



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Long Beach Rescue Mission &  
Long Beach Rescue Mission Foundation

We have audited the accompanying combined financial statements of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation (nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

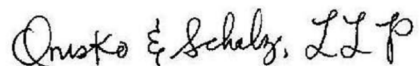
Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

### Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Long Beach, California  
February 10, 2020

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 341,572	\$ 32,787	\$ 374,359
Accounts receivable	9,949	-	9,949
Contributions receivable	-	334,286	334,286
Deposits	2,870	-	2,870
Inventories	7,212	-	7,212
Prepaid expenses	38,708	-	38,708
Total Current Assets	<u>400,311</u>	<u>367,073</u>	<u>767,384</u>
Investments	<u>4,971,702</u>	<u>-</u>	<u>4,971,702</u>
Property and equipment, net	<u>4,962,414</u>	<u>-</u>	<u>4,962,414</u>
Other Assets			
Loan fees, net	4,459	-	4,459
Funds held for others	32,834	-	32,834
Total Other Assets	<u>37,293</u>	<u>-</u>	<u>37,293</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,371,720</u></b>	<b><u>\$ 367,073</u></b>	<b><u>\$ 10,738,793</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 73,201	\$ -	\$ 73,201
Accrued liabilities	92,354	-	92,354
Current portion of note payable	8,063	-	8,063
Total Current Liabilities	<u>173,618</u>	<u>-</u>	<u>173,618</u>
Note payable, net of current portion	<u>220,874</u>	<u>-</u>	<u>220,874</u>
Total Liabilities	<u>394,492</u>	<u>-</u>	<u>394,492</u>
Net Assets			
Without donor restrictions	9,977,228	-	9,977,228
With donor restrictions	-	367,073	367,073
Total Net Assets	<u>9,977,228</u>	<u>367,073</u>	<u>10,344,301</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 10,371,720</u></b>	<b><u>\$ 367,073</u></b>	<b><u>\$ 10,738,793</u></b>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 2,243,220	\$ 80,350	\$ 2,323,570
Estates and bequests	213,107	381,262	594,369
Private grants	87,500	-	87,500
In-kind contributions	919,681	-	919,681
Program service fees	76,407	-	76,407
Special events, net of direct cost	(2,157)	-	(2,157)
Investment income, net	98,774	-	98,774
Rental income	47,415	-	47,415
Thrift store sales	267,592	-	267,592
Other revenue	18,063	-	18,063
Net realized gain on investments	33,557	-	33,557
Net unrealized gain on investments	141,000	-	141,000
	<u>4,144,159</u>	<u>461,612</u>	<u>4,605,771</u>
Net assets released from restrictions	129,561	(129,561)	-
Total Support and Revenue	<u>4,273,720</u>	<u>332,051</u>	<u>4,605,771</u>
<b>EXPENSES</b>			
Program services	3,041,943	-	3,041,943
Management and general	402,738	-	402,738
Fundraising	729,986	-	729,986
Total Expenses	4,174,667	-	4,174,667
<b>CHANGE IN NET ASSETS</b>	99,053	332,051	431,104
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>9,878,175</u>	<u>35,022</u>	<u>9,913,197</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 9,977,228</u>	<u>\$ 367,073</u>	<u>\$ 10,344,301</u>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Community Services	Supporting Services		TOTAL
		Management and General	Fundraising	
Salaries and wages	\$ 890,550	\$ 268,790	\$ 87,166	\$ 1,246,506
Payroll taxes	71,914	24,864	2,970	99,748
Employee benefits	154,817	15,461	2,000	172,278
	<u>1,117,281</u>	<u>309,115</u>	<u>92,136</u>	<u>1,518,532</u>
Advertising and newsletter	8,450	-	428,660	437,110
Benevolence	53,906	-	-	53,906
Community development	7,162	-	-	7,162
Depreciation and amortization	171,863	14,216	-	186,079
Facility expense	232,747	1,515	1,195	235,457
Food supply and services	37,453	-	-	37,453
In-kind expense	898,926	-	-	898,926
Interest	-	12,565	-	12,565
Insurance	96,450	14,447	2,329	113,226
Miscellaneous	1,167	4,742	-	5,909
Office expense	12,673	8,556	-	21,229
Postage and delivery	19,436	-	150,464	169,900
Printing and reproduction	15,470	-	1,129	16,599
Professional development	13,419	-	-	13,419
Professional fees	49,834	23,050	42,767	115,651
Programs and case management	37,119	-	-	37,119
Special events expense	303	-	38,246	38,549
Taxes and licenses	50,561	4,617	-	55,178
Travel and meals	11,863	-	221	12,084
Utilities and telephone	142,494	9,915	1,496	153,905
Vehicle expense	63,366	-	-	63,366
	<u>3,041,943</u>	<u>402,738</u>	<u>758,643</u>	<u>4,203,324</u>
Less expenses included with revenues on the combined statement of activities	<u>-</u>	<u>-</u>	<u>(28,657)</u>	<u>(28,657)</u>
Expenses included in the expense section of the combined statement of activities	<u>\$ 3,041,943</u>	<u>\$ 402,738</u>	<u>\$ 729,986</u>	<u>\$ 4,174,667</u>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Change in net assets</b>	\$ 99,053	\$ 332,051	\$ 431,104
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	185,831	-	185,831
Amortization	249	-	249
Donated assets	(20,755)	-	(20,755)
Net realized gain on investments	(33,557)	-	(33,557)
Net unrealized gain on investments	(141,000)	-	(141,000)
Changes in operating assets and liabilities:			
Accounts receivable	(2,544)	-	(2,544)
Contributions receivable	-	(332,686)	(332,686)
Inventories	(2,358)	-	(2,358)
Prepaid expenses	(8,579)	-	(8,579)
Deposits	(2,870)	-	(2,870)
Funds held for others	49,684	-	49,684
Accounts payable	(36,456)	-	(36,456)
Accrued liabilities	11,118	-	11,118
	<u>97,816</u>	<u>(635)</u>	<u>97,181</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment	(68,978)	-	(68,978)
Proceeds from sale of investments	1,046,651	-	1,046,651
Purchases of investments	(1,154,116)	-	(1,154,116)
	<u>(176,443)</u>	<u>-</u>	<u>(176,443)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payments on note payable	(6,034)	-	(6,034)
	<u>(6,034)</u>	<u>-</u>	<u>(6,034)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>			
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(84,661)	(635)	(85,296)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>426,233</u>	<u>33,422</u>	<u>459,655</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 341,572</u>	<u>\$ 32,787</u>	<u>\$ 374,359</u>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

