DETROIT RESCUE MISSION MINISTRIES

Financial Statements
With Independent Auditor's Report

September 30, 2025

DETROIT RESCUE MISSION MINISTRIES

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Detroit Rescue Mission Ministries
Detroit, Michigan

Opinion

We have audited the accompanying financial statements of Detroit Rescue Mission Ministries (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the 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 Detroit Rescue Mission Ministries as of September 30, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Detroit Rescue Mission Ministries 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Detroit 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.

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Board of Directors
Detroit Rescue Mission Ministries
Detroit, Michigan

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 Detroit 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 Detroit 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.



Grand Rapids, Michigan
May 14, 2026

DETROIT RESCUE MISSION MINISTRIES

Statement of Financial Position

September 30, 2025

ASSETS:		
Cash and cash equivalents	$	886,333
Investments		902,706
Grants receivable		1,402,948
Prepaid expenses and other assets		188,651
Cash surrender value of life insurance		287,881
Property and equipment, net		14,198,985
Total Assets	$	17,867,504
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$	1,068,583
Accrued payroll and other liabilities		454,533
Notes payable		1,404,852
Total liabilities		2,927,968
Net assets:		
Net assets without donor restrictions		14,889,536
Net assets with donor restrictions		50,000
Total net assets		14,939,536
Total Liabilities and Net Assets	$	17,867,504

See notes to financial statements

DETROIT RESCUE MISSION MINISTRIES

Statement of Activities

Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	$ 6,552,999	$ 50,000	$ 6,602,999
Contributed nonfinancial assets	4,334,296	-	4,334,296
Grant revenue	10,498,908	-	10,498,908
Rental income	548,395	-	548,395
Investment income	104,603	-	104,603
Other income	96,855	-	96,855
Total revenue and support	22,136,056	50,000	22,186,056
NET ASSETS RELEASED FROM:			
Purpose restrictions	-	-	-
Total Revenue, Support, and Reclassifications	22,136,056	50,000	22,186,056
EXPENSES:			
Program services	18,932,329	-	18,932,329
Supporting activities:			
Management and general	5,690,615	-	5,690,615
Fundraising	14,698	-	14,698
Total supporting activities	5,705,313	-	5,705,313
Total Expenses	24,637,642	-	24,637,642
Change in Net Assets	(2,501,586)	50,000	(2,451,586)
Net Assets, Beginning of Year	17,391,122	-	17,391,122
Net Assets, End of Year	$ 14,889,536	$ 50,000	$ 14,939,536

See notes to financial statements

DETROIT RESCUE MISSION MINISTRIES

Statement of Functional Expenses

Year Ended September 30, 2025

	Program Services					Supporting Activities			
	Housing	Shelter	Treatment	Outreach	Total Program	Management and General	Fundraising	Total Supporting Activities	Total Expenses
Salary and wages	$ 1,197,353	$ 3,561,745	$ 2,140,442	$ 730,079	$ 7,629,619	$ 1,421,530	$ 12,434	$ 1,433,964	$ 9,063,583
Employee benefits	222,535	1,053,741	322,285	142,824	1,741,385	545,260	2,264	547,524	2,288,909
Donated food and materials	514,914	3,299,266	520,116	-	4,334,296	-	-	-	4,334,296
Depreciation	338,212	506,319	334,236	58,668	1,237,435	604,228	-	604,228	1,841,663
Utilities	214,355	856,688	273,140	127,239	1,471,422	304,010	-	304,010	1,775,432
Marketing and advertising	-	-	-	-	-	1,419,536	-	1,419,536	1,419,536
Repairs and maintenance	302,689	513,629	187,662	120,522	1,124,502	141,143	-	141,143	1,265,645
Other	77,128	282,573	266,169	125,830	751,700	232,027	-	232,027	983,727
Professional services	-	-	-	-	-	743,805	-	743,805	743,805
Food/kitchen	57,355	301,685	5,846	40,998	405,884	20,082	-	20,082	425,966
Insurance	29,608	162,460	16,998	6,718	215,784	159,658	-	159,658	375,442
Office expense	1,253	10,152	8,001	550	19,956	45,980	-	45,980	65,936
Interest expense	-	346	-	-	346	53,356	-	53,356	53,702
	$ 2,955,402	$ 10,548,604	$ 4,074,895	$ 1,353,428	$ 18,932,329	$ 5,690,615	$ 14,698	$ 5,705,313	$ 24,637,642

