

**ROCKFORD RESCUE MISSION MINISTRIES**

FINANCIAL STATEMENTS

September 30, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rockford Rescue Mission Ministries  
Rockford, Illinois

### ***Opinion***

We have audited the financial statements of Rockford Rescue Mission Ministries, which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rockford Rescue Mission Ministries as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Rockford Rescue Mission Ministries 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 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 Rockford Rescue Mission Ministries ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 GAAS 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 GAAS, 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 Rockford Rescue Mission Ministries 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 Rockford Rescue Mission Ministries 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.



Wegner CPAs, LLP  
Janesville, Wisconsin  
February 1, 2025

**ROCKFORD RESCUE MISSION MINISTRIES**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,121,011	\$ 1,433,598
Accounts receivable	13,615	6,803
Inventories	310,807	284,026
Prepaid expenses	<u>67,586</u>	<u>132,041</u>
Total current assets	2,513,019	1,856,468
Property and equipment, net	9,684,011	9,939,011
<b>OTHER ASSETS</b>		
Investments	12,918,374	10,694,645
Restricted cash	40,838	40,818
Gift cards	2,479	6,066
Intangible assets, net	<u>7,112</u>	<u>14,871</u>
Total other assets	<u>12,968,803</u>	<u>10,756,400</u>
<b>Total assets</b>	<u><u>\$ 25,165,833</u></u>	<u><u>\$ 22,551,879</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 170,460	\$ 85,245
Accrued payroll liabilities	252,000	217,170
Notes payable	1,986	3,278
Other accrued liabilities	<u>43,142</u>	<u>-</u>
Total liabilities	467,588	305,693
<b>NET ASSETS</b>		
Without donor restrictions	23,557,407	21,105,368
With donor restrictions	<u>1,140,838</u>	<u>1,140,818</u>
Total net assets	<u>24,698,245</u>	<u>22,246,186</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 25,165,833</u></u>	<u><u>\$ 22,551,879</u></u>

See accompanying notes.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**STATEMENTS OF ACTIVITIES**  
Years Ended September 30, 2024 and 2023

	2024	2023
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT, REVENUE, AND GAINS</b>		
Contributions	\$ 6,023,431	\$ 5,724,591
In-kind contributions	2,649,237	2,455,893
Investment return, net	2,210,524	972,639
Sales from resale store	1,104,752	1,078,488
Sales from mercantile shop	-	28,369
Sales of bulk clothing and recycled materials	64,368	68,838
Vending	5,550	5,962
Miscellaneous	13,864	13,096
	<hr/>	<hr/>
Total support, revenue, and gains without donor restrictions	12,071,726	10,347,876
<b>EXPENSES</b>		
Program services		
Recovery	1,441,965	1,411,656
Crisis	1,188,592	1,185,004
Food service	1,943,435	1,746,691
Thrift store	2,168,644	2,260,205
Other	742,122	686,407
Supporting activities		
Management and general	1,060,915	812,893
Fundraising	1,074,014	1,053,813
	<hr/>	<hr/>
Total expenses	9,619,687	9,156,669
	<hr/>	<hr/>
Changes in net assets without donor restrictions	2,452,039	1,191,207
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Investment return, net	20	21
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<b>Changes in net assets</b>	2,452,059	1,191,228
Net assets at beginning of year	22,246,186	21,054,958
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<b>Net assets at end of year</b>	<u>\$ 24,698,245</u>	<u>\$ 22,246,186</u>

See accompanying notes.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended September 30, 2024