Long Beach Rescue Mission (“LBRM”, “Mission”) was established in 1972 and provides food, clothing, shelter, and spiritual guidance to the homeless people of the community. Temporary housing is provided through facilities owned by the Mission, assisting people primarily in the Long Beach area. Residents are provided with counseling services to help them obtain permanent housing, employment, financial assistance and to help with substance abuse. The Mission is primarily supported through public donations. The Mission also operates a Thrift Shop in facilities it owns.

The Long Beach Rescue Mission Foundation (“LBRMF”, “Foundation”) was created in 2000 to facilitate the Mission’s investments and provide financial assistance to the Mission. The Foundation is directly funded and is a separate entity.

**Principals of Combination**

The combined financial statements include the accounts of the Long Beach Rescue Mission and the Long Beach Rescue Mission Foundation. Collectively the entities are referred to as “the Organization” or “the Organizations” throughout these notes. The Mission board of directors has a controlling interest in the Foundation board. Combined financial statements are presented because the entities are under common management and have similar operations. Management believes combined financial statements are more meaningful.

**Basis of Accounting**

The combined financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and follow the recommendations of the Accounting Standards Codification (“ASC”) 958-205, Financial Statements of Not for Profit Organizations.

**Financial Statement Presentation**

The net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

**Without donor restrictions** – Net assets that are not subject to donor-imposed stipulations.

**With donor restrictions** – Net assets subject to donor-imposed restrictions that may be temporary in nature and that may be or will be met by actions of the Organization or the passage of time. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounting for Contributions**

GAAP requires that the Organization reports information about its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit, repurchase agreements, and money market funds, with an original maturity of three months or less when purchased.

The Organization maintains a bank account for its program participants. These funds are not considered cash and cash equivalents and are reported with other asset on the statement of financial position.

**Accounts Receivable**

The accounts receivable consist primarily of rent due from leased properties and are stated at the amounts that management expects to collect from outstanding balances. Management believes the accounts receivable as of June 30, 2019, are fully collectible and therefore, an allowance for doubtful accounts has not been recorded.

**Contributions and Bequests Receivable and Promises to Give**

The Organization has been named beneficiary of various estates. Bequests and contributions received under such estates are not recorded until the Organization has a legal right to such assets, the distribution of assets to the Organization is probable, and the amount of the distribution can be reasonably estimated.

