



CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

June 30, 2016 and 2015

SPRINGS RESCUE MISSION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Springs Rescue Mission
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Springs Rescue Mission, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Springs Rescue Mission
Colorado Springs, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Springs Rescue Mission as of June 30, 2016 and 2015, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
December 9, 2016

SPRINGS RESCUE MISSION

Consolidated Statements of Financial Position

	June 30,	
	2016	2015
ASSETS:		
Current assets:		
Cash	\$ 150,075	\$ 484,293
Cash restricted for capital projects	253,575	-
Contributions receivable	84,207	64,334
Gift-in-kind inventory	199,872	64,513
Grants receivable	87,618	-
Other assets	120,784	113,059
	896,131	726,199
Note receivable	32,500	-
Property held for investment	1,916,060	-
Property and equipment, net	6,764,424	5,540,097
	896,131	726,199
Total Assets	\$ 9,609,115	\$ 6,266,296
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 226,763	\$ 217,430
Construction costs payable	107,174	110,742
Current portion of notes payable	1,006,628	558,113
Line of credit	200,000	100,000
	1,540,565	986,285
Notes payable, net of current portion	1,330,209	1,385,838
Asset retirement obligations	282,985	279,918
	3,153,759	2,652,041
Net assets:		
Unrestricted	4,098,269	3,515,713
Temporarily restricted	2,357,087	98,542
	6,455,356	3,614,255
Total Liabilities and Net Assets	\$ 9,609,115	\$ 6,266,296

See notes to consolidated financial statements

SPRINGS RESCUE MISSION

Consolidated Statements of Activities

	Year Ended June 30,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$4,337,569	\$1,891,814	\$6,229,383	\$4,339,640	\$ 401,626	\$4,741,266
Gift-in-kind contributions	4,103,320	1,914,000	6,017,320	3,934,871	-	3,934,871
Catering revenue	233,031	-	233,031	151,252	-	151,252
Insurance proceeds	-	-	-	205,412	-	205,412
Other income	73,229	-	73,229	45,606	-	45,606
Total Support and Revenue	8,747,149	3,805,814	12,552,963	8,676,781	401,626	9,078,407
NET ASSETS RELEASED:						
Purpose restrictions	1,482,935	(1,482,935)	-	311,211	(311,211)	-
Time restrictions	64,334	(64,334)	-	34,417	(34,417)	-
Total Net Assets Released	1,547,269	(1,547,269)	-	345,628	(345,628)	-
EXPENSES:						
Program services	6,783,236	-	6,783,236	6,348,387	-	6,348,387
Supporting activities:						
General and administrative	1,479,388	-	1,479,388	1,016,629	-	1,016,629
Fundraising	1,449,238	-	1,449,238	1,223,113	-	1,223,113
	2,928,626	-	2,928,626	2,239,742	-	2,239,742
Total Expenses	9,711,862	-	9,711,862	8,588,129	-	8,588,129
Change in Net Assets	582,556	2,258,545	2,841,101	434,280	55,998	490,278
Net Assets, Beginning of Year	3,515,713	98,542	3,614,255	3,081,433	42,544	3,123,977
Net Assets, End of Year	\$4,098,269	\$2,357,087	\$6,455,356	\$3,515,713	\$ 98,542	\$3,614,255

See notes to consolidated financial statements

SPRINGS RESCUE MISSION

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,841,101	\$ 490,278
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	255,154	209,591
Accretion of asset retirement obligations	3,067	2,923
Contributions restricted for long-term purposes	(1,475,437)	(51,674)
Gift-in-kind property held for investment	(1,914,000)	-
Gift-in-kind property and equipment	(108,664)	-
Change in operating assets and liabilities:		
Contributions receivable	(19,873)	(29,917)
Gift-in-kind inventory	(135,359)	22,450
Grants receivable	(87,618)	197,911
Other assets	(7,725)	(88,984)
Accounts payable and accrued expenses	9,333	42,657
Net Cash Provided (Used) by Operating Activities	(640,021)	795,235
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(1,374,385)	(538,912)
Property held for investment purchases	(2,060)	-
Issuance of note receivable	(32,500)	-
Net Cash Used by Investing Activities	(1,408,945)	(538,912)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	1,475,437	51,674
Increase in cash restricted for long-term purposes	(253,575)	-
Payments on notes payable	(802,846)	(248,402)
Payments on line of credit	-	(121,600)
Proceeds from notes payable	1,195,732	133,000
Draws on line of credit	100,000	160,000
Net Cash Provided (Used) by Financing Activities	1,714,748	(25,328)
Net Change in Cash	(334,218)	230,995
Cash, Beginning of Year	484,293	253,298
Cash, End of Year	\$ 150,075	\$ 484,293
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest (none capitalized during the years ended June 30, 2016 and 2015, respectively)	\$ 107,291	\$ 100,821
Property and equipment acquired but not yet paid	\$ 107,174	\$ 834,742

