



**DENVER  
RESCUE  
MISSION**

**DENVER RESCUE MISSION AND  
DENVER RESCUE MISSION  
FOUNDATION**

COMBINED FINANCIAL STATEMENTS  
With Independent Auditors' Report

June 30, 2009 and 2008

**DENVER RESCUE MISSION  
AND  
DENVER RESCUE MISSION FOUNDATION**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Denver Rescue Mission and  
Denver Rescue Mission Foundation  
Denver, Colorado

We have audited the accompanying combined statements of financial position of the Denver Rescue Mission and the Denver Rescue Mission Foundation as of June 30, 2009 and 2008, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organizations' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organizations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Denver Rescue Mission and the Denver Rescue Mission Foundation as of June 30, 2009 and 2008, and the results of their activities and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the financial statements, effective July 1, 2008, the Denver Rescue Mission and the Denver Rescue Mission Foundation adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 has been applied prospectively as of the beginning of the year.

*Capin Crouse LLP*

Littleton, Colorado  
September 9, 2009

**DENVER RESCUE MISSION  
AND  
DENVER RESCUE MISSION FOUNDATION**

**Combined Statements of Financial Position**

	June 30,	
	2009	2008
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,600,962	\$ 3,498,972
Investments	1,745,155	790,546
Contributions receivable–net	1,029,658	1,083,758
Prepaid expenses and other assets	437,353	471,587
Gift-in-kind inventory	445,238	478,383
Land, buildings and equipment–net	12,887,551	13,175,482
<b>Total Assets</b>	<b>\$ 20,145,917</b>	<b>\$ 19,498,728</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 774,204	\$ 764,793
Asset retirement obligation	19,370	18,968
Deferred revenue	36,115	53,310
Gift annuities payable	33,044	34,583
Notes payable	1,775,418	1,798,598
	2,638,151	2,670,252
Net assets:		
Unrestricted:		
Operating	5,077,621	4,284,585
Equity in land, buildings and equipment	11,112,133	11,376,884
	16,189,754	15,661,469
Temporarily restricted:		
Projects	1,318,012	1,167,007
	17,507,766	16,828,476
<b>Total Liabilities and Net Assets</b>	<b>\$ 20,145,917</b>	<b>\$ 19,498,728</b>

See notes to combined financial statements

**DENVER RESCUE MISSION  
AND  
DENVER RESCUE MISSION FOUNDATION**

**Combined Statements of Activities**

	Year Ended June 30,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING:						
SUPPORT AND REVENUE:						
Contributions:						
Individuals, businesses and others	\$ 10,386,945	\$ 3,365,744	\$ 13,752,689	\$ 8,380,998	\$ 4,562,078	\$ 12,943,076
Gift-in-kind inventory	8,676,056	-	8,676,056	7,884,579	-	7,884,579
	19,063,001	3,365,744	22,428,745	16,265,577	4,562,078	20,827,655
Investment income	66,627	-	66,627	161,093	-	161,093
Rent income	527,474	-	527,474	541,902	-	541,902
Program service revenue and other	675,393	-	675,393	695,599	-	695,599
Total Support and Revenue	20,332,495	3,365,744	23,698,239	17,664,171	4,562,078	22,226,249
NET ASSETS RELEASED:						
Purpose restrictions	2,860,167	(2,860,167)	-	3,879,414	(3,879,414)	-
EXPENSES:						
Program services:						
Gift-in-kind inventory	8,709,201	-	8,709,201	8,005,896	-	8,005,896
Denver Mission and outreach services	4,026,846	-	4,026,846	3,983,775	-	3,983,775
The Crossing	2,765,737	-	2,765,737	2,702,107	-	2,702,107
Harvest Farm	2,001,939	-	2,001,939	1,805,177	-	1,805,177
Champa House	614,072	-	614,072	568,258	-	568,258
Literacy and Education Center	290,073	-	290,073	268,469	-	268,469
	18,407,868	-	18,407,868	17,333,682	-	17,333,682

(continued)