Unconditional promises to give are recorded at net present value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Inventories**

Inventories consist of gift cards and soda machine inventory. Inventories are stated at the lower of cost or net realizable value determined by the first-in, first-out method.

No value is placed on Thrift Store inventory at the time of receipt because the Organization believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and Equipment**

Property and equipment are stated at cost, if purchased or at fair value at the date of the gift, if donated and significant. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The cost of property and equipment purchased in excess of \$1,000 is capitalized. Repairs, maintenance and minor acquisitions are expensed as incurred, and the Organization uses the direct expensing method to account for planned major maintenance activities. Depreciation has been recorded using the straight-line method over the estimated useful life of the specific asset ranging from three to fifteen years for equipment, furniture and improvements, and forty years for buildings.

**Long Lived Assets**

The Organization reviews long lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets have declined and may not be recoverable. No circumstances have occurred during the year causing the Organization to believe there has been any impairment of the carrying value of its long lived assets. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long lived assets.

**Loan Fees**

Loan cost of \$6,090, associated with note payable, is being amortized over the term of the loan using a straight-line method. Amortization expense was \$249 for the year ended June 30, 2019.

**Contributed Materials and Services**

The Organization receives food donations from various businesses and individuals. Food donations have been recorded as in-kind income and expense based on the fair market value. During the year ended June 30, 2019, the Organization received food inventory with a fair value on the date of donation of \$740,806. No value has been recorded for the remaining food inventory, as the inventory would have no resale value.

The Organization receives periodic donations of materials and supplies from local vendors and from the community, which are recorded at estimated fair market value at the date of donation, if significant. Donated equipment or improvements are recorded at the estimated fair value at the date of donation. Donated stock is recorded at the underlying stock's fair market value at the date of the donation. During the year ended June 30, 2019, the Organization receive donations of various household goods valued at \$155,120, equipment valued at \$10,000, and vehicles valued at \$13,755.

A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs. The donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

The Organizations are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Tax Code. The Organization qualifies for the charitable contribution deductions under Section 170(c)(2) of the IRC and is classified as an Organization that is not a private foundation under Section 509(a)(1). Income from certain activities not directly related to the Organization's tax exempt purpose may be subject to taxation as unrelated business income.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

Generally, the Organization's returns are subject to examination by the federal and state taxing authorities for three and four years, respectively, after the returns are filed. There are no returns under examination as of June 30, 2019.

**Fair Value of Financial Instruments**

Financial assets and liabilities are recorded at their fair market value in accordance with 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data (market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risks) developed based on the best information available in each circumstance.

The Organization's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are carried at cost, which approximates fair value because of the short-term nature of these instruments. The reported amount of the note payable approximated fair value because of the market value interest rates the instruments bear.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising Costs**

Advertising primarily consists of the Organization's newsletter and seasonal donation solicitations. The Organization expenses advertising production costs the first time the advertising occurs. Advertising expense for the year ended June 30, 2019 was \$437,110.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates. The significant items in these statements that are affected by management estimates are depreciation and allocations of functional expenses.

**Expense Allocation**

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Organization's management. The expenses that are allocated are salaries, payroll taxes, professional fees, utilities, employee benefits, and insurance, which are allocated on the basis of estimates of time and effort.

**Recent Accounting Pronouncements**

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with the terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU 2016-02 also will require disclosures to help financial statements users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. . ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its combined financial statements.

In August 2016, FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 is designed to improve the current reporting requirements of various not-for-profit entities. The main provisions include: presentation of two classes of net assets versus the previously required three; recognition of capital gains for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction to net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, components of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Recent Accounting Pronouncements (continued)**

The Organization adopted ASU 2016-14 during the year ended June 30, 2019. With the adoption of the standard the Organization updated net asset presentation in the combined financial statements and included additional disclosures as required. No significant reclassification to prior-year amounts were necessary in order to adopt the new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities - Revenue Recognition (Topic 958-605)*. ASU 2018-08 clarifies and improves the scope and accounting guidance for contributions received and contributions made. This update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2018-08 on the presentation of its combined financial statements.

