

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Orange County Rescue Mission, Inc. and Subsidiaries
Tustin, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Orange County Rescue Mission, Inc. and Subsidiaries (a nonprofit organization) (the Organization), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization 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.

Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

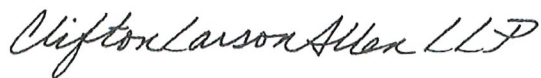
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization's 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



CliftonLarsonAllen LLP

Irvine, California
February 6, 2026

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 9,528,106	\$ 10,603,628
Investments	12,877,525	8,282,555
Inventory	40,813	148,347
Accounts Receivable	333,644	231,652
Prepaid Expenses and Deposits	149,461	131,645
Land, Buildings, and Equipment, at Net Book Value	61,174,506	63,194,826
Total Assets	\$ 84,104,055	\$ 82,592,653
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 323,708	\$ 371,991
Accrued Expenses	731,362	735,049
Security Deposits Held	22,954	22,120
Total Liabilities	1,078,024	1,129,160
NET ASSETS		
Without Donor Restrictions:		
Undesignated	77,522,500	80,921,058
Designated by the Board for Fire Loss Reserve	5,000,000	-
Total Without Donor Restrictions:	82,522,500	80,921,058
With Donor Restrictions	503,531	542,435
Total Net Assets	83,026,031	81,463,493
Total Liabilities and Net Assets	\$ 84,104,055	\$ 82,592,653

See accompanying Notes to Consolidated Financial Statements.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and Grants	\$ 19,538,700	\$ 100,000	\$ 19,638,700
Contributed Nonfinancial Assets	8,772,329	-	8,772,329
Rental Income/Program Fees	939,777	-	939,777
Other	708,584	-	708,584
Net Assets Released from Restrictions	138,904	(138,904)	-
Total Revenues and Other Support	30,098,294	(38,904)	30,059,390
EXPENSES			
Program Services:			
Ministries	22,654,968	-	22,654,968
Supporting Services:			
General and Administrative	1,723,121	-	1,723,121
Fundraising	4,118,763	-	4,118,763
Total Supporting Services	5,841,884	-	5,841,884
Total Expenses	28,496,852	-	28,496,852
INCREASE IN NET ASSETS	1,601,442	(38,904)	1,562,538
Net Assets - Beginning of Year	80,921,058	542,435	81,463,493
NET ASSETS - END OF YEAR	\$ 82,522,500	\$ 503,531	\$ 83,026,031

See accompanying Notes to Consolidated Financial Statements.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and Grants	\$ 21,631,317	\$ 125,000	\$ 21,756,317
Contributed Nonfinancial Assets	8,517,183	-	8,517,183
Rental Income/Program Fees	815,364	-	815,364
Other	512,743	-	512,743
Net Assets Released from Restrictions	234,441	(234,441)	-
Total Revenues and Other Support	31,711,048	(109,441)	31,601,607
EXPENSES			
Program Services:			
Ministries	21,350,442	-	21,350,442
Supporting Services:			
General and Administrative	1,534,411	-	1,534,411
Fundraising	3,995,968	-	3,995,968
Total Supporting Services	5,530,379	-	5,530,379
Total Expenses	26,880,821	-	26,880,821
INCREASE IN NET ASSETS	4,830,227	(109,441)	4,720,786
Net Assets - Beginning of Year	76,090,831	651,876	76,742,707
NET ASSETS - END OF YEAR	\$ 80,921,058	\$ 542,435	\$ 81,463,493

See accompanying Notes to Consolidated Financial Statements.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Direct Assistance - Food, Clothing, Health Care Education, Recreation, Childcare	\$ 10,467,055	\$ 118,228	\$ 98,796	\$ 10,684,079
Compensation and Related Expenses	5,587,002	1,014,344	1,839,692	8,441,038
Depreciation	3,224,298	31,603	34,350	3,290,251
Public Education	-	-	536,895	536,895
Occupancy, Utilities, and Maintenance	1,865,608	10,976	11,785	1,888,369
Direct Marketing	-	-	1,486,973	1,486,973
Professional Fees	223,680	440,546	-	664,226
Supplies	410,915	81,166	42,468	534,549
Information Technologies	379,737	9,726	54,914	444,377
Insurance	303,303	5,638	6,128	315,069
Vehicles	159,819	159	4,587	164,565
Dues, Subscriptions, and Training	7,098	10,735	2,175	20,008
Other	26,453	-	-	26,453
Total Expenses by Function	\$ 22,654,968	\$ 1,723,121	\$ 4,118,763	\$ 28,496,852