See notes to financial statements

DETROIT RESCUE MISSION MINISTRIES

Statement of Cash Flows

Year Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (2,451,586)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	1,841,663
Change in cash surrender value of life insurance	42,545
Realized and unrealized gain on investments	(75,971)
Changes in:	
Grants receivable	1,306,091
Prepaid expenses and other assets	(44,038)
Accounts payable	(261,515)
Accrued payroll and other liabilities	(189,718)
Net Cash Provided by Operating Activities	167,471
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment, net	(28,639)
Purchase of investments	(24,345)
Proceeds from sale of investments	6,098
Net Cash Used in Investing Activities	(46,886)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on note payable	(119,093)
Net Cash Used in Financing Activities	(119,093)
Change in Cash and Cash Equivalents	1,492
Cash and Cash Equivalents, Beginning of Year	884,841
Cash and Cash Equivalents, End of Year	$ 886,333
SUPPLEMENTAL INFORMATION:	
Cash paid for interest	$ 53,702

See notes to financial statements

DETROIT RESCUE MISSION MINISTRIES

Notes to Financial Statements

September 30, 2025

1. NATURE OF ORGANIZATION:

Detroit Rescue Mission Ministries (Mission) is a not-for-profit organization in Detroit, Michigan, that provides food, shelter, and counseling to underprivileged individuals in the Detroit inner-city area. In addition to the traditional homeless shelter activities, the Mission operates transitional housing facilities, drug and alcohol rehabilitation programs, and a camp. The Mission is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). In addition the Mission is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The Mission's revenue is generated primarily from charitable contributions, contributed nonfinancial assets, grant revenue, and rental income.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The Mission maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting periods. Actual results could differ from the estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for credit losses, valuation of investments, depreciation of property and equipment, valuation of contributed nonfinancial assets, and allocation of expenses on a functional basis.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and money market accounts, except for cash held with investment brokers which the Mission includes within investments as part of its overall investment portfolio strategy. The Mission considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. These accounts may, at times, exceed federally insured limits. At September 30, 2025, the amounts on deposit that exceeded federally insured limits were approximately $593,000. There was no restricted cash as of September 30, 2025.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of fixed income and equities with readily determinable fair values that are reported at fair value based upon quoted market prices. The Mission also has cash, which is held at cost. Donated investments are reported at market value at the date of donation. Investment returns consist of dividends, interest and realized and unrealized gains and losses, and are included in investment income without donor restrictions in the statement of activities unless a donor or law restricts their use.

GRANTS RECEIVABLE

Grants receivable consists of amounts due from third-party payers and government and local assistance programs. Management has determined all receivables are collectable based on historical collection and current economic factors, therefore no allowance for credit losses has been recorded as of September 30, 2025. The Mission evaluates receivables for impairment on a collective basis at least annually. There were no receivables individually evaluated for impairment. Receivables are charged off when management has exhausted all reasonable collection attempts.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets are reported when incurred in accordance with the accrual basis of accounting. Prepaid expenses consist primarily of items paid in advance of use. Other assets consist mainly of inventory. Inventories are stated at the lower of net realizable value or cost determined by the first-in, first-out method. Contributions of inventory are reported at estimated fair value at the date of donation. Donated inventory consists primarily of nonperishable food, used furniture, clothing and other household goods.

CASH SURRENDER VALUE OF LIFE INSURANCE

The Mission carries various life insurance policies. The amount recorded is equal to the cash surrender value of the various life insurance policies as of September 30, 2025.