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2019 consisted of outstanding bequests and grants receivable and are due as follows:

Less than one year	\$ 333,086
One to five years	1,200
	\$ 334,286

**NOTE 3 – INVESTMENTS**

An analysis of the investments held as of June 30, 2019 is as follows:

	Fair Value	Cost	Unrealized Gain (Loss)
Equities	\$ 2,464,722	\$ 1,869,067	\$ 595,655
Fixed income	1,844,170	1,833,470	10,700
Alternative investments	162,697	168,686	(5,989)
Real assets	391,608	335,603	56,005
Agency fund at LBCF	108,505	100,000	8,505
	\$ 4,971,702	\$ 4,306,826	\$ 664,876

The Organization has contributed \$100,000 to the Long Beach Community Foundation (“LBCF”) in order to establish a quasi-endowment agency fund. This fund is administered by the LBCF for the benefit of the Organization. A portion of the fund’s earnings is made available for distribution to the Organization periodically.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3 – INVESTMENTS (continued)**

The following schedule summarizes the investment return for the year ended June 30, 2019:

	<u>Without Donor Restrictions</u>
Interest and dividends	\$ 147,324
Management fees	<u>(48,550)</u>
Investment income, net	98,774
Realized gain	33,557
Unrealized gain	<u>141,000</u>
Total investment return	<u><u>\$ 273,331</u></u>

The scheduled maturities for government and corporate bonds are as follows at June 30, 2019:

	<u>Par Value</u>	<u>Fair Value</u>
1 – 5 years	\$ 921,000	\$ 932,159
5 – 10 years	73,000	76,217
15 – 20 years	<u>30,000</u>	<u>33,392</u>
	<u>\$ 1,024,000</u>	<u>\$ 1,041,768</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Investments are managed by professional investment managers who have responsibility for investing the funds in various investment classes. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2019, is summarized as follows:

Land	\$3,252,174
Land improvements	31,309
Buildings and improvements	4,420,492
Construction in progress	20,079
Furniture, fixtures, and equipment	763,045
Vehicles	<u>173,855</u>
	8,660,954
Less accumulated depreciation	<u>(3,698,540)</u>
	<u><u>\$ 4,962,414</u></u>

Construction in progress relates to the design work on a new facade for the Lydia House. Depreciation expense for the year ended June 30, 2019 was \$185,831.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 – ACCRUED LIABILITIES**

Accrued liabilities as of June 30, 2019 consisted of the following:

Accrued compensated absences	\$ 79,683
Accrued expenses	9,499
Sales tax payable	3,171
	<u>\$ 92,354</u>

**NOTE 6 – COMPENSATED ABSENCES**

It is the Organization's policy to accrue vacation pay for its employees. Staff may accrue up to a maximum of 360 unused hours, based on years of service, which may be paid out at the end of their employment period. The liability for such absences is included in accrued liabilities on the combined statement of financial position. Employees are also granted sick pay, which is not an earned benefit. No payment of unused sick leave will be made upon termination of employment and, therefore, no liability for accrued sick leave is included in combined financial statements.

**NOTE 7 – LONG-TERM DEBT**

Note payable to Banc of California, bearing interest at 5.336%, payable in monthly installments of \$1,550, principal and interest, maturing November, 2037, secured by a Deed of Trust on real property and land located at 219 Anaheim St, Long Beach, California. \$ 228,937

Less portion considered current (8,063)

Total long-term liabilities \$ 220,874

Maturities of long term debt for the next five years are as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2020	\$ 8,063
2021	8,454
2022	8,864
2023	8,295
2024	9,746
Thereafter	<u>184,515</u>
	<u>\$ 228,937</u>

The interest paid on the note for the year ended of June 30, 2019 was \$12,565.

Loan covenants require the Organization to maintain a minimum net worth of \$4,600,000 and a minimum debt coverage ratio of 1.25.

**LONG BEACH RESCUE MISSION AND  
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**NOTE 8 – EMPLOYEE BENEFIT PLANS**

The Organization has a tax deferred retirement plan under Internal Revenue Code Section 401(k), in which all eligible employees may participate. The employer makes a 3% match contribution to the plan on behalf of eligible employees. For the year ended June 30, 2019, matching contributions were \$20,040.

The Organization has an Employer Profit Sharing Plan in which all eligible employees receive a contribution based on approval and discretion from the Board. The allocations calculated on calendar year basis. The Board will not be making a contribution for the year ended June 30, 2019.