See accompanying Notes to Consolidated Financial Statements.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Direct Assistance - Food, Clothing, Health Care Education, Recreation, Childcare	\$ 10,219,269	\$ 78,550	\$ 11,957	\$ 10,309,776
Compensation and Related Expenses	4,932,333	908,089	1,837,271	7,677,693
Depreciation	3,002,554	52,106	56,637	3,111,297
Public Education	-	-	544,374	544,374
Occupancy, Utilities, and Maintenance	1,870,337	18,612	20,230	1,909,179
Direct Marketing	-	-	1,428,821	1,428,821
Professional Fees	172,099	383,669	-	555,768
Supplies	355,941	74,425	30,426	460,792
Information Technologies	328,620	8,860	54,099	391,579
Insurance	285,785	5,253	5,710	296,748
Vehicles	164,848	180	4,292	169,320
Dues, Subscriptions, and Training	9,884	4,667	2,151	16,702
Other	8,772	-	-	8,772
Total Expenses by Function	\$ 21,350,442	\$ 1,534,411	\$ 3,995,968	\$ 26,880,821

See accompanying Notes to Consolidated Financial Statements.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 1,562,538	\$ 4,720,786
Noncash Items Included in Increase in Net Assets:		
Donated Inventory	(3,758,998)	(3,695,557)
Distributed Inventory	3,866,532	3,744,182
Depreciation	3,290,251	3,111,297
Realized and Unrealized Loss (Gains) on Investments	(478,267)	(422,317)
Increase (Decrease) in Assets:		
Accounts Receivable	(101,992)	(59,075)
Prepaid Expenses	(17,816)	(30,270)
Increase (Decrease) in Liabilities:		
Accounts Payable	(48,283)	(2,572)
Accrued Expenses and Security Deposits Held	(2,853)	(279,436)
Net Cash Provided by Operating Activities	4,311,112	7,087,038
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,269,931)	(1,715,623)
Purchase of Investments	(4,116,878)	(7,851,129)
Proceeds from Sale of Investments	175	198,089
Net Cash Used by Investing Activities	(5,386,634)	(9,368,663)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,075,522)	(2,281,625)
Cash and Cash Equivalents - Beginning of Year	10,603,628	12,885,253
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 9,528,106	\$ 10,603,628
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ -	\$ -

See accompanying Notes to Consolidated Financial Statements.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Orange County Rescue Mission, Inc. (OCRM) was formed to provide emergency and transitional care for homeless individuals and families. OCRM's mission is to minister the love of Jesus Christ to the Least, the Last, and the Lost of the community through the provision of assistance in the areas of guidance, counseling, education, job training, shelter, food, clothing, health care, and independent living.

Expenses related to providing this care have been recorded as program services in the accompanying consolidated financial statements. OCRM was incorporated as a nonprofit organization under the laws of the state of California on April 21, 1965.

OCRM's philosophy of ministry is to operate in a dynamic, entrepreneurial manner, thereby expecting to grow and expand numerically, programmatically, and geographically. OCRM seeks to be constantly challenged with a fresh vision and well-prepared strategies, which originate with the president and senior professional staff, that are refined, confirmed, and approved by the board of directors.

OCRM's values as an organization are to provide inspiration of hope in those it serves, excellence in everything it does, leadership centered on servanthood, respect for each person as an individual, and integrity and accountability, while moving persons toward self-sufficiency with a commitment to spiritual, emotional, social, and vocational growth and maintaining an environment that fosters teamwork, success, and trust.

OCRM is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, OCRM is subject to federal income tax on any unrelated business taxable income. In addition, OCRM is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions by the public are eligible to be deducted for income tax purposes.

Basis of Presentation

The accompanying consolidated financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the ASC hereafter refer to the *Accounting Standards Codification* established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Principles of Consolidation

For the years ended September 30, 2025 and 2024, the consolidated financial statements include the accounts of OCRM, Inland Empire Rescue Mission (IERM), Laurel House (dba: Hope Harbor) (LH), and Temporary Shelter, Inc. (collectively referred to as the Organization). IERM also does business as Corona Norco Rescue Mission and Temecula Murrieta Rescue Mission. During the year ended September 30, 2015, the Organization was given control over LH, which is consolidated within these financial statements. LH is an organization dedicated to assisting at-risk teenage girls and boys that fits within the mission of the Organization.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization's consolidated financial statements are presented in conformity with FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Descriptions of the two net asset categories are as follows:

Net Assets without Donor Restrictions – Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions, including the carrying value of all unrestricted physical properties (land, building, and equipment). Items that affect (i.e., increase or decrease) this net asset category include revenue and contributions related to expenses associated with core programs.