See notes to combined financial statements

**DENVER RESCUE MISSION  
AND  
DENVER RESCUE MISSION FOUNDATION**

**Combined Statements of Activities  
(continued)**

	Year Ended June 30,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES, continued:						
Supporting activities:						
General and administrative	1,121,737	-	1,121,737	1,014,313	-	1,014,313
Fund-raising	3,617,789	-	3,617,789	3,436,800	-	3,436,800
	<u>4,739,526</u>	<u>-</u>	<u>4,739,526</u>	<u>4,451,113</u>	<u>-</u>	<u>4,451,113</u>
Total Expenses	<u>23,147,394</u>	<u>-</u>	<u>23,147,394</u>	<u>21,784,795</u>	<u>-</u>	<u>21,784,795</u>
Change in Net Assets From Operations	<u>45,268</u>	<u>505,577</u>	<u>550,845</u>	<u>(241,210)</u>	<u>682,664</u>	<u>441,454</u>
NON-OPERATING:						
Capital campaign contributions	-	180,989	180,989	-	1,602,306	1,602,306
Government grants	-	-	-	-	544,223	544,223
Gain (loss) on sale of land, buildings and equipment	-	-	-	(4,855)	-	(4,855)
Capital campaign fund raising expenses	(52,544)	-	(52,544)	(301,386)	-	(301,386)
Net assets released from purpose and time restrictions	535,561	(535,561)	-	2,882,725	(2,882,725)	-
Change in Net Assets	528,285	151,005	679,290	2,335,274	(53,532)	2,281,742
Net Assets, Beginning of Year	<u>15,661,469</u>	<u>1,167,007</u>	<u>16,828,476</u>	<u>13,326,195</u>	<u>1,220,539</u>	<u>14,546,734</u>
Net Assets, End of Year	<u>\$ 16,189,754</u>	<u>\$ 1,318,012</u>	<u>\$ 17,507,766</u>	<u>\$ 15,661,469</u>	<u>\$ 1,167,007</u>	<u>\$ 16,828,476</u>

See notes to combined financial statements

**DENVER RESCUE MISSION  
AND  
DENVER RESCUE MISSION FOUNDATION**

**Combined Statements of Cash Flows**

	Year Ended June 30,	
	2009	2008
<b>OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 679,290	\$ 2,281,742
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	834,095	791,922
Amortization of prepaid expenses	495,465	445,811
Accretion of contributions receivable	(26,623)	(10,304)
Non-cash contribution of fixed assets	(134,326)	(11,707)
Contributions and government grants restricted for long-term purposes	(180,989)	(1,127,928)
(Gain) loss on sale of land, buildings and equipment	-	4,855
Accretion expense and loss on settlement of asset retirement obligation	402	3,948
Net realized and unrealized (gains) losses on investments	7,620	651
Recognition of contributions receivable	(268,305)	(1,018,601)
Receipt of gift-in-kind inventory, net of distributions	33,145	121,317
Actuarial change in gift annuities	(1,539)	(1,583)
Annuity payments	7,659	7,659
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(461,231)	(579,130)
Accounts payable and accrued expenses	9,411	(149,810)
Deferred revenue	(17,195)	5,996
Net Cash Provided by Operating Activities	<u>976,879</u>	<u>764,838</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of land, buildings and equipment	(411,838)	(2,239,719)
Proceeds from sale of land, buildings and equipment	-	5,595
Proceeds from sale of investments	2,471,099	4,687,407
Purchases of investments	(3,433,328)	(4,131,120)
Net Cash Used by Investing Activities	<u>(1,374,067)</u>	<u>(1,677,837)</u>
<b>FINANCING ACTIVITIES:</b>		
Payments on notes payable	(23,180)	(2,356,973)
Proceeds from borrowings of notes payable	-	1,800,000
Contributions and government grants restricted for long-term purposes	180,989	1,127,928
Collections on contributions receivable	349,028	914,629
Gift annuity payments	(7,659)	(7,659)
Net Cash Provided by Financing Activities	<u>499,178</u>	<u>1,477,925</u>
Change in Cash and Cash Equivalents	101,990	564,926
Cash and Cash Equivalents, Beginning of Year	<u>3,498,972</u>	<u>2,934,046</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,600,962</u>	<u>\$ 3,498,972</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest of which \$0 was capitalized at June 30, 2009 and 2008	<u>\$ 104,598</u>	<u>\$ 91,410</u>

See notes to combined financial statements

**DENVER RESCUE MISSION  
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DENVER RESCUE MISSION FOUNDATION**

**Notes to Combined Financial Statements**

June 30, 2009 and 2008

1. NATURE OF ORGANIZATIONS:

The Denver Rescue Mission (the "Mission"), founded in 1892, and Denver Rescue Mission Foundation (the "Foundation") are Colorado corporations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and are not private foundations under Section 509(a) of the Code.

