

COACHELLA VALLEY RESCUE MISSION
INDIO, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2024



ACCOUNTING & AUDITING

P.O. BOX 6030 • La Quinta • CA • 92248
Telephone (442) 325-0089 • Fax (442) 273-2233
www.cvaccountingandauditing.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Coachella Valley Rescue Mission
Indio, California

Opinion

We have audited the accompanying financial statements of Coachella Valley Rescue Mission (the Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Coachella Valley Rescue Mission as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coachella Valley Rescue Mission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Coachella Valley Rescue Missions' 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 Coachella Valley Rescue Missions' 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 Coachella Valley Rescue Missions' 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 financial statements of Coachella Valley Rescue Mission for the year ended December 31, 2024, in our report dated June 2, 2025, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent in all material respects, with the audited financial statement from which it has been derived.

*Coachella Valley
Accounting & Auditing*

La Quinta, CA
April 27, 2026

COACHELLA VALLEY RESCUE MISSION

STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash - without donor restriction	\$ 1,290,417	\$ 3,254,685
Cash - board designated	2,706,580	2,495,385
Cash - with donor restriction	-	308,806
Cash - funds held on behalf of clients	54,853	55,951
Investments	4,258,035	3,752,258
Accounts receivable	150,911	200,828
Prepaid expenses	153,959	62,805
Total current assets	<u>8,614,755</u>	<u>10,130,718</u>
PROPERTY AND EQUIPMENT		
Land	267,456	267,456
Building	9,458,451	9,726,451
Improvements	848,573	830,448
Equipment and fixtures	1,174,170	1,128,710
Vehicles	1,258,782	1,158,664
Construction in progress	3,947,745	2,728,725
	<u>16,955,177</u>	<u>15,840,454</u>
Less accumulated depreciation	(4,989,596)	(4,522,710)
Total property and equipment	<u>11,965,581</u>	<u>11,317,744</u>
OTHER ASSETS		
Right of use assets	47,530	32,309
Deposits	5,800	30,178
Total other assets	<u>53,330</u>	<u>62,487</u>
TOTAL ASSETS	<u>\$ 20,633,666</u>	<u>\$ 21,510,949</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 99,199	\$ 308,268
Funds held on behalf of clients	54,853	55,951
Accrued expenses	233,656	230,594
Deferred revenue	109,416	-
Right of use liabilities, current portion	10,810	32,309
Total current liabilities	<u>507,934</u>	<u>627,122</u>
LONG-TERM LIABILITIES		
Right of use liabilities, net of current portion	<u>39,315</u>	<u>-</u>
Total liabilities	<u>547,249</u>	<u>627,122</u>
NET ASSETS		
Without donor restrictions		
Designated by the Board	2,706,580	2,495,385
Undesignated by the Board	17,379,837	18,079,636
	<u>20,086,417</u>	<u>20,575,021</u>
With donor restrictions	<u>-</u>	<u>308,806</u>
Total net assets	<u>20,086,417</u>	<u>20,883,827</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,633,666</u>	<u>\$ 21,510,949</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY RESCUE MISSION

