138	947,442
Other	130,161	24,043	154,204	3,777	92,136	250,117
Postage	-	-	-	7,342	1,704	9,046
Printing	6,206	1,210	7,416	13,352	16,972	37,740
Professional services	237,615	25,496	263,111	158,596	64,914	486,621
Repairs and maintenance	118,624	1,180	119,804	-	204	120,008
Supplies	354,112	481	354,593	1,923	73,817	430,333
Telephone	62,650	3,314	65,964	2,535	2,708	71,207
Utilities	447,102	8,789	455,891	2,486	5,908	464,285
Vehicle	<u>113,053</u>	<u>1,035</u>	<u>114,088</u>	<u>1,408</u>	<u>6,590</u>	<u>122,086</u>
	<u>\$ 10,069,107</u>	<u>\$ 521,756</u>	<u>\$ 10,590,863</u>	<u>\$ 1,139,587</u>	<u>\$ 1,217,156</u>	<u>\$ 12,947,606</u>

See notes to financial statements.

Gospel Rescue Mission of Tucson

Statement of Cash Flows

Year Ended March 31, 2025

Cash flows from operating activities:

Change in net assets	\$ (785,639)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	472,737
Operating leases	(150)
Changes in operating assets and liabilities:	
Bequest receivable	(31,763)
Other current assets	(52,452)
Accounts payable	194,973
Accrued expenses	65,954
Other current liabilities	<u>143,038</u>
Net adjustments	<u>792,337</u>
Net cash provided by operating activities	<u>6,698</u>

Cash flows from investing activities:

Purchases of property and equipment	(1,147,590)
Proceeds from maturities of certificates of deposit	<u>997,390</u>
Net cash used in investing activities	<u>(150,200)</u>
Net decrease in cash and cash equivalents	(143,502)
Cash and cash equivalents, beginning	<u>3,904,999</u>
Cash and cash equivalents, ending	<u>\$ 3,761,497</u>

Gospel Rescue Mission of Tucson

Notes to Financial Statements

Year Ended March 31, 2025

1. Description of organization and summary of significant accounting policies:

Organization:

Gospel Rescue Mission of Tucson (GRM or the Organization) was incorporated as a not-for-profit corporation in 1958, pursuant to the laws of Arizona. GRM offers care and rehabilitation services free of charge to the hungry, homeless and broken. GRM provides shelter for men, women, women with children, and men with children. GRM also provides addiction recovery programs, food, clothing, workforce development, and housing programs. GRM is located at, and is the managing partner of, the H.S. Lopez Family Foundation Center of Opportunity, where over 50 partners and social service organizations work together at this one stop campus so that guests can move from homeless to wholeness. The Center of Opportunity is a collaborative campus that offers access to medical, dental, mental health care, veterans services, government benefits, job training, children's services, and so much more.

GRM operates and is supported primarily in the Pima County, Arizona area. GRM has the following programs:

Care and rehabilitation - Shelter for men, men with children, women, and women with children and faith-based recovery programs including: food, clothing, vocational guidance, and spiritual education are offered free of charge.

Public education and volunteer recruitment - Increasing public awareness of community needs and volunteer services.

GRM's viability is dependent upon the strength of the national and local economies, and the strength and support of the community.

GRM is a voluntary member of the Evangelical Council for Financial Accountability.

Net assets:

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

- Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

1. Description of organization and summary of significant accounting policies (continued):

Net assets (continued):

- Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, support and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions, including those related to inputs used to recognize revenue over time. Actual results could differ materially from those estimates and assumptions.

Contributions:

Contributions are considered non-exchange transactions and are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Promises to give are recognized as assets and contribution revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of their estimated future cash flows if expected to be collected in more than one year. Bequests are considered unconditional when a will has gone through probate and declared valid by the courts. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated facilities, goods, and services:

Support arising from donated clothing, food, furniture, vehicles and use of facilities is recognized in the financial statements at its estimated fair market value on the date of donation. Donated services are recognized at their fair value when the services received:

- (a) create or enhance nonfinancial assets or
- (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

1. Description of organization and summary of significant accounting policies (continued):

Donated facilities, goods, and services (continued):

Although the Organization utilizes the services of outside volunteers to perform a variety of tasks that assist operating activities and fundraising campaigns, the fair value of all these services may not be reflected in the financial statements because the above criteria are not met.

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to 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 net assets with donor restrictions. The Organization reports expirations 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.

Lease income:

The Organization accounts for their leases to third-parties as operating leases. Rental income is recognized on a straight-line basis over the term of the lease. The lease terms generally range from 1-5 years, but can be shorter or longer terms as negotiated. At the end of the original lease term, leases can be extended. Most leases are cancelable with 60 or 90 days notice. Lease revenues are recognized on a straight-line basis over the terms of the related leases.

Cash and cash equivalents:

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

All cash and cash equivalents are placed with various credit institutions. At times, such amounts may be in excess of the FDIC and SIPC insurance limits; however, management does not believe they are exposed to any significant credit risk on cash and cash equivalents.