	Program Services					Supporting Activities		Total Expenses
	Recovery	Crisis	Food Service	Thrift Store	Other	Management and General	Fundraising	
Personnel	\$ 966,038	\$ 983,814	\$ 315,110	\$ 822,539	\$ 330,356	\$ 543,596	\$ 278,677	\$ 4,240,130
Donated goods and services	13,478	7,448	1,436,472	1,108,714	49,828	6,068	1,548	2,623,556
Other promotional activities	-	-	-	2,164	6,814	225	477,685	486,888
Depreciation and amortization	231,982	10,551	2,679	48,563	190,621	10,125	-	494,521
Utilities	68,004	60,539	35,246	63,702	35,001	20,788	2,744	286,024
Repairs and maintenance	55,343	57,012	94,962	38,413	42,568	20,220	3,301	311,819
Professional fees	12,649	12,649	739	10,288	40,615	405,836	99,472	582,248
Assistance to individuals	34,677	12,353	27,633	131	15,954	-	-	90,748
Postage	101	-	-	-	-	-	192,866	192,967
Insurance	20,698	15,900	10,941	9,693	7,829	16,134	4,008	85,203
Other supplies	-	-	-	32,883	-	-	-	32,883
Small equipment purchases	5,633	7,729	1,857	5,817	10,251	781	1,938	34,006
Telephone	14,667	13,709	6,386	17,850	4,239	4,703	8,601	70,155
Education	6,542	3,025	105	535	1,570	2,638	1,420	15,835
Office supplies	1,462	1,313	316	661	1,023	5,747	738	11,260
Vehicle operation	7,441	2,390	10,698	4,411	294	805	801	26,840
Miscellaneous	3,205	160	228	2,259	4,390	6,058	215	16,515
Employee and board activities	45	-	-	21	769	17,191	-	18,026
Volunteer operations	-	-	63	-	-	-	-	63
<b>Total expenses</b>	<b>\$ 1,441,965</b>	<b>\$ 1,188,592</b>	<b>\$ 1,943,435</b>	<b>\$ 2,168,644</b>	<b>\$ 742,122</b>	<b>\$ 1,060,915</b>	<b>\$ 1,074,014</b>	<b>\$ 9,619,687</b>

See accompanying notes.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended September 30, 2023

	Program Services					Supporting Activities		Total Expenses
	Recovery	Crisis	Food Service	Thrift Store	Other	Management and General	Fundraising	
Personnel	\$ 884,379	\$ 948,441	\$ 273,978	\$ 788,389	\$ 352,159	\$ 489,153	\$ 373,034	\$ 4,109,533
Donated goods and services	44,083	35,121	1,301,597	1,207,169	47,127	610	1,980	2,637,687
Other promotional activities	16,057	-	-	24	386	26,252	464,111	506,830
Depreciation	224,479	10,210	2,592	46,992	184,456	9,798	-	478,527
Utilities	70,026	57,650	36,220	69,953	31,542	16,040	2,966	284,397
Repairs and maintenance	46,064	50,869	71,517	58,469	21,924	12,762	1,625	263,230
Professional fees	39,839	39,838	-	20,180	-	155,600	57,792	313,249
Assistance to individuals	30,385	3,160	34,288	86	21,486	-	-	89,405
Postage	1,422	1,422	-	-	711	3,554	125,689	132,798
Insurance	18,636	14,316	9,851	8,727	7,048	14,526	3,609	76,713
Other supplies	-	-	-	38,025	-	-	-	38,025
Small equipment purchases	6,486	2,611	2,683	6,317	9,155	2,651	1,142	31,045
Telephone	14,685	11,413	4,717	8,835	6,254	15,549	14,687	76,140
Education	5,011	1,144	265	1,003	1,470	19,108	1,794	29,795
Office supplies	1,967	2,377	38	891	1,953	1,690	2,508	11,424
Vehicle operation	7,485	5,908	8,691	3,906	736	616	2,539	29,881
Miscellaneous	525	524	-	985	-	33,963	337	36,334
Employee and board activities	-	-	-	-	-	11,021	-	11,021
Volunteer operations	127	-	254	254	-	-	-	635
<b>Total expenses</b>	<b>\$ 1,411,656</b>	<b>\$ 1,185,004</b>	<b>\$ 1,746,691</b>	<b>\$ 2,260,205</b>	<b>\$ 686,407</b>	<b>\$ 812,893</b>	<b>\$ 1,053,813</b>	<b>\$ 9,156,669</b>

See accompanying notes.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**STATEMENTS OF CASH FLOWS**  
Years Ended September 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,452,059	\$ 1,191,228
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	494,521	478,527
Realized and unrealized (gains) and losses on investments	(1,860,402)	(727,186)
(Increase) decrease in assets		
Accounts receivable	(6,812)	41,148
Inventory	(26,781)	167,365
Prepaid expenses	64,455	(8,878)
Gift cards	3,587	4,921
Increase (decrease) in liabilities		
Accounts payable	85,215	(23,413)
Accrued payroll liabilities	34,830	16,974
Other accrued liabilities	43,142	-
Net cash flows from operating activities	1,283,814	1,140,686
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(231,762)	(345,146)
Proceeds on sale of investments	56,896	-
Purchases of investments	(420,223)	(1,250,578)
Net cash flows from investing activities	(595,089)	(1,595,724)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of note payable	(1,292)	(896)
<b>Change in cash, cash equivalents and restricted cash</b>	687,433	(455,934)
Cash, cash equivalents and restricted cash at beginning of year	1,474,416	1,930,350
<b>Cash, cash equivalents and restricted cash at end of year</b>	<u>\$ 2,161,849</u>	<u>\$ 1,474,416</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 228	\$ 208
Cash, cash equivalents and restricted cash at end of year is comprised of the following:		
Cash and cash equivalents	\$ 2,121,011	\$ 1,433,598
Restricted cash	40,838	40,818
	<u>\$ 2,161,849</u>	<u>\$ 1,474,416</u>