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Memorandum Only
SUPPORT AND REVENUES				
Contributions and other cash donations	\$ 3,370,969	\$ -	\$ 3,370,969	\$ 4,326,683
Special events	279,714	-	279,714	545,797
Program income	368,705	-	368,705	259,483
Grants and contracts	125,368	1,280,057	1,405,425	1,269,305
Contributed nonfinancial assets	11,165,792	-	11,165,792	7,624,194
Thrift store and other sales	665,403	-	665,403	664,546
Other income	226,346	-	226,346	293,709
Expiration and allocation of restrictions	<u>1,588,863</u>	<u>(1,588,863)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>17,791,160</u>	<u>(308,806)</u>	<u>17,482,354</u>	<u>14,983,717</u>
EXPENSES				
Program services	16,352,773	-	16,352,773	12,530,225
General and administrative	1,200,326	-	1,200,326	1,072,828
Fundraising	<u>1,003,823</u>	<u>-</u>	<u>1,003,823</u>	<u>1,006,991</u>
Total expenses	<u>18,556,922</u>	<u>-</u>	<u>18,556,922</u>	<u>14,610,044</u>
OPERATING INCOME	<u>(765,762)</u>	<u>(308,806)</u>	<u>(1,074,568)</u>	<u>373,673</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	257,531	-	257,531	302,116
Loss on disposal of property	(153,629)	-	(153,629)	(707)
Gain on investments	<u>173,256</u>	<u>-</u>	<u>173,256</u>	<u>161,359</u>
Total non-operating income (expense)	<u>277,158</u>	<u>-</u>	<u>277,158</u>	<u>462,768</u>
CHANGE IN NET ASSETS	<u>(488,604)</u>	<u>(308,806)</u>	<u>(797,410)</u>	<u>836,441</u>
NET ASSETS - BEGINNING OF YEAR	<u>20,575,021</u>	<u>308,806</u>	<u>20,883,827</u>	<u>20,047,386</u>
NET ASSETS - END OF YEAR	<u>\$ 20,086,417</u>	<u>\$ -</u>	<u>\$ 20,086,417</u>	<u>\$ 20,883,827</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY RESCUE MISSION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024

	2025				2024
	Program Services	General and Administrative	Fundraising	Total	Memorandum Only
Bank and credit card charges	\$ -	\$ 31,710	\$ 3,523	\$ 35,233	\$ 36,581
Benevolence	22,242	-	-	22,242	10,572
Donation expense	13,261	1,179	295	14,735	14,619
Employee benefits	131,034	18,199	32,759	181,992	192,385
Employee expenses	65,518	5,824	1,456	72,798	40,293
Facility expenses	458,874	-	-	458,874	475,711
Food service	9,372,611	191,278	-	9,563,889	6,319,591
Fundraising direct mail	-	-	464,578	464,578	417,894
Insurance	168,660	44,976	11,244	224,880	208,056
Office supplies	4,072	2,036	14,250	20,358	27,430
Postage and delivery	16,378	-	4,095	20,473	16,967
Printing and reproduction	8,286	1,036	11,392	20,714	21,819
Professional fees	97,156	4,179	3,134	104,469	138,678
Professional development	57,811	-	-	57,811	42,084
Programs and case management	138,698	-	-	138,698	117,244
Program supplies	1,418,900	-	-	1,418,900	1,158,835
Property taxes	20,137	1,566	671	22,374	11,618
Repairs and maintenance	206,100	16,030	6,870	229,000	256,772
Rehousing assistance	686,422	-	-	686,422	423,425
Rent and lease	309,886	11,298	1,614	322,798	362,095
Salaries, wages and payroll taxes	2,009,102	829,150	350,795	3,189,047	2,878,684
Special events	-	-	64,709	64,709	137,852
Travel and entertainment	7,561	-	-	7,561	14,365
Utilities	397,252	22,070	22,070	441,392	432,724
Vehicle	165,425	9,190	9,190	183,805	223,425
Total expenses before depreciation	<u>15,775,386</u>	<u>1,189,721</u>	<u>1,002,645</u>	<u>17,967,752</u>	<u>13,979,719</u>
Depreciation	<u>577,387</u>	<u>10,605</u>	<u>1,178</u>	<u>589,170</u>	<u>630,326</u>
TOTAL EXPENSES	<u>\$ 16,352,773</u>	<u>\$ 1,200,326</u>	<u>\$ 1,003,823</u>	<u>\$ 18,556,922</u>	<u>\$ 14,610,045</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY RESCUE MISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (797,410)	\$ 836,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	589,170	630,326
Loss on disposal of property	153,629	707
Gain on investments	(173,256)	(161,359)
Amortization of right of use operating lease	15,221	-
Changes in operating assets and liabilities		
Accounts receivable	49,917	377,587
Prepaid expenses	(91,154)	18,170
Deposits	24,378	-
Accounts payable	(209,069)	232,702
Funds held on behalf of clients	(1,098)	(1,907)
Accrued expenses	3,062	22,265
Deferred revenue	109,416	-
Right of use liabilities	(17,816)	-
Net cash (used) provided by operating activities	<u>(345,010)</u>	<u>1,954,932</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(171,615)	(51,983)
Construction in progress	(1,219,020)	(2,018,524)
Purchases of investments	(4,051,675)	(2,909,651)
Sale of investments	<u>3,724,343</u>	<u>2,691,355</u>
Net cash used by investing activities	<u>(1,717,967)</u>	<u>(2,288,803)</u>
NET DECREASE IN CASH	(2,062,977)	(333,871)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	<u>6,114,827</u>	<u>6,448,698</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u>\$ 4,051,850</u>	<u>\$ 6,114,827</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash and restricted cash consisted of the following at December 31:		
Cash - without donor restriction	\$ 1,290,417	\$ 3,254,685
Cash - board designated	2,706,580	2,495,385
Cash - funds held on behalf of clients	54,853	55,951
Cash - with donor restriction	-	308,806
	<u>\$ 4,051,850</u>	<u>\$ 6,114,827</u>