Donated goods inventory:

Donated goods inventory consists of food, clothing, furniture, and household appliances to be distributed to individuals served by GRM. Donated inventory is recorded at fair value on the date of receipt, and expensed as program services when used or distributed.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

1. Description of organization and summary of significant accounting policies (continued):

Property, equipment and depreciation:

The Organization capitalizes all expenditures for property and equipment in excess of \$10,000. Property and equipment are stated at cost, or estimated fair value if donated. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Asset	Useful life (in years)
Buildings	10 - 40
Equipment	5 - 7
Furniture and fixtures	5
Vehicles	5

Leases:

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization determines if an arrangement is a lease at inception and when the terms of an existing contract are changed.

Lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. As most of the Organization's leases do not provide an implicit rate, management uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Operating lease assets also include any lease payments made and exclude lease incentives. 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 agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to one of its classes of underlying assets, office equipment. In 2025, the Organization has only a small number of leases within this class of underlying asset that qualify for the exemption.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

1. Description of organization and summary of significant accounting policies (continued):

Impairment of long-lived assets:

The Organization reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of the long-lived assets is less than the carrying amount, the asset is considered impaired. Impairment losses would be measured as the amount by which the carrying amount exceeds the fair value of the asset. There was no impairment of long-lived assets recognized for 2025.

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of GRM. Those expenses include payroll, benefits, payroll taxes, depreciation, rent, insurance and utilities. Payroll, benefits, and payroll taxes are allocated on the basis of estimates of time and effort. Depreciation, rent, insurance and utilities are allocated based on square footage.

Advertising:

Advertising costs are expensed as incurred.

Tax exempt status:

GRM is exempt from income taxes under both Federal (Internal Revenue Code Section 501(c)(3)) and Arizona income tax laws. However, income from activities unrelated to GRM's tax-exempt purpose is subject to taxation. GRM has determined it does not have any unrelated business income tax.

From time to time, GRM may be subject to penalties and interest assessed by various taxing authorities, which are classified as general and administrative expenses when they occur.

Subsequent events:

GRM's management has evaluated the events that have occurred subsequent to March 31, 2025 through August 25, 2025, the date that the financial statements were available to be issued. Management has no responsibility to update these financial statements for events and circumstances occurring after this date.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

2. Liquidity and availability of financial assets:

The following reflects GRM's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	\$ 3,761,497
Bequest receivable	<u>31,763</u>
Total financial assets	3,793,260
Donor restrictions	<u>(91,527)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,701,733</u>

As part of GRM's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, GRM invests cash in excess of daily requirements in short-term investments.

3. Property and equipment:

Land	\$ 680,000
Buildings	12,483,052
Equipment	473,037
Furniture and fixtures	135,975
Vehicles	331,319
Construction in progress	<u>177,120</u>
Less accumulated depreciation	<u>14,280,503</u>
	<u>3,460,120</u>
	<u>\$ 10,820,383</u>

4. Assets held for sale:

Assets held for sale consist of 4.7 acres of residential land in Tucson, Arizona that was contributed to GRM in 2023.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

5. Leases:

GRM has operating leases for kitchen and office equipment with initial noncancelable terms in excess of one year that expire at various dates through April 2028. Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 10 years.

The components of lease cost are as follows:

Operating lease cost, included in operating expenses	\$ 11,060
Short-term lease cost, included in operating expenses	<u>18,023</u>
Total lease cost	<u><u>\$ 29,083</u></u>

Cash flow information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows - operating leases	\$ 29,083

Other information related to leases is as follows:

Lease term (in years) and discount rate:	
Weighted-average remaining lease term, operating leases	1.8
Weighted-average discount rate, operating leases	2.7 %

The maturities of lease liabilities as of March 31, 2025 were as follows:

Year ending <u>March 31</u>	
2026	\$ 11,210
2027	6,177
2028	<u>1,000</u>
Total lease payments	18,387
Less interest	<u>421</u>
Present value of lease liabilities	<u><u>\$ 17,966</u></u>

The present value of lease liabilities are reported in the statement of financial position as follows:

Current portion of operating lease obligations	\$ 10,879
Operating lease obligations, net of current portion	<u>7,087</u>
	<u><u>\$ 17,966</u></u>

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

6. Lease income:

In addition to the lease agreements discussed in note 5, GRM has the following lease activity:

In February 2019, GRM signed a master lease with HSL Center of Opportunity LLC (HSL) for facilities that house a new homeless service center at the H.S. Lopez Family Foundation Center of Opportunity (Center). The lease requires annual rent payments of \$1 per year over the 99 year term and is cancelable by either party upon six month written notice. Pursuant to the master lease, GRM is managing the Center as a collaborative campus serving the low income and homeless populations of Pima County, Arizona. GRM is allowed to sublease portions of the Center to other non-profit entities and governmental agencies which provide related services to homeless and low income populations.

In March 2021, GRM signed a sublease agreement with El Rio Health for operation of a full-service medical and dental clinic and related office and administrative uses. The lease term is ten years and requires annual rent payments of \$25 and monthly common area payments of \$5,000. The lease provides for one initial 10 year extension period and thereafter unlimited five year periods. GRM may terminate the lease on the last day of the initial extension term or any subsequent extension term with six month written notice. The lease term began April 2021.

