



**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying combined financial statements of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation (a nonprofit organization) and affiliates, which comprise the combined statement of financial position as of June 30, 2021, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 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 and affiliates as of June 30, 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Long Beach Rescue Mission's and Long Beach Rescue Mission Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Beach Rescue Mission's and Long Beach Rescue Mission Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining information in schedules I, II, III, and IV is presented for 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 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.

O & S CPAs & Business Advisors LLP

Long Beach, California

October 19, 2022

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,790,510	\$ 18,450	\$ 1,808,960
Accounts receivable	250	-	250
Inventories	14,208	-	14,208
Prepaid expenses	37,034	-	37,034
Total Current Assets	<u>1,842,002</u>	<u>18,450</u>	<u>1,860,452</u>
Investments	<u>6,324,107</u>	<u>-</u>	<u>6,324,107</u>
Property and equipment, net	<u>4,796,595</u>	<u>-</u>	<u>4,796,595</u>
Other Assets			
Funds held for others	<u>66,728</u>	<u>-</u>	<u>66,728</u>
Total Other Assets	<u>66,728</u>	<u>-</u>	<u>66,728</u>
TOTAL ASSETS	<u><u>\$ 13,029,432</u></u>	<u><u>\$ 18,450</u></u>	<u><u>\$ 13,047,882</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 100,624	\$ -	\$ 100,624
Accrued liabilities	107,325	-	107,325
Total Current Liabilities	<u>207,949</u>	<u>-</u>	<u>207,949</u>
Total Liabilities	<u>207,949</u>	<u>-</u>	<u>207,949</u>
Net Assets			
Without donor restrictions	12,821,483	-	12,821,483
With donor restrictions	-	18,450	18,450
Total Net Assets	<u>12,821,483</u>	<u>18,450</u>	<u>12,839,933</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 13,029,432</u></u>	<u><u>\$ 18,450</u></u>	<u><u>\$ 13,047,882</u></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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 3,510,420	\$ 138,100	\$ 3,648,520
Estates and bequests	15,738	-	15,738
Private grants	158,625	-	158,625
Grant revenue	264,643	-	264,643
In-kind contributions	522,382	-	522,382
Program service fees	23,614	-	23,614
Investment income, net	49,370	-	49,370
Rental income	29,395	-	29,395
Thrift store sales	236,818	-	236,818
Other revenue	74,142	-	74,142
Net gain on sale or exchange of asset	901	-	901
Net realized gain on investments	361,194	-	361,194
Net unrealized gain on investments	995,026	-	995,026
	<u>6,242,268</u>	<u>138,100</u>	<u>6,380,368</u>
Net assets released from restrictions	<u>175,744</u>	<u>(175,744)</u>	<u>-</u>
Total Support and Revenue	<u>6,418,012</u>	<u>(37,644)</u>	<u>6,380,368</u>
EXPENSES			
Program services	2,657,423	-	2,657,423
Management and general	424,862	-	424,862
Fundraising	816,121	-	816,121
	<u>3,898,406</u>	<u>-</u>	<u>3,898,406</u>
CHANGE IN NET ASSETS	2,519,606	(37,644)	2,481,962
NET ASSETS, BEGINNING OF YEAR	<u>10,301,877</u>	<u>56,094</u>	<u>10,357,971</u>
NET ASSETS, END OF YEAR	<u><u>\$ 12,821,483</u></u>	<u><u>\$ 18,450</u></u>	<u><u>\$ 12,839,933</u></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, 2021**

