



Mile High Ministries

Developing People and Communities

**CONSOLIDATED
FINANCIAL STATEMENTS
JUNE 30, 2024**

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CHARLES POYSTI LLC

Independent Auditor's Report

Board of Directors
Mile High Ministries
Denver, Colorado

Opinion

I have audited the accompanying consolidated financial statements of Mile High Ministries (a Colorado nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mile High Ministries as of June 30, 2024 and 2023, and the changes in its net assets 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Mile High Ministries and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Mile High Ministries' 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

My objective is 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 my 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, including omissions, 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, I:

- 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 Mile High Ministries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mile High Ministries' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



January 20, 2025
Denver, Colorado

MILE HIGH MINISTRIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>June 30,</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,868,953	\$ 2,526,229
Accounts receivable	571,873	312,202
Promises to give	137,400	15,000
Prepaid expenses	38,117	104,889
Right of use assets	20,827	34,874
Property and equipment, net of accumulated depreciation	4,738,882	4,804,717
Investment in unconsolidated entity	<u>7,037,740</u>	<u>6,683,951</u>
Total Assets	<u>\$ 14,413,792</u>	<u>\$ 14,481,862</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 66,280	\$ 82,024
Accrued liabilities	19,843	46,975
Right of use liabilities	20,827	35,649
Notes payable	<u>4,044,383</u>	<u>4,044,383</u>
Total liabilities	<u>4,151,333</u>	<u>4,209,031</u>
<u>Net assets</u>		
Without donor restrictions	10,125,059	10,272,831
With donor restrictions	<u>137,400</u>	<u>0</u>
	<u>10,262,459</u>	<u>10,272,831</u>
Total Liabilities and Net Assets	<u>\$ 14,413,792</u>	<u>\$ 14,481,862</u>

The accompanying notes are an integral part of these consolidated financial statements.

MILE HIGH MINISTRIES
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support, Revenue and Other Gains</u>			
<u>Donations</u>			
Joshua Station	\$ 397,289	\$ 1,051,095	\$ 1,448,384
Clara Brown Projects	0	208,991	208,991
Other programs	0	22,722	22,722
Non-cash donations	0	78,575	78,575
Government grants	0	50,000	50,000
Interest income	11,706	0	11,706
Other revenue	691,073	0	691,073
Special events, net of expenses of \$6,585	118,104	0	118,104
Net assets released from restrictions	<u>1,273,983</u>	<u>(1,273,983)</u>	<u>0</u>
Total support, revenue and other gains	<u>2,492,155</u>	<u>137,400</u>	<u>2,629,555</u>
 <u>Expenses</u>			
<u>Program expenses</u>			
Joshua Station	1,276,424		1,276,424
Clara Brown Projects	224,617		224,617
Other programs	<u>657,578</u>		<u>657,578</u>
Total program expenses	2,158,619		2,158,619
<u>Supporting services</u>			
Management and general	179,881		179,881
Fundraising	<u>301,427</u>		<u>301,427</u>
Total expenses	<u>2,639,927</u>		<u>2,639,927</u>
 Change in net assets	 (147,772)	 137,400	 (10,372)
Net assets at beginning of year	<u>10,272,831</u>	<u>0</u>	<u>10,272,831</u>
Net assets at end of year	<u>\$ 10,125,059</u>	<u>\$ 137,400</u>	<u>\$ 10,262,459</u>

The accompanying notes are an integral part of these consolidated financial statements.

MILE HIGH MINISTRIES
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support, Revenue and Other Gains</u>			
<u>Donations</u>			
Joshua Station	\$ 329,074	\$ 716,107	\$ 1,045,181
Clara Brown Projects	0	1,694,033	1,694,033
Other programs	0	41,155	41,155
Non-cash donations	14,319	0	14,319
Government grants	282,347	0	282,347
Other revenue	632,466	0	632,466
Special events, net of expenses of \$20,085	107,317	0	107,317
Impairment loss on long-lived assets	(809,813)	0	(809,813)
Net assets released from restrictions	<u>4,477,454</u>	<u>(4,477,454)</u>	<u>0</u>
Total support, revenue and other gains	<u>5,033,164</u>	<u>(2,026,159)</u>	<u>3,007,005</u>
 <u>Expenses</u>			
<u>Program expenses</u>			
Joshua Station	1,079,870		1,079,870
Clara Brown Projects	57,501		57,501
Other programs	<u>466,088</u>		<u>466,088</u>
Total program expenses	1,603,459		1,603,459
<u>Supporting services</u>			
Management and general	122,319		122,319
Fundraising	<u>298,806</u>		<u>298,806</u>
Total expenses	<u>2,024,584</u>		<u>2,024,584</u>
 Change in net assets	 3,008,580	 (2,026,159)	 982,421
Net assets at beginning of year	<u>7,264,251</u>	<u>2,026,159</u>	<u>9,290,410</u>
Net assets at end of year	<u>\$ 10,272,831</u>	<u>\$ 0</u>	<u>\$ 10,272,831</u>

