



The Winston-Salem Rescue Mission, Inc.

Financial Statements

June 30, 2025

THE WINSTON-SALEM RESCUE MISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Winston-Salem Rescue Mission, Inc.

Opinion

We have audited the accompanying financial statements of The Winston-Salem Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Winston-Salem Rescue Mission, Inc. as of June 30, 2025, 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 The Winston-Salem Rescue Mission, Inc. 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 The Winston-Salem Rescue Mission, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 The Winston Salem Rescue Mission, Inc. 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 The Winston Salem Rescue Mission, Inc.'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.

Report on Summarized Comparative Information

We have previously audited The Winston-Salem Rescue Mission, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dennis Ashe, P.A.

Greensboro, North Carolina
October 27, 2025

THE WINSTON-SALEM RESCUE MISSION, INC.
Statement of Financial Position
June 30, 2025 with
Comparative Totals for 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,907,922	\$ 1,930,027
Inventory (Note 6)		
Thrift store inventory	16,640	14,930
Furniture and appliance inventory	53,746	51,536
Food and groceries inventory	322,725	136,757
Accounts receivable	1,325	6,647
Sales tax receivable	17,226	16,888
Grants receivable	20,000	-
Prepaid expenses	5,756	570
	<u>2,345,340</u>	<u>2,157,355</u>
Total current assets		
Other assets:		
Cash - donor designated	98,042	18,217
Deposit on purchase of property (Note 13)	100,000	-
	<u>198,042</u>	<u>18,217</u>
Total restricted deposits		
Noncurrent assets:		
Property and equipment, at cost, net of accumulated depreciation of \$3,186,772 and \$2,970,365	4,180,095	4,243,204
Financing right-of-use assets	81,069	118,450
	<u>6,804,546</u>	<u>6,537,226</u>
Total assets		
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 37,162	\$ 39,133
Contributions payable	3,025	-
Accrued salaries and wages	8,210	71,881
Accrued employee benefits and taxes	1,322	671
Sales tax payable	4,394	3,752
Current portion of financing lease	58,916	40,106
	<u>113,029</u>	<u>155,543</u>
Total current liabilities		
Noncurrent liabilities:		
Noncurrent portion of financing lease	24,666	83,582
	<u>24,666</u>	<u>83,582</u>
Total noncurrent liabilities:		
Total liabilities	<u>137,695</u>	<u>239,125</u>
Net assets:		
Net assets without donor restrictions	6,548,809	6,279,884
Net assets with donor restrictions	118,042	18,217
	<u>6,666,851</u>	<u>6,298,101</u>
Total net assets		
Total liabilities and net assets	<u>\$ 6,804,546</u>	<u>\$ 6,537,226</u>

The accompanying notes are an integral part of the financial statements.

THE WINSTON-SALEM RESCUE MISSION, INC.
Statement of Activities
Year Ended June 30, 2025 with
Comparative Totals for 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
Revenues, Gains and Other Support:				
Contributions	\$ 2,624,101	160,107	\$ 2,784,208	\$ 2,568,481
Donations in-kind (Note 6)	2,469,152	-	2,469,152	1,606,732
Contributed service	-	-	-	300
Sales to public:				
Sale of donated inventory	844,692	-	844,692	796,607
Sale of donated automobiles	-	-	-	980
Total sales to public	<u>844,692</u>	<u>-</u>	<u>844,692</u>	<u>797,587</u>
 Fundraising events (net of expenses)	 74,652	 -	 74,652	 100,074
Program fees	69,160	-	69,160	90,252
Interest income	72,843	-	72,843	46,864
Other income	69	-	69	392
Net assets released from restriction	<u>60,282</u>	<u>(60,282)</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>6,214,951</u>	 <u>99,825</u>	 <u>6,314,776</u>	 <u>5,210,682</u>
 Functional Expenses:				
Program services	4,872,906	-	4,872,906	3,979,726
Management and general	667,999	-	667,999	551,081
Fundraising	<u>405,121</u>	<u>-</u>	<u>405,121</u>	<u>732,820</u>
 Total functional expenses	 <u>5,946,026</u>	 <u>-</u>	 <u>5,946,026</u>	 <u>5,263,627</u>
 Change in net assets	 268,925	 99,825	 368,750	 (52,945)
 Net assets at beginning of year	 <u>6,279,884</u>	 <u>18,217</u>	 <u>6,298,101</u>	 <u>6,351,046</u>
 Net assets at end of year	 <u>\$ 6,548,809</u>	 <u>118,042</u>	 <u>\$ 6,666,851</u>	 <u>\$ 6,298,101</u>

The accompanying notes are an integral part of the financial statements.