**NOTE 9 – NET ASSETS**

Net assets with donor restrictions – temporary restrictions at June 30, 2019 are available for the following purposes:

Restricted until collected and available for use	\$ 334,286
Recreation day for women	4,583
Support for Lydia House	249
Lydia House kitchen renovation	15,000
Lydia House linens	500
Thrift store security cameras	3,417
Samaritan House supplies	3,531
Backpacks	5,137
Pallet Jack	350
Food mixer	20
Total	<u>\$ 367,073</u>

**NOTE 10 – SPECIAL EVENTS**

Revenue generated from special events for the year ended June 30, 2019 is summarized as follows:

	Open House and Dinner	LB Prayer Breakfast	Total
Ticket sales for event	\$ 16,500	\$ 10,000	\$ 26,500
Less: costs of direct benefit to donors	(11,971)	(16,686)	(28,657)
	4,529	(6,686)	(2,157)
Contributions received at fundraiser	81,165	11,990	93,155
	<u>\$ 85,694</u>	<u>\$ 5,304</u>	<u>\$ 90,998</u>



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 11 – CONCENTRATIONS AND CREDIT RISK**

**Cash**

The Organizations maintain cash balances in a financial institution, as well as in money market investments. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, securities and cash in investment accounts are protected by Securities Investor Protection Corporation (SIPC). SIPC protects the clients against the loss of their securities up to a maximum of \$500,000, including \$250,000 for claims for cash. At various times during the year ended June 30, 2019, there were balances in the financial institutions that were over the FDIC limit. At June 30, 2019, the Organization had uninsured cash balances of \$67,196.

**Support**

Approximately 75 percent of the Organization’s contributions receivable as of June 30, 2019 was from one donor.

**NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization’s primary sources of support are contributions from general public and investment income. The Organization manages its liquidity and reserves using the following principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following represents financial assets that could readily be made available within one year at June 30, 2019 for general expenditures:

Financial assets:	
Cash and cash equivalents	\$ 374,359
Accounts receivable	9,949
Contributions receivable	334,286
Investments	<u>4,971,702</u>
Total financial assets at year-end	5,690,296
Less those unavailable for general expenditures within one year, due to:	
Purpose restriction	(76,787)
Contributions collectible in more than one year	<u>(1,200)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,612,309</u></u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collection of sufficient donations. The Organization reviews its cash position on a regular basis to ensure adequate funds are on hand to meet expenses.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 13 – FAIR VALUE MEASUREMENTS**

Fair values of assets measured at June 30, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Measured on a Recurring Basis:</u>				
Stocks, options, ETFs, equity funds	\$2,464,722	\$ -	\$ -	\$2,464,722
Government obligations	602,807	-	-	602,807
Corporate bonds	-	438,960	-	438,960
Fixed income mutual funds	802,403	-	-	802,403
Alternative investments	-	-	162,697	162,697
Real assets	231,913	159,695	-	391,608
Agency fund at Community Foundation	-	-	108,505	108,505
<b>Total</b>	<b><u>\$4,101,845</u></b>	<b><u>\$ 598,655</u></b>	<b><u>\$ 271,202</u></b>	<b><u>\$4,971,702</u></b>
<u>Measured on a Nonrecurring Basis:</u>				
Contributions and bequests receivable		\$ -	\$ 334,286	\$ 334,286
Non-cash contributions		988,680	-	988,680
<b>Total</b>		<b><u>\$ 988,680</u></b>	<b><u>\$ 334,286</u></b>	<b><u>\$1,322,966</u></b>

Equities are measured at fair value using quoted market prices. They are classified as Level 1, as they are traded in active markets for which closing stock prices are readily available.

U.S. Treasures, Mutual funds and Real Assets fund investments are classified as Level 1, as they are listed in over-the-counter markets for which quoted market prices are available from sources such as financial publications.

Corporate bonds and Real Estate Investment Trusts are classified in Level 2 category, as they are valued using significant other observable input, particularly dealer market prices for comparable investment as of the valuation date.

Alternative investments are classified as Level 3, as they are illiquid and may not be valued daily. The fair value of those investments has been estimated using net asset value per share or its equivalents. The valuation is provided as of the most recent date available.

The investments held by Long Beach Community Foundation are valued using Level 3 measurements. Fair value measurements are based on the fair value of the underlying assets, as reported by the fund manager.

The fair value of contributed material, supplies and services has been measured on a non-recurring basis using quoted prices for similar assets (Level 2 inputs).

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 13 – FAIR VALUE MEASUREMENTS (continued)**

The fair value of contributions receivable is measured on a nonrecurring basis using an income approach with estimates of future cash flows (Level 3 inputs).