(The accompanying notes are an integral part of these financial statements)

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1. ORGANIZATION

The Coachella Valley Rescue Mission (the Organization) was organized on March 30, 1971 as a California non-profit Organization and is presently located in Indio. The primary purpose of the Organization is to operate a Christian mission and to provide food and shelter to the homeless in the Coachella Valley. The main sources of revenues are private donations and grants as well as reimbursements from the County of Riverside for services provided at the county overnight shelter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Classification

To ensure compliance with restrictions placed on its resources, the Organization's accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting reporting into funds established according to their nature and purposes. In financial statements, funds that have similar characteristics are combined into two net asset categories: without donor restrictions and with donor restrictions.

The Organization records contributions as with donor restrictions if they are received with stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, donor restrictions net assets are reported in the statement of activities as net assets released from restrictions. See Note 3 for detail of net assets with donor restrictions.

Net assets without donor restrictions include net assets where donor imposed restrictions have expired. The Board of Directors have made designations of net assets without donor restrictions in the amount of \$2,706,580 and \$2,495,385 at December 31, 2025 and 2024, respectively.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Donated goods

The Organization recognizes revenue related to the sale of donated furniture, clothing and other items at the time of sale.

Investments

The Organization has investments consisting of mutual funds, equities and corporation bonds and are recorded at fair market value.

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Concentration of credit risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and investments. The Organization maintains its cash in deposit accounts with high credit quality financial institutions which, at times, may exceed the federally insured limits on interest bearing accounts of \$250,000 during the year. Investments held are insured up to \$500,000 under the Securities Investor Protection Corporation (SIPC) in all the client's accounts. The Organization had uninsured cash balances of approximately \$3.4 million and \$5.4 million as of December 31, 2025 and 2024, respectively. The Organization also had uninsured investment balances of approximately \$3.8 million and \$3.3 million as of December 31, 2025 and 2024, respectively. The Organization does not expect any losses in such accounts.

Grants revenue and receivable

The Organization is awarded grants from federal, state, county and city agencies. Those grants funded renew annually, with the amount awarded negotiated in advance. Grant revenue is recognized when the related program costs are incurred. There was \$82,966 and \$0 in deferred grants revenue at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the Organization had \$136,839 and \$198,980, respectively, in grants receivable. Management has determined that no allowance is necessary on the grants receivable.

Revenue Recognition

The Organization presents its financial statements and recognizes revenues in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for reporting information about financial position and activities for nonprofit organizations.

GAAP requires that revenue from contracts with funding agencies be recognized using a principles-based five-step framework that is intended to create consistency and comparability across entities and industries. The following is a summary of revenue recognition methodologies used by the Organization in conformity with GAAP.

Contracts with Funding Agencies: Revenue from contracts with federal, state, and local funding agencies is recognized when qualifying costs are incurred for cost-reimbursement contracts or when units of service are provided for performance contracts. The transaction price is stated in each contract and is satisfied over time, generally by monthly billings over the one-year contract period. Significant judgments involve 1) determining that a cost allowable under the contract has been incurred, and 2) determining that the cost relates to a period covered by the contract. Both of these performance obligations must be satisfied before the funding agency can be billed for reimbursement, and revenue is recognized when the funding agency is billed. Contract revenues are subject to audit by funding agencies, and in some cases, cost reimbursements may be disallowed.