THE WINSTON-SALEM RESCUE MISSION, INC.
Statement of Functional Expenses
Year Ended June 30, 2025 with
Comparative Totals for 2024

	Program Services	Management and General	Fundraising	2025 Totals	2024 Totals
Salaries and related expenses:					
Salaries	\$ 1,536,006	541,171	-	\$ 2,077,177	\$ 1,800,603
Employee benefits	45,151	15,050	-	60,201	42,136
Payroll taxes	115,552	38,382	-	153,934	134,065
Total salaries and related expenses	1,696,709	594,603	-	2,291,312	1,976,804
Other cash expenses:					
Bank fees	44,417	2,338	-	46,755	43,151
Client expenses - other	15,321	-	-	15,321	14,453
Computer expenses	48,264	2,540	-	50,804	60,100
Depreciation and amortization	241,098	12,689	-	253,787	247,149
Dues and subscriptions	7,944	418	-	8,362	8,618
Educational expenses	5,467	-	-	5,467	5,173
Food	24,456	-	-	24,456	28,115
Fundraising - consultant and other	-	-	346,655	346,655	540,975
Garbage disposal	21,818	1,148	-	22,966	22,259
Gas and oil	23,127	1,217	-	24,344	21,637
Insurance	153,663	8,088	-	161,751	150,169
Interest	3,126	-	-	3,126	4,401
Kitchen expenses	25,977	2,850	-	28,827	8,427
Office supplies	11,764	619	-	12,383	11,913
Postage	9,903	521	58,021	68,445	200,699
Professional fees	-	30,611	-	30,611	16,475
Promotional expenses	-	-	-	-	22,615
Repairs and maintenance - facilities	56,247	339	-	56,586	79,864
Repairs and maintenance - vehicles	10,335	544	-	10,879	24,492
Repairs and maintenance - other	22,712	1,195	-	23,907	28,586
Staff expenses	-	-	-	-	10,152
Store expenses	20,076	691	-	20,767	9,083
Taxes and licenses	3,862	203	-	4,065	1,606
Travel and meals	4,236	155	-	4,391	3,497
Utilities	131,928	6,944	-	138,872	145,391
Short-term vehicle rentals	5,443	286	-	5,729	3,627
Miscellaneous	5,749	-	445	6,194	-
Total other cash expenses	2,593,642	667,999	405,121	3,666,762	3,689,431
Non-cash distributions (Note 6):					
Thrift store - merchandise	844,633	-	-	844,633	797,587
Distributions of food and clothing	1,434,631	-	-	1,434,631	776,309
Contributed services	-	-	-	-	300
Total non-cash distributions	2,279,264	-	-	2,279,264	1,574,196
Total functional expenses	\$ 4,872,906	667,999	405,121	\$ 5,946,026	\$ 5,263,627
Functional expenses by percent	79%	13%	8%	100%	100%

The accompanying notes are an integral part of the financial statements.

THE WINSTON-SALEM RESCUE MISSION, INC.
Statement of Cash Flows
Year Ended June 30, 2025 with
Comparative Totals for 2024

	2025	2024
Cash flows from operating activities:		
Cash received from donations	\$ 2,625,925	\$ 2,520,193
Store sales and other receipts	1,061,620	1,027,220
Interest and dividend income	72,843	46,864
Interest paid	3,126	(4,401)
Cash paid to suppliers and employees	<u>(3,412,392)</u>	<u>(3,449,261)</u>
Net cash provided (used) by operating activities	<u>351,123</u>	<u>140,615</u>
Cash flows from investing activities:		
Purchases of property and equipment	(153,298)	(82,782)
Deposit on future property purchase	<u>(100,000)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(253,298)</u>	<u>(82,782)</u>
Cash flows from financing activities:		
Repayment of financing lease liability	<u>(40,105)</u>	<u>(41,997)</u>
Net cash provided (used) by financing activities	<u>(40,105)</u>	<u>(41,997)</u>
Net increase (decrease) in cash	57,720	15,836
Cash, cash equivalents, and restricted cash - beginning of period	<u>1,948,244</u>	<u>1,932,408</u>
Cash, cash equivalents, and restricted cash - end of period (Note 3)	<u>\$ 2,005,964</u>	<u>\$ 1,948,244</u>
<u>Reconciliation of Change in Net Assets to</u>		
<u> Net Cash Provided (Used) by Operating Activities:</u>		
Increase (decrease) in net assets	\$ 368,750	\$ (52,945)
Adjustments:		
Depreciation and amortization	253,788	247,149
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Inventory	(189,888)	(32,836)
Accounts receivable	5,321	(2,265)
Sales tax receivable	(338)	(5,684)
Grants receivable	(20,000)	-
Prepaid expenses	(5,184)	-
Increase (decrease) in:		
Accounts payable	(1,973)	(15,428)
Accrued salaries and wages	(63,671)	3,480
Accrued employee benefits and taxes	651	(83)
Sales tax payable	642	(773)
Contributions payable	<u>3,025</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 351,123</u>	<u>\$ 140,615</u>