See accompanying notes.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024 and 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Rockford Rescue Mission Ministries' (the Mission) purpose is to share hope and help in Jesus' name to move people from homelessness and despair toward personal and spiritual wholeness. This ministry will serve humanity in the spirit expressed by Our Lord and Savior Jesus Christ in Matthew 25:35-36, "For I was hungry, and you gave Me something to eat; I was thirsty, and you gave Me something to drink; I was a stranger, and you invited Me in; naked, and you clothed Me; I was sick, and you visited Me; I was in prison, and you came to Me". To that end, this Mission is engaged in rescue, missionary, educational, and evangelistic work, proclaiming salvation through belief in Jesus Christ the Son of God. Contributions are the Mission's main source of revenue to provide programs.

**Cash and Cash Equivalents**

The Mission defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

**Restricted Cash**

The Mission was awarded a grant during the year ended September 30, 2012, which requires reserved cash to be kept in a separate bank account. The Mission is required to maintain a housing replacement reserve at a minimum of \$40,500 for the duration of a 15-year retention period. At September 30, 2024 and 2023, the required reserve balance totaled \$40,838 and \$40,818, respectively.

**Property and Equipment**

The Mission capitalizes all expenditures for property in excess of \$5,000 and for all equipment in excess of \$2,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Investments**

Investments at September 30, 2024 and 2023, consist of open-end mutual funds, which are Level 1 investments valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Mission are considered to be actively traded.

**Merchandise Sales**

Revenue from merchandise sales is recognized when the customer receives and pays for the merchandise. Sales taxes collected from customers are excluded from revenue. The Mission does not have any financing components as payment is received at or shortly after the point of sale. Returns are expected to be insignificant.

**ROCKFORD RESCUE MISSION MINISTRIES**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized all other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Donated Inventories**

Donated inventories of food and other assets are recognized as support at their estimated fair market values on the date they are received. Donated clothing and housewares sold through the thrift store's resale shop are recognized as sales, and are not recorded in inventory, except as an adjustment at year-end. Net increases in donated clothing and housewares at the retail stores are recognized as support without donor restrictions at year-end. Net decreases in inventory are recognized as adjustments to decrease sales from the thrift store's resale shop. Donated clothing and housewares given to clients are recognized as an expense at estimated fair market value at the time of transfer.

**Donated Services**

The Mission uses the services of a number of volunteers to assist its staff. No amounts have been reflected in the financial statements for these donated services, as no objective basis is available to measure the value of such services. Such amounts would have no net effect on the statement of activities.

Donated services are recognized as contributions 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. Donated services are reflected in the financial statements.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Thrift Store Inventory**

Thrift store inventory consists of donated goods that have been processed and ready for sale. The value of contributed inventory is estimated based on the selling price.

**ROCKFORD RESCUE MISSION MINISTRIES**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, utilities, repairs and maintenance, insurance, vehicle operation, depreciation and amortization, telephone, and office supplies, which are allocated on the basis of estimates of time and effort. The following program services and supporting activities are included in the accompanying financial statements:

**Recovery**—The Life Recovery Program is a residential program offering comprehensive help and hope for men, women, and children in desperate circumstances, such as chemical dependency, domestic violence issues, or destructive relationships.

**Crisis**—The Men’s and Women’s Crisis Centers provide safe shelter, food, and clothing, as well as guest advocacy, community resources and medical services.

**Food Service**—At the Mission, a hot, nutritious breakfast, lunch, and dinner are offered free of charge every day for any hungry man, woman, or child in the community.

**Thrift Store**—Thrift Store offers gently used items including clothing, household goods, furniture, and accessories, which both meet the needs of the guests as well as provide a low-cost shopping option for the community.

**Other**—Other activities relate to education including vocational, basic life skills, GED preparation, higher education exposure, and adult literacy. Additional activities include medical, dental, and chiropractic clinic onsite providing appointments.