	Program Community Services	Supporting Services Management and General	Fundraising	TOTAL
Salaries and wages	\$ 972,070	\$ 259,827	\$ 103,306	\$ 1,335,203
Payroll taxes	74,926	25,861	7,217	108,004
Employee benefits	146,065	50,293	2,539	198,897
	<u>1,193,061</u>	<u>335,981</u>	<u>113,062</u>	<u>1,642,104</u>
Advertising and newsletter	2,202	-	508,416	510,618
Benevolence	42,018	-	-	42,018
Community development	2,877	-	-	2,877
Depreciation and amortization	178,107	18,782	-	196,889
Facility expense	192,566	6,052	14,063	212,681
Food supply and services	23,153	-	-	23,153
In-kind expense	522,382	-	-	522,382
Interest	-	12,640	-	12,640
Insurance	81,721	11,021	4,154	96,896
Miscellaneous	30	5,114	-	5,144
Office expense	24,580	-	-	24,580
Outside services	55	1,600	-	1,655
Postage and delivery	23,883	-	124,056	147,939
Printing and reproduction	32,562	-	13	32,575
Professional development	9,100	-	400	9,500
Professional fees	103,516	2,000	49,680	155,196
Programs and case management	25,327	-	225	25,552
Taxes and licenses	36,598	21,616	-	58,214
Travel and meals	6,199	-	-	6,199
Utilities and telephone	141,251	10,056	2,052	153,359
Vehicle expense	16,235	-	-	16,235
Expenses included in the expense section of the combined statement of activities	<u>\$ 2,657,423</u>	<u>\$ 424,862</u>	<u>\$ 816,121</u>	<u>\$ 3,898,406</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, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 2,519,606	\$ (37,644)	\$ 2,481,962
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	192,673	-	192,673
Amortization	4,216	-	4,216
PPP loan forgiveness	(264,643)		(264,643)
Net realized gain on sale or exchange of asset	(901)		(901)
Net realized gain on investments	(361,194)	-	(361,194)
Net unrealized gain on investments	(995,026)	-	(995,026)
Changes in operating assets and liabilities:			
Accounts receivable	30,163	-	30,163
Contributions receivable	-	9,150	9,150
Inventories	1,335	-	1,335
Prepaid expenses	(16,303)	-	(16,303)
Funds held for others	(14,763)	-	(14,763)
Accounts payable	(1,232)	-	(1,232)
Accrued liabilities	(6,338)	-	(6,338)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,087,593</u>	<u>(28,494)</u>	<u>1,059,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(85,043)	-	(85,043)
Proceeds from sale of property and equipment	2,382		2,382
Proceeds from sale of investments	1,166,155	-	1,166,155
Purchases of investments	(1,060,836)	-	(1,060,836)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>22,658</u>	<u>-</u>	<u>22,658</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on note payable	(222,603)	-	(222,603)
NET CASH USED BY FINANCING ACTIVITIES	<u>(222,603)</u>	<u>-</u>	<u>(222,603)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	887,648	(28,494)	859,154
CASH AND CASH EQUIVALENTS, beginning of year	<u>902,862</u>	<u>46,944</u>	<u>949,806</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,790,510</u></u>	<u><u>\$ 18,450</u></u>	<u><u>\$ 1,808,960</u></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, 2021**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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 and work therapy programs 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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. The net assets, revenues, gains, and losses therefore 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, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 amounts due from the winter shelter contract, and are stated at the amounts that management expects to collect from outstanding balances. Management believes the accounts receivable as of June 30, 2021, 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 over the years. 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, office supplies 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.

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. 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 BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$4,216 for the year ended June 30, 2021. The note payable and loan fees were fully paid in the current year.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transaction when it satisfies a performance obligation by providing a service to a customer or by transferring control over a product to a customer.

Revenue from exchange transactions consist of the following:

Thrift store revenue – performance obligation for retail sale is typically satisfied when customer takes possession of the merchandise, usually at the point of sale. Revenue is recognized once performance obligations have been satisfied. Salvage sales revenue is recognized at the time goods are shipped to the customer.

Contracts for services – performance obligations for contracts for goods and services are typically satisfied when the customer takes possession of the goods or the services are performed. Revenue is recognized once the performance obligations have been satisfied.

Revenue from non-exchange transactions consist of the following:

Contributions of cash and promises to give – gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

Special event revenue – recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

**LONG BEACH RESCUE MISSION AND
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, the Organization received food inventory with a fair value on the date of donation of \$481,326. 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, 2021, the Organization received donations of various household goods valued at \$5,456, donated footwear and apparel valued at \$15,623 and donated fuel valued at \$19,977.

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.

Advertising Costs

Advertising and marketing primarily consist of the Organization's newsletters and seasonal donation solicitations. The Organization expenses advertising production costs the first time the advertising occurs. Advertising expense for the year ended June 30, 2021 was \$510,618.

Income Taxes

The Organizations are exempt from federal and state income taxes related to revenue received in connection with exempt purposes 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. The Organization uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will, more likely than not, be sustained upon examination. As of June 30, 2021, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure.