The following summarizes the changes in fair value measurements using significant unobservable inputs (Level 3) for the year ended June 30, 2019:

Balance, June 30, 2018	\$ 290,130
Investment income, gains and losses	<u>(18,928)</u>
Balance, June 30, 2019	<u>\$ 271,202</u>

**NOTE 14 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

During the year ended June 30, 2019, the Organization paid \$12,565 in interest and no income taxes.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 10, 2020, the date the financial statements were available to be issued.

## **ADDITIONAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION**

To the Board of Directors of  
Long Beach Rescue Mission and  
Long Beach Rescue Mission Foundation

We have audited the combined financial statements of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation as of and for the year ended June 30, 2019, and have issued our report thereon dated February 10, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole.

The combining information in schedules I, II, III and IV is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Onisko & Scholz, LLP*

Long Beach, California  
February 10, 2020

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE I - COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

	LBRM			LBRMF			ELIMINATIONS	COMBINED TOTALS
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>ASSETS</b>								
Current Assets								
Cash and cash equivalents	\$ 25,608	\$ 32,787	\$ 58,395	\$ 315,964	\$ -	\$ 315,964	\$ -	\$ 374,359
Accounts receivable	30,031	-	30,031	-	-	-	(20,082)	9,949
Contributions receivable	-	44,000	44,000	-	290,286	290,286	-	334,286
Deposits	2,870	-	2,870	-	-	-	-	2,870
Inventories	7,212	-	7,212	-	-	-	-	7,212
Prepaid expenses	35,248	-	35,248	3,460	-	3,460	-	38,708
Total Current Assets	<u>100,969</u>	<u>76,787</u>	<u>177,756</u>	<u>319,424</u>	<u>290,286</u>	<u>609,710</u>	<u>(20,082)</u>	<u>767,384</u>
Investments	-	-	-	4,971,702	-	4,971,702	-	4,971,702
Property and equipment, net	4,962,414	-	4,962,414	-	-	-	-	4,962,414
Other Assets								
Loan fees, net	4,459	-	4,459	-	-	-	-	4,459
Funds held for others	32,834	-	32,834	-	-	-	-	32,834
Total Other Assets	<u>37,293</u>	<u>-</u>	<u>37,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,293</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,100,676</u>	<u>\$ 76,787</u>	<u>\$ 5,177,463</u>	<u>\$ 5,291,126</u>	<u>\$ 290,286</u>	<u>\$ 5,581,412</u>	<u>\$ (20,082)</u>	<u>\$ 10,738,793</u>
<b>LIABILITIES AND NET ASSETS</b>								
Current Liabilities								
Accounts payable	\$ 73,201	\$ -	\$ 73,201	\$ 20,082	\$ -	\$ 20,082	\$ (20,082)	\$ 73,201
Accrued liabilities	92,354	0	92,354	0	0	0	0	92,354
Current portion of note payable	8,063	0	8,063	0	0	0	0	8,063
Total Current Liabilities	<u>173,618</u>	<u>0</u>	<u>173,618</u>	<u>20,082</u>	<u>0</u>	<u>20,082</u>	<u>(20,082)</u>	<u>173,618</u>
Note payable, net of current portion	220,874	0	220,874	0	0	0	0	220,874
Total Long-Term Debt	<u>220,874</u>	<u>0</u>	<u>220,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>220,874</u>
Total Liabilities	<u>394,492</u>	<u>0</u>	<u>394,492</u>	<u>20,082</u>	<u>0</u>	<u>20,082</u>	<u>(20,082)</u>	<u>394,492</u>
Net Assets								
Without donor restrictions	4,706,184	0	4,706,184	5,271,044	0	5,271,044	0	9,977,228
With donor restrictions	0	76,787	76,787	0	290,286	290,286	0	367,073
Total Net Assets	<u>4,706,184</u>	<u>76,787</u>	<u>4,782,971</u>	<u>5,271,044</u>	<u>290,286</u>	<u>5,561,330</u>	<u>0</u>	<u>10,344,301</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,100,676</u>	<u>\$ 76,787</u>	<u>\$ 5,177,463</u>	<u>\$ 5,291,126</u>	<u>\$ 290,286</u>	<u>\$ 5,581,412</u>	<u>\$ (20,082)</u>	<u>\$ 10,738,793</u>