**Management and general**—Management and general activities relate to the overall direction of the Mission and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Mission, and perform other administrative functions.

**Fundraising**—Fundraising activities relate to soliciting contributions from individuals, foundations, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to the Mission.

**Income Tax Status**

The Mission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Mission qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**ROCKFORD RESCUE MISSION MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through February 1, 2025, the date which the financial statements were available to be issued.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Mission maintains its cash balances in three financial institutions located in Rockford, Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. At September 30, 2024 and 2023, the Mission’s uninsured cash balances total approximately \$196,000 and \$1,335,000, respectively.

NOTE 3 – INVESTMENTS

Investments consist of the following:

	2024	2023
Money market funds	\$ 426,949	\$ 929,229
Mutual funds	12,491,425	9,765,416
Investments	\$ 12,918,374	\$ 10,694,645

The mutual funds are subject to changes in economic market conditions. The Mission’s investment policy attempts to minimize market risk through portfolio diversification.

NOTE 4 – LINE OF CREDIT

The Mission has a \$1,000,000 line of credit which was unused at September 30, 2024 and 2023. Bank advances on the credit line are payable on demand and carry an interest rate of 8.5%. The credit line is secured property and equipment of the Mission.

NOTE 5 – RETIREMENT PLAN

The Mission has a qualified retirement plan under Section 403(b) of the IRC whereby full-time employees may make voluntary contributions. The plan allows the Mission to make discretionary contributions. For the years ended September 30, 2024 and 2023, the Mission made discretionary contributions of \$70,986 and \$54,406, respectively.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024 and 2023

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2024	2023
Land	\$ 507,384	\$ 507,384
Building and improvements	14,519,717	14,430,812
Parking lots	37,010	37,010
Kitchen equipment	187,704	151,126
Program furnishing and equipment	513,273	457,878
Vehicles	191,170	171,719
Musical instruments and sound equipment	13,176	13,177
Office and computer equipment	366,357	394,629
Tools and equipment	152,120	110,403
Store fixtures and equipment	90,998	83,458
 Total property and equipment	 16,578,909	 16,357,596
Accumulated depreciation	(6,894,898)	(6,418,585)
 Property and equipment, net	 \$ 9,684,011	 \$ 9,939,011

**NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN**

On April 14, 2020, the Mission received a \$489,541 loan under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act administered by the United States Small Business Administration (SBA). On November 2, 2020, the Mission received complete forgiveness of their loan of \$489,541 of principal which was removed from the associated liability and recorded as revenue.

The Mission must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Mission's good-faith certification concerning the necessity of its loan request, whether the Mission calculated the loan amount correctly, whether the Mission used loan proceeds for the allowable uses specified in the CARES Act, and whether the Mission is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Mission was ineligible for the loan or for full forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024 and 2023

**NOTE 8 – NET ASSETS**

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

	2024	2023
Endowment fund	\$ 1,100,000	\$ 1,100,000
FHLB housing replacement reserve	40,838	40,818
	\$ 1,140,838	\$ 1,140,818

The Mission's board of directors has designated net assets without donor restrictions for the following purposes:

	2024	2023
Endowment fund	\$ 1,313,108	\$ 777,987
Four and half month operating reserve	2,623,550	2,444,619
Board designated net assets	\$ 3,936,658	\$ 3,222,606

**NOTE 9 – ENDOWMENT FUND**

The Mission's endowment fund consists of one individual fund. The endowment fund includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the board of Directors of the Mission has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original fit date of the donor-restricted endowment funds. As a result of this interpretation, the Mission retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Mission in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Mission considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Mission, and (7) the Mission's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The Mission has adopted investment and spending policies, approved by the board of directors, for endowment assets.

**ROCKFORD RESCUE MISSION MINISTRIES**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024 and 2023

NOTE 9 – ENDOWMENT FUND (continued)

Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of these endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Mission expects its endowment assets over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount, Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending policy: The Mission has a policy of appropriating for distribution when the board considers the funds are needed. In establishing this policy, the Mission considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of the donor-restrictions, and the possible effects of inflation.