Net Assets with Donor Restrictions – Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity but permit an organization to use or expend part or all the income derived from the contribution. Donor-imposed restrictions are released when a restriction expires (that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both).

Contributions and Grants

Contributions and grants are recognized when the donor makes a promise to give to an organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases 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 and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Conditional contributions and grants are recognized when the conditions for which they depend on are substantially met. As of September 30, 2025, the Organization has remaining funding of approximately \$1,450,000 that has not been recognized because certain performance obligations have not been met.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Use of Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the consolidated statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of 12 months or less to be cash and cash equivalents. Deposits with various banks and broker dealers may, at times, exceed federally insured limits.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in other income in the accompanying consolidated statements of activities. Adjustments to the valuation of investments are included in other income in the consolidated statements of activities.

Contributed Nonfinancial Assets

Donated Goods and Food

Material gifts in kind are used in the Organization's programs. Donated goods are recorded at fair market value on the date of the donation as in-kind contributions and, when distributed, as program services in the consolidated statements of activities. Gift-in-kind inventory consists of donated goods used in the operation of the Organization's programs. The fair value of donated clothing is determined using the rates established by the Salvation Army. The fair value of donated food is estimated at \$2 per pound based on management's estimate of the average price of high value and low value products. A physical count of items on hand at the end of the year is performed to determine the inventory value as stated at fair value in the consolidated statements of financial position at September 30, 2025 and 2024.

Donated Services

Donated services are a significant part of the Organization's operations and are reported as contributions at their fair market value if such services create or enhance nonfinancial assets, require specialized skills, and are provided by individuals possessing such specialized skills. Such items are charged to operations as appropriate. Management's estimated amount of the fair value of recognized services for the years ended September 30, 2025 and 2024, was \$4,136,649 and \$3,887,890, respectively, which is included in gift-in-kind activity in the consolidated statements of activities. The fair value for contributed services are valued at skilled labor rates set by the Department of Labor.

In addition to these specialized donated services, the Organization tracks the significant investment of time by the thousands of other volunteers and program participants. If not for these volunteer hours, the Organization would have been required to purchase equivalent services. Management has estimated the value of such services for the years ended September 30, 2025 and 2024, to be \$6,485,956 and \$6,087,725, respectively. These amounts have not been recorded in the consolidated statements of activities, as they do not meet the requirements described above. The value of these volunteer hours was established based upon the type of volunteer time given and the hourly value of such time as determined by the U.S. Department of Labor.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets (Continued)

For the years ended September 30, donated goods, services, and food recognized within the statements of activities included:

	2025	2024
Goods	\$ 3,635,721	\$ 3,641,051
Services	4,136,649	3,887,890
Food	999,959	988,242
Total	\$ 8,772,329	\$ 8,517,183

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost when purchased. Donations of property and equipment are recorded at their estimated fair value on the date of the donation. Estimated useful lives used for depreciation are as follows:

	Useful Life (Years)	Depreciation Method
Buildings	27 to 40	Straight Line
Building Improvements	7	Straight Line
Equipment and Furniture	5 to 10	Straight Line
Vehicles	5	Straight Line

Land and artwork have indefinite useful lives and are not depreciated.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2025 and 2024, were \$389,024 and \$403,278, respectively.

Fair Value of Financial Instruments

Financial and nonfinancial assets and liabilities are recorded at their fair market value in accordance with FASB ASC 820, *Fair Value Measurements*. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Directly or indirectly observable inputs for quoted and other-than-quoted prices for identical or similar assets and liabilities in active or nonactive markets.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 3 – Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

The fair value of assets measured on a recurring basis at September 30, 2025 and 2024 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>September 30, 2025</u>				
Investments:				
U.S. Treasury Bonds	<u>\$ 12,877,525</u>	<u>\$ 12,877,525</u>	<u>\$ -</u>	<u>\$ -</u>
<u>September 30, 2024</u>				
Investments:				
U.S. Treasury Bonds	<u>\$ 8,282,555</u>	<u>\$ 8,282,555</u>	<u>\$ -</u>	<u>\$ -</u>

The following summarizes the investment returns in the statements of activities for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Interest and Dividends	\$ 382,723	\$ 313,580
Unrealized Gains	95,544	108,737
Investment Returns - Net	<u>\$ 478,267</u>	<u>\$ 422,317</u>

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on direct costs, square footage of office space used, and estimates of time spent in each functional area. Expenses allocated using direct costs are newsletters and annual report expenses. Costs allocated based on square footage are depreciation, insurance, maintenance, utilities, information technology (IT) related services, IT salaries, and fringe benefits. Costs allocated based on time estimates are executive salaries and fringe benefits.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Allowance for Credit Losses

The Organization adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective October 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements but did change how the allowance for credit losses is determined. At October 1, 2023, receivables totaled \$172,577.