The accompanying notes are an integral part of the financial statements.

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of Operations**

The Winston-Salem Rescue Mission, Inc. (the "Organization" or "Mission") was formed on June 19, 1967 under the laws of the state of North Carolina. The Organization is a nonprofit, non-denominational, Christian social service organization established as a response to the hundreds of homeless men wandering the streets of the Triad area of North Carolina seeking food, shelter, and spiritual help. Since 1967, the Mission has been actively involved in meeting the physical, spiritual, emotional, and social needs of destitute people. Through services and programs offered, the Organization is able to reach out and effectively enrich men's lives with nurturing and rehabilitative services. Services provided by the Mission include providing residents with shelter, food, clothing, and other programs. Such programs include Christian counseling and recovery sessions, work therapy and training, chapel services, and financial and life skills classes. The Mission also provides emergency food and clothing, and is a host site of the Samaritan Clinic, who provides medical and dental clinics free of charge to other needy individuals in the Triad area.

The Mission operates primarily on volunteer contributions. The vast majority of support comes from individual donors; the balance from churches, organizations, and businesses. In addition to cash donations, the Organization receives gifts-in-kind donations, including food, furniture, clothing, appliances, household items, and vehicles. While many of these items are given to the needy in the community, other donated items are sold in the Mission's thrift store. The sale of vehicles and merchandise sold in the thrift store provides income for the Mission as well as work therapy opportunities for the residents.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost and have assigned lives ranging from three to forty years. Improvements and betterments are capitalized, while repairs and maintenance costs are expensed in the statement of activities. The Organization uses the straight-line method to record depreciation over the assets' useful lives. Estimated useful lives for various categories of property and equipment range between three and ten years, while buildings and improvements lives range between fifteen and forty years. Depreciation expense for the years ended June 30, 2025 and 2024 was \$216,407 and \$206,111, respectively.

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2025

Contributions

Contributions are reported as without donor restrictions unless the donor has restricted the donation to a particular use. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. If the donor has imposed two or more restrictions on a contribution, the expiration of those restrictions shall be recognized in the period in which the last remaining restriction has expired.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense for the years ended June 30, 2025 and 2024 was \$23,573 and \$21,300, respectively.

Income Taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not a private foundation under Section 170(b)(1)(A)(vi). The Organization is also exempt from state income tax and, therefore, no provision for income tax has been made in the accompanying statement of activities. The Organization's federal *Return of Organization Exempt From Income Tax* (Form 990) for 2022 - 2024 are subject to examination by the IRS, generally for three years after they were filed.

The Organization accounts for income taxes in accordance with Accounting Standard Codification ("ASC") 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination.

The Organization has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, the provisions of ASC 740 did not have any impact on the accompanying financial statements.

Donated Goods and Services

The Mission reports the fair value of gifts of food and grocery products over which it has control as unrestricted public support.

In addition, a number of individuals and organizations have made in-kind donations or volunteered their services to the Mission. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. In-kind donations and services for which fair value can be validated and meet the criterion for recognition under ASC Topic 958 have been reflected in the financial statements at their fair value. (Note 6)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses.

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2025

Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates developed by management. These expenses include cash and non-cash distributions (Note 6).

2. CONCENTRATION OF RISK

The Organization maintains in high quality financial institutions deposits that at times exceed the insured amounts of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The excess amounts at June 30, 2025 and 2024 were \$1,325,156 and \$1,199,896, respectively. The Mission believes that credit risk to cash is remote and mitigated by the use of nationally recognized banking institutions.

3. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Restricted cash amounts are restricted from general corporate use and consist of client savings. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the amounts shown in the statement of cash flows.