Endowment net asset composition by type of fund as of September 30, 2024 and 2023 are as follows:

	2024		
	Without donor Restrictions	With donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 1,100,000	\$ 1,100,000
Board-designated funds	1,313,108	-	1,313,108
Total	\$ 1,313,108	\$ 1,100,000	\$ 2,413,108
	2023		
	Without donor Restrictions	With donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 1,100,000	\$ 1,100,000
Board-designated funds	777,987	-	777,987
Total	\$ 777,987	\$ 1,100,000	\$ 1,877,987

**ROCKFORD RESCUE MISSION MINISTRIES**  
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NOTE 9 – ENDOWMENT FUND (continued)

Changes in endowment net assets as of September 30, 2024 are as follows:

	Without donor Restrictions	With donor Restrictions	Total Endowment Net Assets
Endowment net assets at beginning of year	\$ 777,987	\$ 1,100,000	\$ 1,877,987
Transfers	85,821	-	85,821
Investment return, net	449,300	-	449,300
Endowment net assets at end of year	<u>\$ 1,313,108</u>	<u>\$ 1,100,000</u>	<u>\$ 2,413,108</u>

Changes in endowment net assets as of September 30, 2023 are as follows:

	Without donor Restrictions	With donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 534,165	\$ 1,100,000	\$ 1,634,165
Transfers	48,440	-	48,440
Investment return, net	195,382	-	195,382
Endowment net assets at end of year	<u>\$ 777,987</u>	<u>\$ 1,100,000</u>	<u>\$ 1,877,987</u>

NOTE 10 – JOINT COSTS

The Mission achieves some of its programmatic and management and general goals in an informational newsletter that includes requests for contributions. The costs of those newsletters include a total of \$41,515 and \$32,116 joint costs that are not directly attributable to either program or management and general components or the fundraising component of the activities for the years ended September 30, 2024 and 2023. Those joint costs were allocated as follows:

	2024	2023
Recovery	\$ 20,759	\$ 16,058
Crisis	10,378	8,029
Fundraising	10,378	8,029
Total	<u>\$ 41,515</u>	<u>\$ 32,116</u>

**ROCKFORD RESCUE MISSION MINISTRIES**  
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**NOTE 11 – LIQUIDITY AND AVAILABILITY**

The following table reflects the Mission’s financial assets, as of the dates of the statements of financial position, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position dates because of contractual restrictions or internal board designations.

	2024	2023
Cash and cash equivalents	\$ 2,121,011	\$ 1,433,598
Accounts receivable	13,615	6,803
Investments	12,918,374	10,694,645
Restricted cash	40,838	40,818
Financial assets at year-end	\$ 15,093,838	\$ 12,175,864
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted cash for housing replacement reserve	(40,838)	(40,818)
Restricted by donor with purpose or period restrictions	(1,100,000)	(1,100,000)
Board designations:		
Amounts set aside for purpose or period designations	(3,936,658)	(3,222,606)
Financial assets available to meet cash needs for general expenditures within one year	\$ 10,016,342	\$ 7,812,440

The Mission strives to maintain liquid financials assets sufficient to cover four and half months of general expenditures. As a non-profit, donor-funded organization, the Mission receives significant contributions each year from donors on a regular basis, which are available to meet annual cash needs for general operating expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other investments. In the event of unanticipated liquidity needs, the Mission also can draw up to \$1,000,000 of the available line of credit (as further discussed in Note 4) and its operating reserve.

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**NOTE 12 – IN-KIND CONTRIBUTIONS**

Contributed nonfinancial assets recognized within the statements of activities for the years ended September 30, 2024 and 2023 include:

	2024	2023
Food	\$ 1,434,238	\$ 1,162,925
Clothing	1,135,799	1,198,934
Supplies and equipment	14,375	36,802
Services	64,825	57,232
 Total	 \$ 2,649,237	 \$ 2,455,893

Donated Clothing is comprised of clothing and goods held for resale at the Mission’s Thrift Store. Proceeds from the sale of donated inventory are used to support the Mission’s shelter programming. The value of donated inventory is determined based on the estimated resale value. Unless otherwise noted, donated inventory did not have donor-imposed restrictions.

All donated supplies, equipment and services received are related to program services. The value of donated supplies and services are based on fair value in purchasing similar items. Unless otherwise noted, donated materials did not have donor-imposed restrictions.

Donated food is related to program services. The value of donated food is determined by using a discounted price per pound. Unless otherwise noted, donated food did not have donor-imposed restrictions.

**NOTE 13 – COMMITMENTS**

The Mission entered into an employment agreement with its Chief Executive Officer (CEO) which provided the CEO with additional retirement compensation in light of the CEO’s many years of service at significantly low compensation levels. The last installment of the additional compensation was paid in 2024, completing the agreement.