MILE HIGH MINISTRIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2024

	Program Services			Total Program Services	Supporting Services		Total Expenses
	Joshua Station	Clara Brown Commons	Other		General and Administrative	Fundraising	
Salaries	\$ 581,189	\$ 106,830	\$ 223,505	\$ 911,524	\$ 97,089	\$ 173,269	\$ 1,181,882
Employee benefits	78,818	12,337	23,749	114,904	37,549	43,772	196,225
Payroll taxes	63,971	6,719	24,321	95,011	711	7,554	103,276
Total Compensation	723,978	125,886	271,575	1,121,439	135,349	224,595	1,481,383
Contract services	23,878	30,425	120,324	174,627	17,000	2,326	193,953
Community ministry	195,665	54,567	18,565	268,797	83	153	269,033
Information technology	20,000	1,051	44,536	65,587	1,436	43,200	110,223
Insurance	16,669	0	10,512	27,181	0	0	27,181
Occupancy	140,127	1,491	130,481	272,099	0	177	272,276
Office expense	21,947	5,850	38,148	65,945	22,369	22,773	111,087
Promotion	322	2,253	765	3,340	360	8,145	11,845
Supplies	4,071	2,691	6,090	12,852	124	0	12,976
Travel	3,241	403	6,258	9,902	3,160	58	13,120
Total expense before depreciation	1,149,898	224,617	647,254	2,021,769	179,881	301,427	2,503,077
Depreciation	126,526	0	10,324	136,850	0	0	136,850
Total	\$ 1,276,424	\$ 224,617	\$ 657,578	\$ 2,158,619	\$ 179,881	\$ 301,427	\$ 2,639,927

The accompanying notes are an integral part of these consolidated financial statements.

MILE HIGH MINISTRIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2023

	<u>Program Services</u>			Total Program Services	<u>Supporting Services</u>		Total Expenses
	<u>Joshua Station</u>	<u>Clara Brown Commons</u>	<u>Other</u>		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 480,609	\$ 21,867	\$ 156,917	\$ 659,393	\$ 14,149	\$ 147,856	\$ 821,398
Employee benefits	87,142	0	34,296	121,438	40,799	44,461	206,698
Payroll taxes	46,024	0	16,799	62,823	6,781	9,413	79,017
Total Compensation	<u>613,775</u>	<u>21,867</u>	<u>208,012</u>	<u>843,654</u>	<u>61,729</u>	<u>201,730</u>	<u>1,107,113</u>
Contract services	72,072	0	66,593	138,665	21,456	2,015	162,136
Community ministry	85,181	652	11,576	97,409	18,818	11,819	128,046
Information technology	14,535	1,293	41,317	57,145	1,129	41,957	100,231
Insurance	37,284	7,876	15,194	60,354	0	0	60,354
Interest	0	12,375	0	12,375	1,952	0	14,327
Occupancy	92,951	1,272	93,703	187,926	0	0	187,926
Office expense	17,103	7,217	6,843	31,163	13,149	5,727	50,039
Promotion	483	4,205	1,844	6,532	0	34,636	41,168
Supplies	6,346	55	1,813	8,214	146	922	9,282
Travel	524	689	8,869	10,082	3,940	0	14,022
Total expense before depreciation	<u>940,254</u>	<u>57,501</u>	<u>455,764</u>	<u>1,453,519</u>	<u>122,319</u>	<u>298,806</u>	<u>1,874,644</u>
Depreciation	<u>139,616</u>	<u>0</u>	<u>10,324</u>	<u>149,940</u>	<u>0</u>	<u>0</u>	<u>149,940</u>
Total	<u>\$ 1,079,870</u>	<u>\$ 57,501</u>	<u>\$ 466,088</u>	<u>\$ 1,603,459</u>	<u>\$ 122,319</u>	<u>\$ 298,806</u>	<u>\$ 2,024,584</u>

The accompanying notes are an integral part of these consolidated financial statements.