Receivables are recorded at net realizable value which includes an estimate of the allowance for credit losses. The allowance for credit losses is based on historical experience, current and future economic conditions, and other relevant factors. Under the CECL accounting standard, we have evaluated our accounting policies related to the direct write off method and have determined that it is currently appropriate for us to continue using this method for short-term receivables with insignificant credit risk. As of September 30, 2025 and 2024, the Organization did not have any allowance for credit losses.

NOTE 2 LIQUIDITY

The Organization's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use), within one year of the consolidated statement of financial position date, are as follows as of September 30:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 9,528,106	\$ 10,603,628
Investments	12,877,525	8,282,555
Accounts Receivable	333,644	231,652
Subtotal	<u>22,739,275</u>	<u>19,117,835</u>
Less: Net Assets with Donor Restrictions	<u>(503,531)</u>	<u>(542,435)</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 22,235,744</u>	<u>\$ 18,575,400</u>

As part of the Organization's liquidity management plan, the Organization invests some cash in excess of daily requirements in short-term investments and money market funds. Cash and cash equivalents do not include net assets with donor restrictions.

ORANGE COUNTY RESCUE MISSION, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following at September 30:

	2025	2024
Land	\$ 21,343,292	\$ 21,343,292
Buildings and Improvements	56,436,811	55,637,502
Equipment and Furniture	7,104,681	6,736,420
Artwork	1,399,224	1,399,224
Vehicles	1,346,218	1,251,717
Construction in Progress	7,860	-
Total	87,638,086	86,368,155
Less: Accumulated Depreciation	(26,463,580)	(23,173,329)
Land, Buildings, and Equipment, Net	\$ 61,174,506	\$ 63,194,826

Depreciation expense for the years ended September 30, 2025 and 2024, totaled \$3,290,251 and \$3,111,297, respectively.

NOTE 4 CONTINGENT LIABILITIES

In an effort to provide longer term transitional housing, the Organization has acquired properties that are available for rent at affordable rates. Residents must fall within certain income or demographic guidelines, and rent is set based upon family size and income. As part of the acquisition of these properties, the Organization received grants from various entities. In order to ensure that the properties are used for the intended purpose of affordable housing, the respective granting agencies placed deed restrictions on the properties and recorded a promissory note.

Over time, these promissory notes will be forgiven, and the deed restrictions will be lifted. The Organization's purpose and mission is to provide this type of transitional housing to at risk families; therefore, the possibility of defaulting on these agreements and not providing transitional housing has been deemed remote. As a result, the funds received from the grants have been recognized as income and no debt obligation has been recorded. Management is not aware of any violations of these agreements.

The contingent liabilities if the Organization were to default on these notes are disclosed below.

Hope Family Housing El Modena – County of Orange

The Organization has a 3% promissory note due in 2053 to the County of Orange, which is payable in annual installments of \$32,647. It is secured by a deed of trust on the property known as Hope Family Housing – El Modena. The Organization is not obliged to make payments during the term of this note provided that the property is used exclusively for the purpose of the program, which is transitional housing as defined in the loan agreement.

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NOTE 4 CONTINGENT LIABILITIES (CONTINUED)

Hope Family Housing Buena Park – City of Buena Park

The Organization has a 3% promissory note due in 2062 to the Community Redevelopment Agency of the City of Buena Park, which is payable in annual interest-only installments of \$30,756. It is secured by a deed of trust on the property known as Hope Family Housing – Buena Park. The Organization is not obliged to make payments of principal or interest during the term of this note provided that the property is used exclusively for the purpose of the program, which is transitional housing as defined in the loan agreement. Interest will continue to accrue each year until the due date.

Hope Family Housing Buena Park – Prop 10 Commission

The Organization has an interest-free promissory note due in 2038 with the Children and Families Commission of Orange County (Prop 10). It is secured by a deed of trust on the property known as Hope Family Housing – Buena Park. The Organization is not obliged to make principal or interest payments during the term of this note provided that the property is used exclusively for the purpose of the program, which is transitional housing for families with children ages 0-5 as defined in the loan agreement. On an annual basis, a credit is applied based on the number of units occupied by families with children ages 0-5 and this amount decreases the principal balance.