The purpose of the Mission is to meet people at their point of need: physical and spiritual. Through practical programs of public awareness and education, shelter, food and clothing distribution and through Christian teaching and work discipling, the Mission aims to return the poor, needy and homeless to society as productive self-sufficient citizens. The Mission's shelter at Lawrence and Park Avenue West sleeps approximately 200 men, with the potential for sleeping 100 additional men during cold-weather or other emergency conditions. Up to 31 single women and children live at the Mission's transitional housing facility, Champa House. At Harvest Farm in rural Wellington, Colorado, approximately 72 men participate in the long-term residential New Life Rehabilitation Program and raise crops and livestock for the Mission facilities. The Ministry Outreach Center in industrial Denver warehouses and distributes thousands of pounds of food, clothing and furniture to the needy throughout the area. Family Services assists homeless families in transitioning to self sufficiency. Approximately 131 men are housed at the Crossing and participate in the Mission's long-term, residential New Life Rehabilitation Program. In addition, the Crossing provides transitional housing for families, seniors, single men and single women, with capacity for 308 people, and provides transitional housing for up to 21 New Life Rehabilitation Program graduates and up to 20 other people participating in a housing for respite care program.

The Mission established the Foundation in 1998 as a supporting organization under Section 509(a)(3) of the Code. The Foundation is organized and operated solely for the benefit of the Mission. The majority of the board members of the Foundation are also board members of the Mission. On August 1, 2007, the Foundation was dissolved.

The Mission receives the majority of its support from individuals, businesses, churches and others within the Denver Metropolitan area.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Mission uses estimates and assumptions in preparing the combined financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the combined financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**DENVER RESCUE MISSION  
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DENVER RESCUE MISSION FOUNDATION**

**Notes to Combined Financial Statements**

June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

**PRINCIPLES OF COMBINATION**

The financial statements include the combined financial resources and activities of the Mission and the Foundation. All material transactions and balances between the Mission and the Foundation have been eliminated.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include checking, savings, money market accounts and certificates of deposit with original maturities of three months or less that are not held for long-term purposes. These accounts from time to time exceed federally insured (FDIC) limits; however, the Mission has not experienced any losses on these accounts and does not believe it is exposed to any significant risk. In addition, management has established an operating reserve at June 30, 2009 and 2008 in the amount of \$2,900,000 and \$2,675,000, respectively; these amounts are at the discretion of management and are not designated by the board of directors.

**INVESTMENTS**

Investments in fixed income securities with readily determinable values and all certificates of deposit are carried at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under SFAS No. 157, *Fair Value Measurements*. Investments received by gift are carried at market value on the date of donation, and thereafter, reported in accordance with the above provisions. Unrealized gains or losses in fair value are recognized on the combined statements of activities in the year in which they occur.

**CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give are reported as income of the Mission when made and have been recorded at the present value of their estimated future cash flows. Allowances are recorded for estimated uncollectible promises. The discounts on those amounts are computed using risk-free (current T-Bill rate) interest rates applicable to the periods over which the promises are expected to be received. Accretion of the discount is included in contributions revenue.

**GIFT-IN-KIND INVENTORY**

Gift-in-kind inventory consists of donated merchandise such as food, clothing and miscellaneous items used in the operation of the Mission's programs. All such inventory is recorded at its estimated fair value at the date of donation. The Mission updates its inventory pricing every three years for each major category on a revolving basis.

**DENVER RESCUE MISSION  
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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

**LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment are recorded at cost, or if donated, at estimated fair value at the date of receipt. The Mission capitalizes fixed assets with a cost greater than \$4,000. Depreciation is provided on the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	10 - 30 years
Furniture and fixtures	5 - 10 years
Machinery and equipment	3 - 10 years
Vehicles	3 - 5 years

**GIFT ANNUITIES PAYABLE**

The Mission has established a gift annuity plan whereby donors may contribute assets to the Mission in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution. The difference between the amount of the annuity and the liability for future payments, determined on an actuarial basis, is recognized as income at the date of the gift. The actuarial liability for annuities payable is evaluated annually and any surplus or deficiency is recognized as other income.