Service Fees and Special Events: The Organization recognizes service fee revenue in the period when the services are provided and when the amount and certainty of the fee can be determined.

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions: GAAP requires that information about financial position and activities be reported in two net asset classes: with donor restrictions and without donor restrictions. Net assets with donor restrictions may be either temporarily or permanently restricted. Contributions without donor restrictions are recognized when received. Contributions restricted by the donor are presented as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction. When temporary restrictions are satisfied, the restricted net assets are reclassified to net assets without donor restrictions and reported in the activity statement as net assets released from restrictions.

There were no contract assets or liabilities as of December 31, 2025, and 2024.

Nonfinancial Contributions

Contributions are valued at the estimated fair value provided by the donor or the net realizable value of donations used for operations.

Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line and accelerated methods over their estimated useful lives.

The Organization capitalizes assets with original costs greater than \$2,500 and estimated useful lives greater than one year. Donations of property and equipment are recorded at their estimated fair value.

The estimated useful lives of property and equipment are as follows:

Building	25 - 39 years
Improvements	15 – 25 years
Equipment and fixtures	5 - 7 years
Vehicles	5 years

Leases

Effective January 2022, the Financial Accounting Standards Board’s (FASB) Accounting Standards Updated (“ASU”) 2016-02, Leases (Topic 842), requires a lessee to recognize a lease asset and related lease liability on the statement of financial position. The Organization adopted Topic 842 as of January 1, 2022 using the effective date method and recognized and measured leases effective during the year ending December 31, 2022. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Organization to carry forward the historical classification, not reassess whether any expired or existing contracts contain leases and not reassess initial direct costs on existing leases (see Note 10).

Volunteers

A number of volunteers have made significant contributions of time to the Organization’s program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and accordingly, is not reflected in the accompanying financial statements.

Advertising

The Organization expenses advertising costs as incurred. Advertising costs were \$82,378 and \$46,666 in 2025 and 2024, respectively, and are included in fundraising direct mail expense on the statement of functional expenses.

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. The Organization may be subject to tax on income from any unrelated business operations. The Organization does not currently have any unrelated business operations.

The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expense

The costs of providing the various programs and other services have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited. A summary of allocated costs and the basis for allocation include the following:

- Payroll and related costs – based on time and effort
- Depreciation – based on asset usage by square foot
- Occupancy, insurance and repairs – based on usage and square footage
- Supplies – based on function and usage

Memorandum Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the prior year, from which the summarized information was derived.

3. NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets with donor restrictions as of December 31, 2025. Net assets with donor restrictions consisted of the following at December 31, 2024:

Rental assistance	\$ 25,806
Women family shelter	263,000
Vehicle purchase	20,000
	<u>\$ 308,806</u>

4. CLIENT HELD FUNDS

The Organization maintains accounts on behalf of the Organization's clients at the client's choice. The total funds held on behalf of the clients amounted to \$54,853 and \$55,951 at December 31, 2025 and 2024, respectively.

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

5. LAND LEASE

In 2011 the Organization sold two parcels of land held for development to the County of Riverside. Under an agreement amended in 2015, the County is leasing back one of the parcels to the Organization for \$1 per year for 55 years with one option to renew for 10 years. The estimated fair market value of this land lease is \$112,498 for the years ended December 31, 2025 and 2024.(see Note 9)

6. INVESTMENTS

Investments consist of the following at December 31:

<u>2025</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual funds	\$ 2,125,202	\$ 2,338,772	\$ 213,570
Bonds	1,856,473	1,856,275	(198)
Equities	27,609	62,988	35,379
	<u>\$ 4,009,284</u>	<u>\$ 4,258,035</u>	<u>\$ 248,751</u>

<u>2024</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Mutual funds	\$1,900,933	\$ 2,037,957	\$ 137,024
Bonds	1,642,160	1,665,682	23,522
Equities	35,057	48,619	13,562
	<u>\$3,578,150</u>	<u>\$ 3,752,258</u>	<u>\$ 174,108</u>

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2025 and 2024 are within Quoted Prices in Active Markets for Identical Assets (Level 1).