June 30,	2025	2024
Cash and cash equivalents	\$ 1,907,922	\$ 1,930,027
Restricted deposits	<u>98,042</u>	<u>18,217</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 2,005,964</u>	<u>\$ 1,948,244</u>

4. AVAILABILITY AND LIQUIDITY

The Organization's goal is to maintain financial assets to meet 60 days of operating expenses. At fiscal year end, financial assets were as follows:

June 30,	2025	2024
Cash, cash equivalents, and restricted cash	\$ 2,005,964	\$ 1,948,244
Accounts receivable	<u>38,551</u>	<u>23,535</u>
Total financial assets	2,044,515	1,971,779
Less:		
Amounts with donor restrictions	<u>(98,042)</u>	<u>(18,217)</u>
Financial assets available to meet general, short-term cash needs	<u>\$ 1,946,473</u>	<u>\$ 1,953,562</u>

5. FAIR VALUE MEASUREMENTS

The Organization's financial instruments are cash and cash equivalents, accounts payable, accrued expenses, and long-term debt. The recorded value of cash and cash equivalents, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. Management believes that the recorded values of long-term debt approximate fair value, as they believe interest rates approximate market rates based upon consideration of the issuer, purpose and repayment terms of the instruments held. There are no assets or liabilities of the Organization that are reported at fair value on a recurring basis.

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements
June 30, 2025

6. INVENTORY AND DISTRIBUTIONS OF DONATED GOODS

The Mission recognized donations in-kind and contributed services revenue of \$2,469,152 and \$1,607,033 for the years ended June 30, 2025 and 2024, respectively. The Mission recorded total program non-cash distributions in the statement of functional expense amounting to \$2,279,263 and \$1,574,196 for the years ended June 30, 2025 and 2024, respectively.

Inventory activity for the years ended June 30, 2025 and 2024 was as follows:

	<u>Thrift Store Operations</u>	<u>Food and Groceries</u>	<u>Totals</u>
Inventory at June 30, 2023	\$ 64,750	105,637	\$ 170,387
In-kind donations	799,303	807,429	1,606,732
Retail value of inventory, scrap and vehicles sold to customers	(797,587)	-	(797,587)
Distributions of food and groceries	<u>-</u>	<u>(776,309)</u>	<u>(776,309)</u>
Inventory at June 30, 2024	66,466	136,757	203,223
In-kind donations	848,553	1,620,599	2,469,152
Retail value of inventory, scrap and vehicles sold to customers	(844,633)	-	(844,633)
Distributions of food and groceries	<u>-</u>	<u>(1,434,631)</u>	<u>(1,434,631)</u>
Inventory at June 30, 2025	<u>\$ 70,386</u>	<u>322,725</u>	<u>\$ 393,111</u>

Non-cash program expense distributions presented in the statement of functional expenses were as follows:

Years ended June 30	<u>2025</u>	<u>2024</u>
Thrift store	\$ 844,633	\$ 797,587
Donated food and groceries distribution	1,434,631	776,309
Contributed services	<u>-</u>	<u>300</u>
	<u>\$ 2,279,264</u>	<u>\$ 1,574,196</u>

7. DONATED GOODS AND SERVICES

Donated goods and services included in the financial statements were as follows:

Years ended June 30,	<u>2025</u>	<u>2024</u>
Donations in-kind		
Clothing	\$ 201,386	\$ 181,390
Food	1,620,598	807,430
Furniture and appliances	248,586	235,778
Other items	<u>398,582</u>	<u>382,134</u>
	2,469,152	1,606,732
Contributed services	<u>-</u>	<u>300</u>
	<u>\$ 2,469,152</u>	<u>\$ 1,607,032</u>

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements
June 30, 2025

8. PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at:

June 30,	<u>2025</u>	<u>2024</u>
Land	\$ 536,645	\$ 536,645
Building	6,121,878	6,017,771
Machinery and equipment	272,644	264,116
Furniture and fixtures	273,749	273,749
Automotive and transportation equipment	<u>161,951</u>	<u>121,288</u>
Property and equipment	7,366,867	7,213,569
Less accumulated depreciation	<u>(3,186,772)</u>	<u>(2,970,365)</u>
Property and equipment, net	<u>\$ 4,180,095</u>	<u>\$ 4,243,204</u>

9. LEASE COMMITMENTS

The Organization had five leases that were adapted according to ASC 842. These leases, which will expire between 2025 and 2030, call for fixed payments, annual increases, plus upkeep and/or improvement requirements. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. Certain leases include a right to extend the lease upon mutual agreement of both parties. If it is reasonably likely the extension will be exercised, the extended term is included in the measurement of the lease assets and liabilities. Amounts not a part of the main asset being leased, but included in the leasing contract, are excluded from the calculation of the present value of the lease.