In March 2021, GRM also signed a sublease agreement with Arizona Department of Economic Security for office facilities to assist in connecting those in need to vital government services. The lease term is five years and requires monthly rent payments of \$3,272. The lease may be renewed for an additional 5 year term. Arizona Department of Economic Security may terminate the lease at any time with 60 days written notice. The lease term began April 2021.

In February 2022, GRM signed a sublease agreement with CCS Housing Partners, LLC (CCS) for a parcel of land at the Center. CCS constructed a building for operation of a medical respite facility to provide medical respite care for homeless persons who are too ill or frail to recover from a physical illness or injury on the streets but are not ill enough to be in a hospital. The lease term is 50 years and requires annual rent payments of \$1. The lease may be renewed to extend the term until February 2118. CCS may terminate the lease with 90 days written notice. The lease term began July 2022.

In August 2022, GRM leased a portion of its buildings at 707 W. Miracle Mile to another non-profit agency. The agency is using the facility for its shelter recovery care services while their facilities are being remodeled. The lease term was 2 years and a new lease was signed in August 2024. The lease will continue until construction on the agency's facility is completed, but not to exceed 24 months. The lease requires monthly payments of \$2 per square foot based on occupied space plus common area charges. Either party may terminate the lease with 60 days written notice. Average monthly rent was approximately \$28,000.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

6. Lease income (continued):

Future minimum rental income to be received under non-cancelable lease agreements as of March 31, 2025 follows:

Year ending <u>March 31,</u>	
2026	\$ 123,121
2027	60,000
2028	60,000
2029	60,000
2030	60,000
Thereafter	<u>660,000</u>
	<u>\$ 1,023,121</u>

The cost of leased property at March 31, 2025 was \$4,869,225. Accumulated depreciation related to this property was \$1,557,103 at March 31, 2025. Depreciation expense was \$128,879 for year ended March 31, 2025.

7. Net assets with donor restrictions:

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

Subject to expenditure for specified purpose:

Homeless to wholeness strategy implementation plan	\$ 91,527
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Subject to the passage of time:

Federal Home Loan Bank	<u>1,000,000</u>
	<u>\$ 1,091,527</u>

The Federal Home Loan Bank grant amount is a conditional noninterest-bearing promissory note secured by a deed of trust on the Women's and Children's Center Project. The note expires in 2027 and the note will be forgiven if all conditions are met during the retention period. GRM must use the Women's and Children's Center for the intended purpose outlined in the loan application and continue to operate as a 501(c)(3) organization for the duration of the retention period as well as comply with reporting requirements. In the event of noncompliance, GRM would have to repay the entire amount to the Federal Home Loan Bank. GRM fully intends to comply with the terms of the note and believes that the possibility of not being in compliance to the end of the retention period is remote.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

8. Donated facilities, goods, and services:

GRM received the following in-kind donations during the year ended March 31, 2025:

Food, clothing, and supplies	\$ 3,674,275
Occupancy	947,441
Professional services	157,870
Vehicles	<u>27,200</u>
	<u><u>\$ 4,806,786</u></u>

GRM recognizes in-kind contributions within support. Unless otherwise noted, these contributions did not have donor-imposed restrictions.

Contributed food, clothing and supplies are utilized in GRM's care and rehabilitation program. New food and supplies are valued based upon estimates of retail values that would be paid for purchasing similar products. Used clothing and supplies are valued based upon estimates of thrift store values that would be paid for purchasing similar products.

Contributed occupancy is primarily utilized in GRM's care and rehabilitation program. Occupancy is valued based upon the market rate for similar commercial facilities in the Tucson metropolitan area.

Professional services are utilized in GRM's care and rehabilitation program and are valued based upon values that would be paid for purchasing similar services.

Contributed vehicles are utilized in GRM's care and rehabilitation program and are valued based upon estimates of resale values for similar vehicles. Vehicles that cannot be utilized are monetized.

9. Defined contribution pension plan:

GRM has a Simple IRA Plan. This plan covers all employees once they have earned \$3,000 over two years. Total contributions for the year ended March 31, 2025 were \$42,002.

10. Related party transactions:

A family member of an executive employee was contracted during the year for event planning services. During the year ended March 31, 2025, GRM paid the related party \$2,000 for these services.

Gospel Rescue Mission of Tucson

Notes to Financial Statements (continued)

Year Ended March 31, 2025

11. Contingencies:

Legal proceedings:

From time to time, GRM may be party to certain pending or threatened lawsuits arising out of or incident to the ordinary course of business for which it carries general liability and other insurance coverages. In the opinion of management and based upon consultation with legal counsel, resolution of pending or threatened lawsuits will not have a material adverse effect on GRM's financial statements.

Paycheck Protection Program (PPP) loan:

GRM obtained a \$524,030 loan under the PPP that was forgiven in March 2021. The SBA may undertake a review of a loan of any size during the ten-year period following forgiveness. The review will include the loan forgiveness application, as well as whether GRM met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.