**DEFERRED REVENUE**

Deferred revenue consists of prepaid rental income at the Crossing and sponsorship and other revenue received for special events scheduled to be held in the next fiscal year.

**NET ASSETS**

Net assets include the following two classes:

*Unrestricted net assets* include resources that are used to support current operations and provide for the long-term needs of the organizations.

*Temporarily restricted net assets* includes gifts which are restricted by the donor for various projects and contributions receivable which are time period restricted.

**DENVER RESCUE MISSION  
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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

**ASSET RETIREMENT OBLIGATIONS**

Asset Retirement Obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the Mission records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various program services and supporting activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities benefited.

**SUPPORT AND REVENUE**

Contributions and grants are recorded when made, which may be when cash or other assets are received or unconditionally promised. Contributions restricted by the donor for specified purposes are recorded as support in the temporarily restricted class of net assets until the funds have been expended for the purposes specified. Donated materials, including gifts-in-kind, are recorded at estimated fair value. The Mission records income and expense for contributed professional services valued at the providers' industry average hourly rates for the number of hours contributed in the Mission's program. Clothing contributed to the Mission in excess of requirements for the Mission's internal programs is distributed to other relief organizations and Indian reservations.

Rent income is received primarily from tenants at the Crossing. Rent income is recognized as income when earned by the Mission. Program service revenue and other income primarily consists of corn maze admissions income and product sales. Corn maze income is recognized when the tickets are sold at the maze. Product sales are recorded as income when the products are given or shipped to the customers.

**ADVERTISING**

The Mission uses advertising to promote its programs among the audiences it serves and to raise funds. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2009 and 2008, was \$273,345 and \$292,968, respectively.

**DENVER RESCUE MISSION  
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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

3. INVESTMENTS:

Investments consist of:

	June 30,	
	2009	2008
Certificates of deposit	\$ 1,621,233	\$ 759,970
Fixed income securities	120,851	25,000
Equity securities	3,071	5,576
	\$ 1,745,155	\$ 790,546

Investment income consists of:

	Year Ended June 30,	
	2009	2008
Interest and dividends	\$ 74,247	\$ 161,744
Net realized and unrealized gains	(7,620)	(651)
	\$ 66,627	\$ 161,093

4. CONTRIBUTIONS RECEIVABLE-NET:

Contributions receivable-net consist of:

	June 30,	
	2009	2008
Due in less than one year	\$ 479,370	\$ 354,563
Due in one to five years	606,073	816,552
	1,085,443	1,171,115
Unamortized discount	(55,156)	(82,482)
Allowance for uncollectible contributions receivable	(629)	(4,875)
	\$ 1,029,658	\$ 1,083,758

**DENVER RESCUE MISSION  
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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

5. GIFT-IN-KIND PROGRAM:

The Mission's gift-in-kind activity is summarized:

	Year Ended June 30, 2009			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 84,427	\$ 3,110,540	\$ 2,999,408	\$ 195,559
Furniture and equipment	282,261	1,201,145	1,296,601	186,805
Clothing	111,695	4,364,371	4,413,192	62,874
	\$ 478,383	\$ 8,676,056	\$ 8,709,201	\$ 445,238

  

	Year Ended June 30, 2008			
	Beginning Inventory	Contributions	Distributions	Ending Inventory
Food	\$ 100,412	\$ 2,006,562	\$ 2,022,547	\$ 84,427
Furniture and equipment	334,404	1,587,795	1,639,938	282,261
Clothing	164,884	4,290,222	4,343,411	111,695
	\$ 599,700	\$ 7,884,579	\$ 8,005,896	\$ 478,383

6. LAND, BUILDINGS AND EQUIPMENT—NET:

Land, buildings and equipment—net consist of:

	June 30,	
	2009	2008
Land	\$ 2,471,482	\$ 2,471,482
Land improvements	421,220	421,220
Buildings and improvements	12,172,751	11,941,430
Furniture and fixtures	157,878	130,968
Machinery and equipment	1,608,399	2,133,161
Vehicles	579,523	663,235
	17,411,253	17,761,496
Accumulated depreciation	(4,523,702)	(4,586,014)
	\$ 12,887,551	\$ 13,175,482

**DENVER RESCUE MISSION  
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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

6. LAND, BUILDINGS AND EQUIPMENT—NET, continued:

Equity in land, buildings and equipment consists of:

	June 30,	
	2009	2008
Land, buildings and equipment—net	\$ 12,887,551	\$ 13,175,482
Less: portion financed through notes payable	(1,775,418)	(1,798,598)
	\$ 11,112,133	\$ 11,376,884

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consists of:

	June 30,	
	2009	2008
Trade accounts payable	\$ 236,476	\$ 313,499
Accrued employee compensation and other	537,728	451,294
	\$ 774,204	\$ 764,793

8. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2009	2008
Revolving line of credit in the amount of \$600,000; variable interest rate; for seasonal cash flow management. The Mission made no draws during the years ended June 30, 2009 and 2008.	\$ -	\$ -
A conventional mortgage; fixed interest rate of 5.875%; secured by first deed of trust lien on real property; with monthly principal and interest payments of \$10,648; amortized over 25 years with a final balloon payment due in May 2013.	1,775,418	1,798,598
	\$ 1,775,418	\$ 1,798,598

**DENVER RESCUE MISSION  
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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

8. NOTES PAYABLE, continued:

Scheduled minimum payments on the conventional mortgage are:

<u>Year Ending June 30,</u>		
2010	\$	24,345
2011		25,814
2012		27,372
2013		1,697,887
		\$ 1,775,418

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Program expansion	\$ 1,030,288	\$ 1,088,633
Champa House childcare	-	48,824
Various projects	287,724	29,550
	\$ 1,318,012	\$ 1,167,007

10. CONTRIBUTED SERVICES:

The Mission operates a medical clinic at their main facility in downtown Denver, Colorado. Local doctors, dentists, and chiropractors volunteer their time servicing patients. Other professionals also provided services to the Mission's clients. Contributed services recognized in the financial statements totaled \$457,014 and \$414,655, for the years ended June 30, 2009 and 2008, respectively. The Mission also has a number of unpaid volunteers who have made contributions of their time performing various assignments. These contributed services have not been recognized, as they do not meet the requirements under current accounting standards.

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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

11. RETIREMENT PLAN:

The Mission established a defined contribution plan January 1, 1999 and modified it during the year ended June 30, 2007. The plan is available, on a voluntary basis, to substantially all employees hired prior to December 31, 2006, after 90 days of employment; and after one year of employment for substantially all employees hired after January 1, 2007. After one year of employment, the plan makes substantially all employees eligible for an employer match on employee contributions. Beginning in October 2006, the Mission matches up to 5% of compensation at a rate of 100% of employee contributions; prior to October 1, 2006, the Mission matched at a rate of 50% of employee contributions up to 5% of compensation. Employees vest over a three year period in the Mission's contributions made prior to January 1, 2007; employees vest immediately on employer contributions made after January 1, 2007. Effective July 1, 2006 the Mission also makes additional involuntary, non-matching employer contributions annually based on each employee's years of service to encourage employee retention. Employer contributions for the plan for the years ended June 30, 2009 and 2008 were \$375,590 and \$329,631, respectively.

12. CONDITIONAL PROMISES TO GIVE:

At June 30, 2009 and 2008, the Mission had conditional promises to give that have not been recognized in the combined financial statements totaling \$450,000.

13. CURRENT PROGRAM EXPANSION PROJECTS, CAPITAL CAMPAIGN  
AND CHANGE IN NET ASSETS FROM OPERATIONS:

The Mission has been in a period of program expansion. In May 2005, the Mission purchased the Crossing, a large transitional housing facility located in Northeast Denver, at which the Mission runs its long-term, residential New Life Rehabilitation Program and provides transitional housing to homeless families and other parties. Shortly after acquiring the Crossing, the Mission commenced remodeling the facility to adapt it to its intended use. The remodeling of the Crossing was completed during the fiscal year ending June 30, 2007. During the year ended June 30, 2006, the Mission also remodeled its shelter at Lawrence and Park Avenue West in Denver, expanding its capacity to 200 men, with the potential for sleeping 100 additional men during cold-weather or other emergency conditions. Furthermore, the Mission has plans to expand the capacity and add additional program facilities at Harvest Farm in rural Wellington, Colorado. The Mission began to raise and save money for these expansions several years ago, and for this reason has experienced above normal excess revenue over expenses during the last several years. Furthermore, during the fiscal year ended June 30, 2005, the Mission launched a capital campaign to raise capital over a 3-5 year period to complete the funding for the expansions described above. For the years ended June 30, 2009 and 2008, the capital campaign contributed \$128,445 and \$1,845,143 of above normal revenue over expenses, respectively.