As allowed by ASC 842, the Organization has opted not to capitalize leases with terms less than twelve months, which are listed as short-term vehicle rentals on the statement of functional expenses. For the years ended June 30, 2025 and 2024, short-term vehicle rentals were \$5,729 and \$3,627, respectively.

The Organization includes right-of-use assets in non-current assets and lease liabilities in current and non-current liabilities on the statement of financial position. At June 30, 2025, the weighted-average remaining lease term was 4 years and 8 months, and the discount rate determined to be used to calculate the present value of the lease liability was 3%. Carrying values for the leases are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease agreement of vehicle for 7 years with Salem Leasing Corporation commencing in May of 2018 and ending in May of 2025. Fixed monthly rental charges amount to \$991, due on the first of the month. The lessor reserves the right to adjust payments based on CPI index.	\$ -	\$ 10,925
Finance lease agreement of vehicle for 7 years with Salem Leasing Corporation commencing in May of 2018 and ending in May of 2025. Fixed monthly rental charges amount to \$991, due on the first of the month. The lessor reserves the right to adjust payments based on CPI index.	-	10,925

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements
June 30, 2025

	<u>2025</u>	<u>2024</u>
Finance lease agreement of copier for 5 years with Sharp Business Systems commencing in July of 2021 and ending in July of 2026. Monthly payments amount to \$205.	2,404	4,737
Finance lease agreement of postage machine lasting 5 years with Quadient Leasing commencing in January of 2023, and ending in January of 2028. Monthly payments amount to \$525.	4,554	6,482
Finance lease agreement of vehicle for 7 years with Salem Leasing Corporation commencing in June of 2023 and ending in June of 2030. Fixed monthly rental charges amount to \$1,377, due on the first of the month. The lessor reserves the right to adjust payments based on CPI index.	<u>76,624</u>	<u>90,619</u>
Total lease liability	83,582	123,688
Less current lease liabilities	<u>(58,916)</u>	<u>(40,106)</u>
Noncurrent portion	<u>\$ 24,666</u>	<u>\$ 83,582</u>

The future minimum cash payments for the finance leases are:

2026	\$ 21,066
2027	18,623
2028	17,047
2029	16,522
Thereafter	<u>16,522</u>
Total remaining payments on lease liabilities	89,780
Less amount of lease payments representing interest	<u>(6,198)</u>
Present value of future minimum lease payments	83,582
Less: current lease liabilities	<u>(58,916)</u>
Noncurrent lease liabilities	<u>\$ 24,666</u>

10. PENSION PLAN

The Organization has an Internal Revenue Code section 403(b) pension plan. Participation in the Plan is available on the first day of employment. Eligible employees elect to contribute a certain percentage of their salary to the plan. After 90 days of full-time service, the Mission matches 50% of employee contributions, up to a maximum matching contribution equal to 3% of their salary. For the years ended June 30, 2025 and 2024, the Mission's contributions to the 403(b) plan were \$35,877 and \$18,426, respectively.

THE WINSTON-SALEM RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2025

11. NET ASSET CLASSIFICATION

Net assets with donor restrictions were available for the following purposes:

June 30,	<u>2025</u>	<u>2024</u>
Scholarships	\$ 3,302	\$ 4,561
Donor appreciation	39	1,007
Food for board meetings	741	-
LBC lockers	10,000	-
NLC kitchen	37	-
Food purchase LBC	-	25
Fire rehousing appeal funds	-	9,570
Resident recreation	1,123	603
Bottled water for outreach food trailer	200	200
Programs/ Wish list	-	1,495
Graduation expenses	750	-
Kitchen equipment	7,038	-
Intake specialist	25,000	-
Two minivans and two tablets	65,536	-
Outreach	<u>4,276</u>	<u>756</u>
	<u>\$ 118,042</u>	<u>\$ 18,217</u>

12. RECLASSIFICATION ADJUSTMENTS

For comparative purposes, certain amounts in the June 30, 2024 financial statements have been reclassified to conform with the presentation in the June 30, 2025 financial statements.

13. SUBSEQUENT EVENTS

The Organization is in the final contract phase to purchase a space for a second thrift store in Kernersville, North Carolina. As part of the purchase agreement, prior to June 30, 2025, \$100,000 in earnest money was transferred to the potential seller with the expectation that at final closing, the remaining purchase price will be funded by a note payable.

Management has not identified any other subsequent events through October 27, 2025, which is the date the financial statements were available to be issued, that would have a material effect on the financial statements of the Organization.