See notes to consolidated financial statements

SPRINGS RESCUE MISSION

Consolidated Statements of Functional Expenses

	Year Ended June 30, 2016			
	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Fund- raising	
Wages and benefits	\$ 1,765,479	\$ 760,926	\$ 456,994	\$ 2,983,399
Gift in kind	3,859,317	-	-	3,859,317
Printing and advertising	88,697	73,770	660,986	823,453
Professional services	97,762	359,242	255,157	712,161
General and office	156,597	106,272	9,035	271,904
Depreciation and amortization	206,780	36,917	11,457	255,154
Staff training	59,368	79,734	36,145	175,247
Outreach and assistance	147,961	170	-	148,131
Telephone and utilities	99,091	19,154	5,505	123,750
Interest	86,906	15,557	4,828	107,291
Insurance	71,467	12,793	3,970	88,230
Repairs and maintenance	69,703	12,709	4,496	86,908
Facilities and transportation	74,108	2,144	665	76,917
	<u>\$ 6,783,236</u>	<u>\$ 1,479,388</u>	<u>\$ 1,449,238</u>	<u>\$ 9,711,862</u>

	Year Ended June 30, 2015			
	Program Services	Supporting Activities		Total Expenses
		General and Administrative	Fund- raising	
Wages and benefits	\$ 1,302,221	\$ 651,098	\$ 373,008	\$ 2,326,327
Gift in kind	3,957,321	-	-	3,957,321
Printing and advertising	97,045	62,153	657,022	816,220
Professional services	122,024	129,035	172,568	423,627
General and office	158,061	72,935	58	231,054
Depreciation and amortization	197,015	8,384	4,192	209,591
Outreach and assistance	169,393	-	-	169,393
Telephone and utilities	108,114	4,223	2,112	114,449
Interest	10,082	80,657	10,082	100,821
Insurance	67,957	2,892	1,446	72,295
Staff training	67,090	2,855	1,427	71,372
Repairs and maintenance	56,327	2,397	1,198	59,922
Facilities and transportation	35,737	-	-	35,737
	<u>\$ 6,348,387</u>	<u>\$ 1,016,629</u>	<u>\$ 1,223,113</u>	<u>\$ 8,588,129</u>

See notes to consolidated financial statements

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

1. NATURE OF ORGANIZATION:

Springs Rescue Mission and subsidiaries (collectively, SRM) was incorporated in Colorado in 1997. The mission of SRM is to see lives transformed and filled with hope as the community works together to fight homelessness, poverty, and addiction. SRM provides emergency services, daily meals, educational opportunities, vocational training, and numerous special events and outreaches. The New Life Discipleship Program is a ministry of SRM that consists of three main elements including regeneration, restoration, and accountability. The goal of the program is that each client be restored to a productive Christian life in the community with all the essential elements needed to live and work successfully.

During the year ended June 30, 2015, SRM formed Mission Enterprises Corporation (MEC), a wholly-owned for-profit Colorado corporation. All inter-company activity is eliminated.

SRM is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 501(a) of the Code. Income consists mainly of contributions from individuals, businesses, and foundations.

2. SIGNIFICANT ACCOUNTING POLICIES:

SRM maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH

Cash includes checking and savings accounts. These accounts may, at times, exceed federally insured limits. SRM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

CASH RESTRICTED FOR CAPITAL PROJECTS

Cash restricted for capital projects consists of cash received and held with underlying donor restrictions that it be used for capital project expansion. These funds are expected to release during the next fiscal period as part of the ongoing campus expansion project.

CONTRIBUTIONS RECEIVABLE

Contributions receivable are reported as income of SRM when made, if the amount is estimable and absent of any conditions. The contributions receivable have been recorded at the present value of their estimated future cash flows. SRM has assessed the collectability of the contributions receivable based on prior year average collectability ratios and has recorded an allowance of \$3,372 as of the years ended June 30, 2016 and 2015.

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of items donated to SRM by donors such as clothing, vehicles, furniture, and appliances. These items are recorded at their estimated fair market value on the date of the donation and reported at their carrying amount thereafter.

PROPERTY AND EQUIPMENT

SRM capitalizes fixed asset purchases exceeding \$1,000 and expenses lesser amounts in the year purchased. Property and equipment are recorded at cost. Donated items are recorded at their estimated fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives which range from three to thirty years.