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**Notes to Combined Financial Statements**

June 30, 2009 and 2008

14. SUBSEQUENT EVENTS:

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

**SUPPLEMENTAL SCHEDULE**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL SCHEDULE**

Board of Directors  
Denver Rescue Mission and  
Denver Rescue Mission Foundation  
Denver, Colorado

Our report on our audits of the combined basic financial statements of Denver Rescue Mission and Denver Rescue Mission Foundation for the years ended June 30, 2009 and 2008, appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of operating functional expenses on page 17 is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. Such schedule has been subjected to the auditing procedures applied in the audits of the combined basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

The prior year summarized comparative information on page 17 has been derived from the organizations' 2008 financial statements and, in our report dated September 5, 2008, we expressed an unqualified opinion on those financial statements.

*Capin Crouse LLP*

Littleton, Colorado  
September 9, 2009

**DENVER RESCUE MISSION  
AND  
DENVER RESCUE MISSION FOUNDATION**

**Schedule of Operating Functional Expenses**

Year Ended June 30, 2009  
(with comparative information for the year ended June 30, 2008)

	Program Services							Supporting Activities			Total	2008
	Food, Clothing, and Other Distribution	Denver Mission and Outreach Services	The Crossing	Harvest Farm	Champa House	Literacy and Education	Program Services Total	General and Adminis- trative	Fund- Raising	Supporting Activities Total		
2009:												
Salaries, wages and other	\$ -	\$ 2,188,194	\$ 1,621,140	\$ 1,161,523	\$ 486,152	\$ 189,011	\$ 5,646,020	\$ 563,900	\$ 985,108	\$ 1,549,008	\$ 7,195,028	\$ 6,617,925
Repairs & maintenance	-	256,152	176,282	184,995	22,685	-	640,114	31,550	214	31,764	671,878	754,016
Telephone and utilities	-	140,672	242,616	104,603	17,297	-	505,188	101,362	8,048	109,410	614,598	557,651
Depreciation and impairment	-	186,235	417,963	120,197	21,527	17,028	762,950	48,677	22,468	71,145	834,095	791,922
Gift-in-kind	8,709,201	-	-	-	-	-	8,709,201	-	-	-	8,709,201	8,005,896
Office & miscellaneous	-	268,411	149,894	215,087	53,752	5,257	692,401	199,497	806,011	1,005,508	1,697,909	1,506,800
Professional and contract services	-	40,776	19,053	17,313	2,229	-	79,371	173,371	71,587	244,958	324,329	286,384
Donor letters	-	-	-	-	-	-	-	-	1,142,680	1,142,680	1,142,680	1,233,905
Printed materials	-	1,854	-	-	-	-	1,854	-	314,989	314,989	316,843	323,219
Multimedia and marketing	-	11,110	444	35,334	368	-	47,256	2,870	240,622	243,492	290,748	327,389
Ministry to clients & other	-	933,442	138,345	162,887	10,062	78,777	1,323,513	510	26,062	26,572	1,350,085	1,379,688
<b>Total Expenses</b>	<b>\$ 8,709,201</b>	<b>\$ 4,026,846</b>	<b>\$ 2,765,737</b>	<b>\$ 2,001,939</b>	<b>\$ 614,072</b>	<b>\$ 290,073</b>	<b>\$ 18,407,868</b>	<b>\$ 1,121,737</b>	<b>\$ 3,617,789</b>	<b>\$ 4,739,526</b>	<b>\$ 23,147,394</b>	
Percent of Total Expenses	38%	17%	12%	9%	3%	1%	80%	5%	15%	20%	100%	
2008:												
<b>Total Expenses</b>	<b>\$ 8,005,896</b>	<b>\$ 3,983,775</b>	<b>\$ 2,702,107</b>	<b>\$ 1,805,177</b>	<b>\$ 568,258</b>	<b>\$ 268,469</b>	<b>\$ 17,333,682</b>	<b>\$ 1,014,313</b>	<b>\$ 3,436,800</b>	<b>\$ 4,451,113</b>		<b>\$ 21,784,795</b>
Percent of Total Expenses	37%	18%	13%	8%	3%	1%	80%	5%	15%	20%		100%