7. CONSTRUCTION IN PROGRESS

As of December 31, 2025 total construction in progress amounted to \$3,947,745 relating to the construction of a new laundry facility which was completed and placed in service in January 2026 at an estimated cost of \$440,000 and a new Thrift Store in a non-incorporated Riverside County area adjacent to the current Mission location estimated to be completed by December 2026 with estimated cost projected to be approximately \$2.5 million.

8. THRIFT STORE OPERATIONS

The Organization operates a thrift store which accepts donations of new and gently used items from individuals and businesses in the community and sells those items to the public at a reduced cost. Proceeds from the thrift store are used to further the Organization's mission. For the years ended December 31, 2025 and 2024 total thrift store sales amounted to \$581,296 and \$578,186, respectively. Cost of sales is estimated to equal the fair market value of the items sold during the year. The thrift store sales revenue is included within the sales amount indicated on the statement of activities. Inventory for the thrift store donated items was not determined as of December 31, 2025 or 2024.

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

9. CONTRIBUTED NONFINANCIAL ASSETS

The Organization has received various noncash gifts, such as food and supplies, that were used received and used during the year for purposes of operating and program activities. These contributions are value at the estimated fair value and are without donor restrictions.

Contributed services and gifts in-kind for the year ended December 31;

	<u>2025</u>	<u>2024</u>
Food	\$ 9,426,722	\$ 6,139,016
Toys	625,000	550,000
Housewares	194,400	232,500
Supplies	519,220	291,680
Clothing	285,000	271,765
Land lease	112,498	112,498
Professional services	-	2,035
Vehicles	2,952	24,700
	<u>\$ 11,165,792</u>	<u>\$ 7,624,194</u>

10. RIGHT OF USE AND OPERATING LEASES

Operating Leases

The Organization has single year and multi year operating lease agreements for office equipment and sober living homes with terms expiring in 2025 and monthly payments ranging from \$1,088 to \$3,860. Lease expense under these operating leases was approximately \$82,000 and \$138,600 in 2025 and 2024.

Right of Use - Operating Leases

In 2025, the Organization entered into a new operating lease agreement for copier equipment. This lease is a 63-month term with a monthly payment of approximately \$1,050.

During 2023, the Organization entered into a new operating lease agreement for a sober living home. This lease has a 24-month term with a monthly payment of \$3,000. This lease was not renewed during the year ended December 31, 2025.

The Organization used a discount rate of 4.25% based on estimates of the Organization's incremental borrowing rate. The weighted average of the incremental borrowing rate is 4.25%. The right of use asset and corresponding liability were \$47,530 and \$50,125 as of December 31, 2025. The right of use asset and corresponding liability were \$32,309 as of December 31, 2024.

COACHELLA VALLEY RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

10. RIGHT OF USE AND OPERATING LEASES – Continued

Aggregate future minimum lease payments related to right of use operating leases are as follows for the years ended December 31;

2026	\$	12,576
2027		12,576
2028		12,576
2029		12,576
2030		4,192
		<hr/>
		54,496
Less interest		(4,471)
		<hr/>
	\$	50,125
		<hr/>

11. RETIREMENT PLAN

The Organization has a 401(k) defined contribution benefit plan covering substantially all employees. The Organization made matching contributions of \$62,297 and \$58,032 for the years ended December 31, 2025 and 2024, respectively.

12. LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	1,290,417
Investments		4,258,035
Accounts receivable		<u>150,911</u>
Total		<u>\$ 5,699,363</u>

The Organization is committed to investing liquid assets conservatively, which may be drawn upon in the event of an unanticipated liquidity need. Income from donor-restricted sources is restricted for specific purposes and therefore, is not available for general expenditure. Even though the Board has the ability to release Board designated funds for operating needs at any time, since the Board designated amounts were not available for operations as of December 31, 2025 these amounts have been excluded from the amounts listed above.

13. SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of April 27, 2026 when the financial statements were authorized and available to be issued. No additional subsequent events or transactions were identified after December 31, 2025 or as of April 27, 2026 that require disclosure to the financial statements.