INVESTMENT IN AFFILIATE

During the year ended June 30, 2016, MEC contributed capital of \$10,000 and became a 49% owner of Made With A Mission, LLC (MWAM). The investment in this affiliate is accounted for using the equity method and consists of capital contributions and net income or losses for MEC's share of MWAM activities. During the year ended June 30, 2016, a loss of \$23,074 was incurred within the affiliate resulting in an overall negative investment of \$13,074. This is not reported on the consolidated statements of financial position due to MEC ultimately not bearing the risk to cover any of MWAM's net liabilities.

NOTE RECEIVABLE

Note receivable consists of a note to MEC's minority-owned affiliate, MWAM. The note bears 0% interest and matures in March 2019. An allowance for doubtful accounts has not been recorded as management believes the loan is fully collectible as of June 30, 2016.

PROPERTY HELD FOR INVESTMENT

During the year ended June 30, 2016, SRM received a gift-in-kind contribution of property in which SRM is required to hold the property until at least January 1, 2019. Therefore, the property and subsequent additions by SRM are recorded as property held for investment and within temporarily restricted net assets as of June 30, 2016. Property held for investment is held at the lower of cost or fair market value.

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. SRM records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing of the amount of the original estimate or undiscounted cash flows.

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

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

Unrestricted net assets are currently available for use at the discretion of the board and resources invested in property and equipment. Board designated operating reserves is based upon the budgeted expenditures of the subsequent fiscal year.

Temporarily restricted net assets are restricted by donors for specific operating purposes or until time restrictions have been met. They are not currently available for use in SRM activities until restrictions regarding their use have been fulfilled.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Donated materials and equipment are reflected as gift-in-kind contributions in the accompanying statements of activities at their estimated fair market values on the date of receipt. Only professional services are recorded at their estimated fair market values. For all other donated services, SRM does not record contribution revenue as these services do not meet the criteria to be recorded under accounting standards. However, a substantial number of volunteers have donated significant amounts of time to the programs of SRM.

Catering revenue is generated from the Culinary Arts Training Program, and is recorded when earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs relating to more than one function have been allocated among the program services and supporting activities benefited.

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

SRM uses advertising to communicate the needs it has to the general public. Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2016 and 2015, were \$13,944 and \$32,502, respectively.

UNCERTAIN TAX POSITIONS

The financial effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2016, SRM had no uncertain tax positions that qualify for recognition or separate disclosure in the financial statements.

SRM is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified in order to conform to current year presentation.

3. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist of:

	June 30,	
	2016	2015
Due in less than one year	\$ 87,579	\$ 67,706
Less: unamortized discount	(3,372)	(3,372)
	<u>\$ 84,207</u>	<u>\$ 64,334</u>

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

4. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consist of:

	June 30,	
	2016	2015
Land	\$ 1,572,704	\$ 1,509,175
Land improvements	60,737	60,737
Buildings and improvements	5,591,071	4,828,570
Furniture and equipment	547,251	396,655
Vehicles	80,451	80,451
	7,852,214	6,875,588
Less: accumulated depreciation and amortization	(2,032,456)	(1,777,303)
	5,819,758	5,098,285
Construction in progress	944,666	441,812
	\$ 6,764,424	\$ 5,540,097

Equity in property and equipment consists of the following:

	June 30,	
	2016	2015
Property and equipment, net	\$ 6,764,424	\$ 5,540,097
Less: construction costs payable	(107,174)	(110,742)
Less: related notes payable	(2,336,837)	(1,943,951)
Less: related line of credit	(200,000)	(100,000)
Less: related asset retirement obligations	(282,985)	(279,918)
	\$ 3,837,428	\$ 3,105,486

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

5. CONDITIONAL GRANTS:

Since 2007, SRM has received three grants from the Federal Home Loan Bank of Topeka (FHLB) to acquire and rehabilitate certain properties for use in SRM's programs. These grants contain conditions requiring the property be used for a specified period of time according to the grant requirements. If the retention period is not met, the grant has a repayment requirement. SRM reviews the requirements of each grant and projects the likelihood of meeting the retention period. If the probability of meeting all grant requirements during the retention period is high, SRM records the grant revenue upon receipt.

During the years ended June 30, 2008 and 2012, SRM received two grants of \$450,000 and \$500,000, respectively, from FHLB, each with a 15-year retention period. These grants were recognized as contribution income during the years received. Through the date of this audit report, SRM continues to believe that it is highly probable it will fulfill the retention period requirements for these grants.

During the year ended June 30, 2013, SRM received a grant notification for \$400,000 from FHLB, which included a 15-year retention period. During the year ended June 30, 2015, SRM received the remainder of the grant balance in full, and SRM did not enter into any new similar conditional grant agreements during the year ended June 30, 2016. Through the date of this audit report, SRM continues to believe that it is highly probable it will fulfill the retention period requirement for this grant.

6. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2016	2015
Note payable to a financial institution in the amount of \$899,000, due in monthly installments of principal and interest of \$5,606, with interest calculated at a rate of 4.25%. Note matures August 2033 and is secured by property and equipment.	\$ 814,938	\$ 846,149
Note payable to a financial institution in the amount of \$630,892, due in monthly installments of principal and interest of \$3,934, with interest calculated at rate of 4.25%. Note matures August 2033 and is secured by property and equipment.	571,899	593,802
Note payable to a financial institution in the amount of \$350,000, due in a balloon payment of \$350,000, with interest calculated at a rate of 3.05%. Note matures November 2016 and is secured by the property.	350,000	-

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

6. NOTES PAYABLE, continued:

	June 30,	
	2016	2015
Note payable to a financial institution in the amount of \$350,000, due in a balloon payment of \$350,000, with interest calculated at a rate of 3.05%. Note matures November 2016 and is secured by the property.	350,000	-
Note payable to a financial institution in the amount of \$250,000, due in a balloon payment of \$250,000, with interest calculated at a rate of 4.02%. Note matures December 2016 and is secured by the properties.	250,000	-
Note payable to a private creditor in the amount of \$504,000, paid off during the year ended June 30, 2016. There was no interest on this note, and it was secured by property and equipment.	-	504,000
	2,336,837	1,943,951
Less: current portion	(1,006,628)	(558,113)
	\$ 1,330,209	\$ 1,385,838

Future minimum payments under the refinanced notes payable and continuing notes payable are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 1,006,628
2018	59,087
2019	61,652
2020	64,191
2021	67,115
Thereafter	1,078,164
	\$ 2,336,837

SRM was in compliance with all financial and reporting covenants at June 30, 2016.

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	2016	2015
Building fund	\$ 253,575	\$ 6,723
Elevate	8,127	8,127
Other programs	7,500	7,500
Social enterprise	-	11,858
	269,202	34,208
Time restricted contributions receivable	84,207	64,334
Time restricted grants receivable	87,618	-
Time restricted property held for investment	1,916,060	-
	2,087,885	64,334
	\$ 2,357,087	\$ 98,542

8. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions were given in the following amounts:

	Year ended June 30,	
	2016	2015
Property held for investment	\$ 1,914,000	\$ -
Clothing	1,544,439	2,494,583
Household goods	1,607,745	666,322
Food	695,321	642,123
Others	255,815	131,843
	\$ 6,017,320	\$ 3,934,871
	\$ 6,017,320	\$ 3,934,871

SPRINGS RESCUE MISSION

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

9. IMPACT OF STRATEGIC PLAN:

During the year ended June 30, 2016, the SRM board of directors began implementing an aggressive plan to expand the current campus to provide shelter, food, and services to greater numbers of people. At the same time the board also recognized a significant operational deficit in both personnel and critical systems needed to support the planned campus and services expansion. As a result, the board made a strategic decision to increase spending in the fiscal year in the following areas: financial management, information technology, strategic planning, and community relations. The investment in each of these areas had a combined impact of increasing general and administrative expenses by \$463,000 or 3% compared to prior year. Additionally, this investment also caused a decrease in unrestricted cash. The board believes that this investment will provide much needed infrastructure as demand for SRM's services is expected to grow sharply in the next year. Additionally, the board firmly believes that program spending will increase significantly in future years as more people are served through the new campus and enhanced programs.

10. COMMITMENTS:

During the year ended June 30, 2016, SRM entered into construction contracts. Amounts expected to be paid during the year ending June 30, 2017 are approximately \$78,000, due upon completion of the construction.

11. EMPLOYEE BENEFITS:

SRM has a 403(b) Retirement Plan that is available for all employees who meet eligibility requirements. SRM matches up to 2% of eligible compensation to those employees who meet eligibility requirements. SRM also contributes an additional 1% for direct expenses. Effective February 1, 2016 all eligible employees who were contributing less than 3% of eligible compensation were automatically enrolled at 3% unless they chose to opt out. The change resulted in an increase to employer base and matching contributions. During the years ended June 30, 2016 and 2015, employer contributions were \$23,356 and \$8,047, respectively.

12. LINE OF CREDIT:

During the year ended June 30, 2014, SRM obtained a \$200,000 revolving line of credit with variable interest (effective rate of 4.5% as of June 30, 2016) from a financial institution. The line has no set maturity date but can be cancelled during an annual review by the financial institution based on operating criteria set forth. The balance drawn on the line of credit is \$200,000 as of June 30, 2016.

13. RELATED PARTY TRANSACTION:

During the year ended June 30, 2015, SRM contracted with a construction company owned by one of SRM's board members. Total fees paid for services during the year ended June 30, 2015 were \$127,521.

14. SUBSEQUENT EVENTS:

Subsequent to June 30, 2016, SRM's board of directors approved the assuming board control of Pueblo Rescue Mission.

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.