MILE HIGH MINISTRIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<u>For the Years Ended June 30,</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Cash received from donations	\$ 1,263,724	\$ 1,247,435
Cash received from other revenues	691,073	632,466
Interest received	11,706	0
Interest paid	0	(14,179)
Cash paid to suppliers and employees	<u>(2,407,966)</u>	<u>(1,879,292)</u>
Net cash used in operating activities	<u>(441,463)</u>	<u>(13,570)</u>
Cash flows from investing activities		
Purchase of property and equipment	(424,804)	(6,221,015)
Net change in restricted cash	<u>0</u>	<u>1,968,750</u>
Net cash used in investing activities	<u>(424,804)</u>	<u>(4,252,265)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	0	2,994,383
Donations restricted for long-term purposes	<u>208,991</u>	<u>1,694,033</u>
Net cash provided by investing activities	<u>208,991</u>	<u>4,688,416</u>
Net change in cash and cash equivalents	(657,276)	422,581
Cash and cash equivalents at beginning of year	<u>2,526,229</u>	<u>2,103,648</u>
Cash and cash equivalents at end of year	<u>\$ 1,868,953</u>	<u>\$ 2,526,229</u>

The accompanying notes are an integral part of these consolidated financial statements.

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mile High Ministries (us, we, our) is a Colorado not-for-profit corporation whose mission is to mobilize and equip people to connect their lives to God's active concern for the poor and oppressed in the Denver metro area, and assist local urban churches in their role as catalysts of community development.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and all of our controlled affiliates. This includes limited liability companies in which we have a controlling interest. These entities are included in the consolidation according to accounting principles generally accepted in the United States of America (US GAAP) which require that partnership accounts be consolidated for all limited partnerships or limited liability companies which are deemed to be controlled by the Organization. All intercompany transactions have been eliminated in consolidation.

The following entities are included in our consolidated financial statements:

- Clara Brown Commons, LLC
- CBC Center, LLC

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables are primarily from other developers surrounding the Clara Brown Commons Project. No allowance for doubtful accounts is considered necessary.

Promises to Give

We initially record unconditional promises to give, and subsequently carried, at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Property and Equipment

We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 75 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In August 2022, we both purchased and sold certain real estate in connection with the Clara Brown Commons project. As a result, we kept a portion of the original purchase which had a cost basis that exceeded its market value.

There were no indicators of asset impairment during the year ended June 30, 2024.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent our right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

Investment in Unconsolidated Entity

We hold a non-controlling interests of 0.005% in a limited partnership, CBC Partners, LLLP, that is not consolidated. The investment is recorded at cost and includes those costs associated with the initial stages of development of the Clara Brown Commons affordable housing project (see Note 11). These costs include market and environmental studies, purchase options, and legal and accounting costs, among others. Predevelopment project costs are written off when a potential project is no longer considered desirable or feasible.

The aggregate balance of third-party equity interests in the limited partnership is included in our consolidated financial statements and are attributable to non-controlling interest.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Occupancy	Square footage
Depreciation	Square footage
Other expenses	Specific identification

Income Taxes

We are organized as a Colorado nonprofit corporation and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Matters

Advertising and promotional costs are expensed as incurred.

Subsequent Events

Our financial statements were available to be issued on January 20, 2025, and this is the date through which subsequent events were evaluated.

NOTE 2 - LIQUIDITY AND AVAILABILITY

We structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 1,868,953	\$ 2,526,229
Operating receivables	571,873	312,202
Promises to give	85,140	15,000
	\$ 2,525,966	\$ 2,853,431

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows:

	2024	2023
Promises to give	\$ 137,400	\$ 15,000
Receivable in less than one year	\$ 91,800	\$ 15,000
Receivable in one to five years	54,800	0
	146,600	15,000
Less discount to net present value	(9,200)	0
	\$ 137,400	\$ 15,000

One donor accounted for the promise to give in each year ended June 30, 2024 and 2023.

NOTE 4 - PROPERTY AND EQUIPMENT

	2024	2023
Land	\$ 1,050,694	\$ 1,050,694
Buildings and improvements	5,384,781	5,337,770
Furniture and equipment	140,594	121,957
	6,576,069	6,510,421
Accumulated depreciation	(1,837,187)	(1,705,704)
	\$ 4,738,882	\$ 4,804,717

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - NOTES PAYABLE

	2024	2023
Project loans for the Clara Brown Commons development project from a charitable foundation in the amount of \$1,050,000. Interest rate is 1%, due 30 days following the date the Project has achieved a certain stabilization, or July 2024. Unsecured.	\$ 1,050,000	\$ 1,050,000
Project grant from the Colorado Department of Housing Stability for the Clara Brown Commons development project in the amount of \$1,644,383. Interest rate is 0%, due on the 60 th anniversary of the promissory note. Secured by real property.	1,644,383	1,644,383
Project grant for the Clara Brown Commons development project from the Colorado Division of Housing in the amount of \$1,350,000. Interest rate is 3%. Payments of interest and principal are due annually within 75 days after the close of each calendar year until maturity to the extent there is available cash flow as defined in agreement. Secured by real property.	<u>1,350,000</u>	<u>1,350,000</u>
	<u>\$ 4,044,383</u>	<u>\$ 4,044,383</u>
Annual minimum principal payments for the five years subsequent to June 30, 2024 are:		
2025	<u>\$ 1,050,000</u>	