PROPERTY AND EQUIPMENT, NET

Property and equipment, with a cost in excess of $5,000 are capitalized and recorded at cost at the date of acquisition. Donated inventory is valued at the estimated fair value at date of receipt. Depreciation is provided over estimated useful lives of the assets on a straight-line basis.

Useful lives are as follows:

Building and building improvements	15- 25 years
Furniture and equipment	5-10 years
Vehicles and other	5-7 years

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT, NET, continued

Depreciation is not recorded for land and construction in progress (if any) is not depreciated until placed into service. Upon retirement or other disposal of property, the cost and accumulated depreciation are removed, and the resulting gain or loss, if any is recognized. The costs of repairs and maintenance are charged to expenses as incurred. The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended September 30, 2025.

NET ASSETS

The financial statements report amounts separately by class of net assets.

Net assets without donor restrictions are those currently available at the direction of management for use in the Mission's operations.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions or not currently available for use until commitments regarding their use have been fulfilled. When a purpose restriction is accomplished or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Mission. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions restricted by donors whose restriction expire in the same reporting period as the revenue is recognized are recorded as contributions without donor restrictions.

Grant revenue is recognized in accordance with the guidance in ASC 606 *Revenue from Contracts* with Customers for exchange transactions. Certain grant arrangements are considered exchange transactions because the resource provider receives commensurate value in the form of services provided to specified beneficiaries. Under these agreements, the Mission provides program services to eligible participants in accordance with the terms of the grant agreements. The grantors reimburse the Mission for services performed based on predetermined rates or allowable costs.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Grant revenue is recognized when the Mission satisfies its performance obligations by delivering the related services. Because the services are provided over time, revenue is recognized in the period in which the services are performed. The Mission typically submits monthly invoices to grantors for services provided during the preceding month. The Mission has determined that its performance obligations under these agreements are satisfied over time as services are delivered to beneficiaries. Accordingly, revenue is recognized over time using an input method based on services performed during the reporting period. Amounts billed but not yet received are recorded as grants receivable. Payments received in advance of services performed, if any, are recorded as performance obligation liabilities and recognized as revenue when the related services are provided. The Mission's contracts with grantors generally do not contain significant financing components, variable consideration, or significant judgments related to revenue recognition.

Rental income is recognized over the period of performance, which is over the period of time covered by the lease.

Other revenue consists mainly of camp registrations and miscellaneous income, which is recognized as earned as performance obligations are met.

ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by natural and functional classifications in accordance with the overall mission of the Mission. Accordingly, certain categories of expenses are attributable to one or more program services or supporting activities of the Mission. The Mission allocates expenses based on time studies and relative usage by square footage of facilities. The Mission incurred no joint costs during the year ended September 30, 2025.

ADVERTISING COSTS

The Mission expenses advertising costs as they are incurred. Total advertising expenses incurred during the year ended September 30, 2025, is approximately $43,000.

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2025, the FASB issued guidance ASU No. 2025-05, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets* which allows organizations to adopt a practical expedient that assumes current conditions as of the date of the statement of financial position will not change for the remaining life of the asset. The Mission adopted the standard effective September 30, 2025, on a prospective basis. The impact of the adoption was not considered material to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS

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

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

Level 2 : Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs, other than quoted prices, that are observable; or can be corroborated by observable market data.

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

Level 3 : Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There were no Level 3 investments at September 30, 2025.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025.

Fixed income : Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS, continued
Investments consists of the following:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
September 30, 2025				
Fixed income	$ -	$ 215,175	$ -	$ 215,175
Equities	659,687	-	-	659,687
	$ 659,687	$ 215,175	$ -	
Investments held at other than fair value:				
Cash				27,844
				$ 902,706

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Mission's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date as of September 30, 2025:

Financial assets:	
Cash and cash equivalents	$ 886,333
Investments	902,706
Grants receivable	1,402,948
Cash surrender value of life insurance	287,881
Financial assets, at year end	3,479,868
Less those unavailable for general expenditure within one year, due to:	
Assets subject to donor restrictions	(50,000)
Cash surrender value of life insurance	(287,881)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,141,987

The Mission is substantially supported by contributions, for which a substantial portion does not carry restrictions. The Mission has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Mission has one line of credit, as described in Note 5, that can be drawn upon as needed.

4. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net, consists of the following at September 30, 2025:

Land	$ 1,048,042
Land improvements	591,900
Building and building improvements	34,829,641
Furniture and equipment	3,420,972
Vehicles and other	657,535
	40,548,090
Less accumulated depreciation	(26,349,105)
	$ 14,198,985

5. LINE OF CREDIT:

The Mission has a revolving line of credit with a financial institution totaling $1,000,000 for the year ended September 30, 2025. Interest accrues on the line at a variable rate of SOFR plus 2 percent (effective rate of 6.24% as of September 30, 2025). There were no draws during the year ended September 30, 2025 and the Mission was in compliance with all debt covenants.

6. NOTES PAYABLE:

Notes payable consists of the following at September 30, 2025:

Note payable to a bank, which is collateralized by real property with a net book value of approximately $1,512,000 at September 30, 2025. The note requires monthly principal payments of $3,984 and variable interest at SOFR plus 2% (effective rate was 6.24% at September 30, 2025). The note matures in May 2029.	$	653,455
Note payable to a bank, which is unsecured. The note requires monthly principal and interest payments of $8,044, including interest at a fixed rate of 3 percent. The note matures in July 2034.		751,397
	$	1,404,852

The scheduled maturities of notes payable are as follows:

Year Ending September 30:		
2026	$	144,336
2027		144,336
2028		144,336
2029		144,336
2030		144,336
Thereafter		683,172
Total	$	1,404,852

Under the terms of the notes payable, the Mission is subject to certain covenants. The Mission is in compliance with these financial covenants, or has obtained a waiver for those not met as of September 30, 2025.

7. NET ASSETS WITH DONOR RESTRICTIONS:

The following table summarizes the nature of the net assets with donor restrictions and the purposes for which net assets may be used at September 30, 2025:

Westland Neighborhood Park Revitalization Project	$ 50,000

8. CONTRIBUTED NONFINANCIAL ASSETS:

The Mission receives donations of household goods, food and clothing. In accordance with Interagency Standards established by the Accord Network, The Mission only records the value of contributed nonfinancial assets for which it receives and exercises variance power, which is the discretion to distribute or redistribute the commodity without the donor's prior consent in accordance with its mission and purpose. Contributed nonfinancial assets consist of the following at September 30, 2025:

Household goods	$ 28,246
Food	4,275,337
Clothing	30,713
	$ 4,334,296

The Mission records donated household goods, food and clothing at fair market value based on estimates of wholesale values that would be received for selling similar products in the United States (the principal market).

As of September 30, 2025, contributed nonfinancial assets are utilized for the Mission's programming. The Mission does not hold contributed nonfinancial assets for sale and were without donor restrictions.

9. PENSION PLANS:

The Mission has a 403(b) Plan covering all employees normally working 20 hours or more per week. Eligible employees can begin contributing to the Plan on the first day of employment. The Mission makes a annual discretionary contribution to the Plan, matching 100% of elective deferrals up to $300 per eligible employee. Employees much complete 1,000 hours of service to be eligible for the match. Total expense charged for contributions to the plan was approximately $38,000 for the year ended September 30, 2025.

10. CONCENTRATIONS:

Approximately 15% of the Mission's total revenue came from one funding source, during the year ended September 30, 2025.

11. RELATED PARTIES:

The President and CEO is one of ten board members of SAY Detroit. The purpose of SAY Detroit is to help the homeless population in Detroit and assist the agencies who take care of them, with the goal of protecting, feeding, and sheltering the homeless, and ultimately returning them to everyday society as independent and productive individuals. The Mission received approximately $25,000 in contributions from SAY Detroit during the year ended September 30, 2025.

The board of directors at The Mission contributed approximately $30,600 during the year ended September 30, 2025.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 14, 2026, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.