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE II - COMBINING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	LBRM			LBRMF			Eliminations	COMBINED TOTALS
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>SUPPORT AND REVENUE</b>								
Contributions	\$ 2,243,220	\$ 80,350	\$ 2,323,570	\$ -	\$ -	\$ -	\$ -	\$ 2,323,570
Estates and bequests	-	-	-	213,107	381,262	594,369	-	594,369
Private grants	335,466	-	335,466	-	-	-	(247,966)	87,500
In-kind contributions	919,681	-	919,681	-	-	-	-	919,681
Program service fees	76,407	-	76,407	-	-	-	-	76,407
Special events, net	(2,157)	-	(2,157)	-	-	-	-	(2,157)
Investment income, net	109	-	109	98,665	-	98,665	-	98,774
Rental income	47,415	-	47,415	-	-	-	-	47,415
Thrift store sales	267,592	-	267,592	-	-	-	-	267,592
Other revenue	18,063	-	18,063	-	-	-	-	18,063
Net realized gain on investments	-	-	-	33,557	-	33,557	-	33,557
Net unrealized gain on investments	-	-	-	141,000	-	141,000	-	141,000
	<u>3,905,796</u>	<u>80,350</u>	<u>3,986,146</u>	<u>486,329</u>	<u>381,262</u>	<u>867,591</u>	<u>(247,966)</u>	<u>4,605,771</u>
Net assets released from restrictions	36,985	(36,985)	-	92,576	(92,576)	-	-	-
Total Support and Revenue	<u>3,942,781</u>	<u>43,365</u>	<u>3,986,146</u>	<u>578,905</u>	<u>288,686</u>	<u>867,591</u>	<u>(247,966)</u>	<u>4,605,771</u>
<b>EXPENSES</b>								
Program services	3,041,943	-	3,041,943	247,966	-	247,966	(247,966)	3,041,943
Management and general	396,760	-	396,760	5,978	-	5,978	-	402,738
Fund-raising	729,986	-	729,986	-	-	-	-	729,986
Total Expenses	<u>4,168,689</u>	<u>-</u>	<u>4,168,689</u>	<u>253,944</u>	<u>-</u>	<u>253,944</u>	<u>(247,966)</u>	<u>4,174,667</u>
CHANGE IN NET ASSETS	(225,908)	43,365	(182,543)	324,961	288,686	613,647	-	431,104
NET ASSETS, BEGINNING OF YEAR	<u>4,932,092</u>	<u>33,422</u>	<u>4,965,514</u>	<u>4,946,083</u>	<u>1,600</u>	<u>4,947,683</u>	<u>-</u>	<u>9,913,197</u>
NET ASSETS, END OF YEAR	<u>\$ 4,706,184</u>	<u>\$ 76,787</u>	<u>\$ 4,782,971</u>	<u>\$ 5,271,044</u>	<u>\$ 290,286</u>	<u>\$ 5,561,330</u>	<u>\$ -</u>	<u>\$ 10,344,301</u>