Hope Family Veterans Housing – City of Tustin

The Organization has a 3% promissory note due in 2045 to the city of Tustin, a California municipal corporation. Forgiven annually is 1/30th of the principal and interest balance. It is secured by a deed of trust on the property known as Hope Family Veterans Housing. The Organization is not obliged to make payments during the term of this note provided that the property is used exclusively for the purpose of the program, which is transitional housing for veterans as defined in the loan agreement.

At September 30, 2025 and 2024, the outstanding balances and accrued interest, if applicable, are as follows:

	<u>2025</u>	<u>2024</u>
Hope Family Housing El Modena - County of Orange	\$ 612,591	\$ 626,445
Hope Family Housing Buena Park - City of Buena Park	1,591,236	1,560,480
Hope Family Housing Buena Park - Prop 10 Commission	101,457	229,996
Hope Family Veterans Housing - City of Tustin	391,369	406,761
Total	<u>\$ 2,696,653</u>	<u>\$ 2,823,682</u>

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NOTE 5 NET ASSETS

Net assets consist of the following at September 30, 2025 and 2024:

September 30, 2025	Without Donor Restriction		With Donor Restrictions	Total
	Undesignated	Designated by the Board		
Investment in Land, Buildings, and Equipment	\$ 61,174,506	\$ -	\$ -	\$ 61,174,506
Available for Programs	16,347,994	-	-	16,347,994
Church of Latter Day Saints - DRR Garden Expansion	-	-	50,000	50,000
Dariusht Siadat - Outdoor Teen Space	-	-	50,000	50,000
For Every Woman Bus Purchase	-	-	91,155	91,155
Housing Acquisition Fund	-	-	312,376	312,376
Double R Ranch Fire Loss Reserve	-	5,000,000	-	5,000,000
Total	<u>\$ 77,522,500</u>	<u>\$ 5,000,000</u>	<u>\$ 503,531</u>	<u>\$ 83,026,031</u>
<u>September 30, 2024</u>				
Investment in Land, Buildings, and Equipment	\$ 63,194,826	\$ -	\$ -	\$ 63,194,826
Available for Programs	17,726,232	-	-	17,726,232
Women of Hope	-	-	50,000	50,000
McMillan Contract Services and Auto Expense	-	-	14,967	14,967
For Every Woman Bus Purchase	-	-	165,092	165,092
Housing Acquisition Fund	-	-	312,376	312,376
Total	<u>\$ 80,921,058</u>	<u>\$ -</u>	<u>\$ 542,435</u>	<u>\$ 81,463,493</u>

In July 2025, the Board designated \$5,000,000 as a fire loss reserve for the Double R Ranch.

NOTE 6 EMPLOYEE BENEFIT PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the IRC. The plan covers all full-time employees of the Organization. Employees may make contributions to the plan immediately upon starting employment for up to the maximum amount allowed by the IRC. The Organization contributes 50% of the employee's contribution for eligible employees. Employer contributions to this plan for the years ended September 30, 2025 and 2024, were \$223,409 and \$182,067, respectively.

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NOTE 6 EMPLOYEE BENEFIT PLAN (CONTINUED)

The Organization also maintains a tax-deferred annuity plan qualified under Section 457 of the IRC. The plan covers certain full-time employee directors of the Organization. These employees may make contributions to the plan beginning in the calendar year following the employee's first anniversary for up to the maximum amount allowed by the IRC. The Organization contributes 50% of the eligible employee's contribution. Employer contributions to this plan for the years ended September 30, 2025 and 2024, were \$27,125 and \$26,142, respectively.

NOTE 7 RELATED-PARTY TRANSACTIONS

A board member provided legal services in the amount of \$1,845 and \$2,700 for the years ended September 30, 2025 and 2024, respectively.

OCRM maintains a close financial relationship with Hurtt Family Health Clinic (the Clinic) through a shared-services agreement and a lease agreement for use of space at the Village of Hope, which is owned and operated by OCRM. Total amounts reimbursed for shared services were \$748,706 and \$684,599 for the years ended September 30, 2025 and 2024, respectively. Rental income received for the years ended September 30, 2025 and 2024, was \$156,507 and \$149,054, respectively, for the Village of Hope.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 6, 2026, which is the date the consolidated financial statements were available to be issued.



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