NOTE 6 - LEASES

We lease certain office equipment under a long-term non-cancelable operating lease agreement. The lease expires October 2025. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

We have elected the option to use the risk-free discount rate determined using a period comparable to the lease terms as the discount rate for the leases as the implicit rate is not readily determinable. The weighted-average discount rate used was 4.5%.

We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. We elected the practical expedient to not separate lease and non-lease components for the lease.

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - LEASES (CONTINUED)

Total right-of-use assets and lease liabilities for the years ended June 30 are as follows:

	2024	2023
<u>Lease Assets</u>		
Right of use assets, net of accumulated depreciation	\$ <u>20,827</u>	\$ <u>34,874</u>
<u>Lease Liabilities</u>		
Right of use lease liabilities	\$ <u>20,827</u>	\$ <u>35,649</u>

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

2025	\$ 16,123
2026	5,374
Less interest	<u>(670)</u>
Present value of lease liabilities	\$ <u>20,827</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

	2024	2023
Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:		
Strategic Programs	\$ 1,003,767	\$ 747,189
Affiliate Programs	22,722	65,482
Clara Brown Commons project	<u>247,494</u>	<u>3,664,783</u>
	\$ <u>1,273,983</u>	\$ <u>4,477,454</u>

Net assets with donor restrictions are available for future use:

Strategic Programs – time restriction	\$ <u>137,400</u>	\$ <u>0</u>
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NOTE 8 - DONATED PROFESSIONAL SERVICES AND MATERIALS

Contributed nonfinancial assets recognized within the statement of activities included the following:

	2024	2023
Professional services	\$ 78,575	\$ 0
Materials and supplies	<u>0</u>	<u>14,319</u>
	\$ <u>78,575</u>	\$ <u>14,319</u>

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - TAX SHELTERED ANNUITY PLAN

We have a tax-sheltered annuity plan under Internal Revenue Code Section 401(k). Employer contributions to the plan for the years ended June 30, 2024 and 2023, were \$25,000 and \$46,000, respectively.

NOTE 10 - LINES OF CREDIT

We have a \$300,000 line of credit, with an interest rate of 1% over Prime, available to us with one bank maturing December 2025, secured by all deposits held at the lending bank, and we have a \$150,000 line of credit, with an interest rate of 2% over Prime, with another bank, secured by real property. There was no borrowing activity during 2024 or 2023.

NOTE 11 - CONCENTRATION IN DONATIONS

Forty-seven percent of 2023 donations were received from the top two donors, respectively. There were no concentrations in donations for the year ended June 30, 2024. We monitor our cash flow so that we do not rely on large donations to perform our exempt purpose.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Affordable Housing Project

In August 2022 we purchased land in Denver for the development of Clara Brown Commons, LLC for \$4,625,000, reselling part of the purchase that same day to Habitat for Humanity of Metro Denver, Inc. for \$1,137,855. The purpose of the purchase was to build an affordable housing project under Section 42 of the Internal Revenue Code. The total expected cost of the project is \$28,300,000. The project will have three investment partners, Mile High Ministries, Hunt Capital Partners and the Denver Housing Authority, but we will remain the general partner and be the guarantors. Funding for the project will come from a construction loan of \$15,900,000 and a loan from us of \$6,075,000. Once the project reaches a certain stabilization, the debt will be converted in part into a permanent bank loan of \$6,400,000 and in part into deferred tax credits.

Federal Home Loan Bank

In 2014, we were awarded a grant from the Federal Home Loan Bank of Topeka in the amount of \$400,000. We must meet certain compliance requirements for this grant extending over a 15-year period. If these requirements are not met the grant turns into a loan and must be repaid.

We recognize as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs we administer. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the same grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although our management expects such amounts, if any, to be immaterial.

MILE HIGH MINISTRIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - GUARANTEES

We serve as the general partner for an entity that is the owners of an affordable housing property. The investors and lenders in this entity require guarantees on behalf of the general partner as a condition to their investment. Generally, these guarantees are for obligations such as construction and rehabilitation completion, funding of operating deficits and tax credit recapture price adjusters.