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE III - COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	LBRM				LBRMF				COMBINED TOTALS
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total	Eliminations	
Salaries and wages	\$ 890,550	\$ 268,790	\$ 87,166	\$ 1,246,506	\$ -	\$ -	\$ -	\$ -	\$ 1,246,506
Payroll taxes	71,914	24,864	2,970	99,748	-	-	-	-	99,748
Employee benefits	154,817	15,461	2,000	172,278	-	-	-	-	172,278
	<u>1,117,281</u>	<u>309,115</u>	<u>92,136</u>	<u>1,518,532</u>	-	-	-	-	<u>1,518,532</u>
Advertising and newsletter	8,450	-	428,660	437,110	-	-	-	-	437,110
Benevolence	53,906	-	-	53,906	-	-	-	-	53,906
Contributions and grants	-	-	-	-	247,966	-	247,966	(247,966)	-
Community development	7,162	-	-	7,162	-	-	-	-	7,162
Depreciation and amortization	171,863	14,216	-	186,079	-	-	-	-	186,079
Facility expense	232,747	1,515	1,195	235,457	-	-	-	-	235,457
Food supply and services	37,453	-	-	37,453	-	-	-	-	37,453
In-kind expense	898,926	-	-	898,926	-	-	-	-	898,926
Interest	-	12,565	-	12,565	-	-	-	-	12,565
Insurance	96,450	10,822	2,329	109,601	-	3,625	3,625	-	113,226
Miscellaneous	1,167	3,844	-	5,011	-	898	898	-	5,909
Office expense	12,673	8,556	-	21,229	-	-	-	-	21,229
Postage and delivery	19,436	-	150,464	169,900	-	-	-	-	169,900
Printing and reproduction	15,470	-	1,129	16,599	-	-	-	-	16,599
Professional development	13,419	-	-	13,419	-	-	-	-	13,419
Professional fees	49,834	21,595	42,767	114,196	-	1,455	1,455	-	115,651
Programs and case management	37,119	-	-	37,119	-	-	-	-	37,119
Special events expense	303	-	38,246	38,549	-	-	-	-	38,549
Taxes and licenses	50,561	4,617	-	55,178	-	-	-	-	55,178
Travel and meals	11,863	-	221	12,084	-	-	-	-	12,084
Utilities and telephone	142,494	9,915	1,496	153,905	-	-	-	-	153,905
Vehicle expense	63,366	-	-	63,366	-	-	-	-	63,366
<b>Total expenses</b>	<b>3,041,943</b>	<b>396,760</b>	<b>758,643</b>	<b>4,197,346</b>	<b>247,966</b>	<b>5,978</b>	<b>253,944</b>	<b>(247,966)</b>	<b>4,203,324</b>
Less expenses included with revenues on the combined statement of activities	-	-	(28,657)	(28,657)	-	-	-	-	(28,657)
<b>Total expenses included in the expense section of the combined statement of activities</b>	<b>\$ 3,041,943</b>	<b>\$ 396,760</b>	<b>\$ 729,986</b>	<b>\$ 4,168,689</b>	<b>\$ 247,966</b>	<b>\$ 5,978</b>	<b>\$ 253,944</b>	<b>\$ (247,966)</b>	<b>\$ 4,174,667</b>



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE IV - COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	LBRM			LBRMF			Eliminations	COMBINED TOTALS
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Change in net assets	\$ (225,908)	\$ 43,365	\$ (182,543)	\$ 324,961	\$ 288,686	\$ 613,647	\$ -	\$ 431,104
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities								
Depreciation	185,831	-	185,831	-	-	-	-	185,831
Amortization of loan fees	249	-	249	-	-	-	-	249
Donated assets	(20,755)	-	(20,755)	-	-	-	-	(20,755)
Net realized gain on investments	-	-	-	(33,557)	-	(33,557)	-	(33,557)
Net unrealized gain on investments	-	-	-	(141,000)	-	(141,000)	-	(141,000)
Changes in operating assets and liabilities:								
Accounts receivable	17,538	-	17,538	-	-	-	(20,082)	(2,544)
Contributions receivable	-	(44,000)	(44,000)	-	(288,686)	(288,686)	-	(332,686)
Inventories	(2,358)	-	(2,358)	-	-	-	-	(2,358)
Prepaid expenses	(8,429)	-	(8,429)	(150)	-	(150)	-	(8,579)
Deposits	(2,870)	-	(2,870)	-	-	-	-	(2,870)
Funds held for others	49,684	-	49,684	-	-	-	-	49,684
Accounts payable	(69,774)	-	(69,774)	13,236	-	13,236	20,082	(36,456)
Accrued liabilities	11,118	-	11,118	-	-	-	-	11,118
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(65,674)</u>	<u>(635)</u>	<u>(66,309)</u>	<u>163,490</u>	<u>-</u>	<u>163,490</u>	<u>-</u>	<u>97,181</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchases of property and equipment	(68,978)	-	(68,978)	-	-	-	-	(68,978)
Proceeds from sale of investments	-	-	-	1,046,651	-	1,046,651	-	1,046,651
Purchases of investments	-	-	-	(1,154,116)	-	(1,154,116)	-	(1,154,116)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(68,978)</u>	<u>-</u>	<u>(68,978)</u>	<u>(107,465)</u>	<u>-</u>	<u>(107,465)</u>	<u>-</u>	<u>(176,443)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Principal payments on note payable	(6,034)	-	(6,034)	-	-	-	-	(6,034)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(6,034)</u>	<u>-</u>	<u>(6,034)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,034)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(140,686)	(635)	(141,321)	56,025	-	56,025	-	(85,296)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	166,294	33,422	199,716	259,939	-	259,939	-	459,655
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 25,608</u>	<u>\$ 32,787</u>	<u>\$ 58,395</u>	<u>\$ 315,964</u>	<u>\$ -</u>	<u>\$ 315,964</u>	<u>\$ -</u>	<u>\$ 374,359</u>