The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively. There are no returns under examination as of June 30, 2021.

**LONG BEACH RESCUE MISSION AND
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, the FASB issued ASU 2016-02 "Leases (Topic 842)", which sets out the principles for the recognition measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to recognize the following for all leases with terms longer than 12 months: (a) a lease liability, and (b) a right-of-use asset. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similarly to existing guidance for operating leases. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

**LONG BEACH RESCUE MISSION AND
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 – 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.

NOTE 4 – INVESTMENTS

An analysis of the investments held as of June 30, 2021 is as follows:

	Fair Value	Cost	Unrealized Gain
Equities	\$ 3,854,975	\$ 2,178,511	\$ 1,676,464
Fixed income	1,632,303	1,582,051	50,252
Real assets	714,112	582,489	131,623
Agency fund at LBCF	122,717	111,349	11,368
	<u>\$ 6,324,107</u>	<u>\$ 4,454,400</u>	<u>\$ 1,869,707</u>

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
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – INVESTMENTS (continued)

The following schedule summarizes the investment return for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>
Interest and dividends	\$ 105,587
Management fees	<u>(56,217)</u>
Investment income, net	49,370
Realized gain	361,194
Unrealized gain	<u>995,026</u>
Total investment return	<u>\$ 1,405,590</u>

The scheduled maturities for government and corporate bonds are as follows at June 30, 2021:

	<u>Par Value</u>	<u>Fair Value</u>
1 – 5 years	\$ 261,809	\$ 266,436
10 – 15 years	<u>30,000</u>	<u>36,009</u>
	<u>\$ 291,809</u>	<u>\$ 302,445</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 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021, is summarized as follows:

Land	\$3,252,174
Land improvements	31,309
Buildings and improvements	4,518,540
Construction in progress	31,806
Furniture, fixtures, and equipment	866,509
Vehicles	<u>172,001</u>
	8,872,339
Less accumulated depreciation	<u>(4,075,744)</u>
	<u>\$ 4,796,595</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, 2021 was \$192,673.

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities as of June 30, 2021 consisted of the following:

Accrued compensated absences	\$ 96,258
Accrued 401k payable	3,902
Accrued expenses	1,325
Sales tax payable	5,840
	<u>\$ 107,325</u>

NOTE 7 – 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 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, 2021, matching contributions were \$24,035.

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 elected not to contribute for the year ended June 30, 2021.

NOTE 9 – PPP LOAN

On April 14, 2020, the Organization received a Paycheck Protection Program (PPP) loan offered through the Small Business Administration in the amount of \$264,643 at 1% interest, payable in monthly installments. The Organization utilized the loan for purposes consistent with the PPP in order to be granted full forgiveness. The organization obtained full forgiveness for its PPP loan from the Small Business Administration on May 14, 2021. The full amount of the loan has been recognized as Grant Revenue in the statement of activities.

NOTE 10 – NET ASSETS

Net assets with donors' temporary restrictions at June 30, 2021 are available for the following purposes:

Recreation day for women	\$ 4,642
Backpacks	5,000
Back to society	8,808
	<u> </u>
Total	<u>\$ 18,450</u>

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, there were balances in the financial institutions that were over the FDIC limit. At June 30, 2021, the Organization had uninsured cash balances of \$1,334,127.

NOTE 12 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the year ended June 30, 2021, the Organization paid \$12,640 in interest and \$3,893 in income taxes.

NOTE 13 – 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, 2021 for general expenditures:

Financial assets:	
Cash and cash equivalents	\$ 1,808,959
Accounts receivable	250
Investments	<u>6,324,107</u>
Total financial assets at year-end	8,133,316
Less those unavailable for general expenditures within one year, due to:	
Purpose restriction	<u>(18,450)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 8,114,866</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, 2021**

NOTE 14 – FAIR VALUE MEASUREMENTS

Fair values of assets measured at June 30, 2021 are as follows:

<u>Measured on a Recurring Basis:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks, options, ETFs, equity funds	\$ 3,854,975	\$ -	\$ -	\$ 3,854,975
Government obligations	79,967	-	-	79,967
Corporate Bonds	-	222,478	-	222,478
Fixed income mutual funds	1,329,858	-	-	1,329,858
Real assets	310,770	403,342	-	714,112
Agency fund at Community Foundation	-	-	122,717	122,717
Total	<u>\$ 5,575,570</u>	<u>\$ 625,820</u>	<u>\$ 122,717</u>	<u>\$ 6,324,107</u>
 <u>Measured on a Nonrecurring Basis:</u>				
Non-cash contributions		\$ 522,382	-	\$ 522,382
Total		<u>\$ 522,382</u>	<u>\$ -</u>	<u>\$ 522,382</u>

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).

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).

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – FAIR VALUE MEASUREMENTS (continued)

The following summarizes the changes in fair value measurements using significant unobservable inputs (Level 3) for the year ended June 30, 2021:

Balance, June 30, 2020	\$ 113,615
Investment income, gains and losses	<u>9,102</u>
Balance, June 30, 2021	<u>\$ 122,717</u>

NOTE 15 – RISK & UNCERTAINTIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The Organization, along with the rest of the world is closely monitoring the continued effects the outbreak has had on the global economy. The Organization has noticed that donations and general desire to give has increased throughout the pandemic. At this point, the extent to which COVID-19 may impact the Organizations’ financial condition or results of operation is uncertain.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2022, the date the financial statements were available to be issued.

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
SCHEDULE I - COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

	LBRM			LBRMF				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	ELIMINATIONS	COMBINED TOTALS
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 1,215,745	\$ 18,450	\$ 1,234,195	\$ 574,765	\$ -	\$ 574,765	\$ -	\$ 1,808,960
Accounts receivable	14,205	-	14,205	-	-	-	(13,955)	250
Inventories	14,208	-	14,208	-	-	-	-	14,208
Prepaid expenses	37,034	-	37,034	-	-	-	-	37,034
Total Current Assets	1,281,192	18,450	1,299,642	574,765	-	574,765	(13,955)	1,860,452
Investments	-	-	-	6,324,107	-	6,324,107	-	6,324,107
Property and equipment, net	4,796,595	-	4,796,595	-	-	-	-	4,796,595
Other Assets								
Funds held for others	66,728	-	66,728	-	-	-	-	66,728
Total Other Assets	66,728	-	66,728	-	-	-	-	66,728
TOTAL ASSETS	\$ 6,144,515	\$ 18,450	\$ 6,162,965	\$ 6,898,872	\$ -	\$ 6,898,872	\$ (13,955)	\$ 13,047,882
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	\$ 100,624	\$ -	\$ 100,624	\$ 13,955	\$ -	\$ 13,955	\$ (13,955)	\$ 100,624
Accrued liabilities	107,325	-	107,325	-	-	-	-	107,325
Total Current Liabilities	207,949	-	207,949	13,955	-	13,955	(13,955)	207,949
Total Liabilities	207,949	-	207,949	13,955	-	13,955	(13,955)	207,949
Net Assets								
Without donor restrictions	5,936,566	-	5,936,566	6,884,917	-	6,884,917	-	12,821,483
With donor restrictions	-	18,450	18,450	-	-	-	-	18,450
Total Net Assets	5,936,566	18,450	5,955,016	6,884,917	-	6,884,917	-	12,839,933
TOTAL LIABILITIES AND NET ASSETS	\$ 6,144,515	\$ 18,450	\$ 6,162,965	\$ 6,898,872	\$ -	\$ 6,898,872	\$ (13,955)	\$ 13,047,882

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
SCHEDULE II - COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	LBRM			LBRMF			Eliminations	COMBINED TOTALS
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE								
Contributions	\$ 3,511,895	\$ 138,100	\$ 3,649,995	\$ (1,475)	\$ -	\$ (1,475)	\$ -	\$ 3,648,520
Estates and bequests	-	-	-	15,738	-	15,738	-	15,738
Private grants	172,000	-	172,000	-	-	-	(13,375)	158,625
In-kind contributions	522,382	-	522,382	-	-	-	-	522,382
Program service fees	23,614	-	23,614	-	-	-	-	23,614
Investment income, net	299	-	299	49,071	-	49,071	-	49,370
Rental income	29,395	-	29,395	-	-	-	-	29,395
Thrift store sales	236,818	-	236,818	-	-	-	-	236,818
Other revenue	338,785	-	338,785	-	-	-	-	338,785
Net realized gain on sale or exchange of asset	901	-	901	-	-	-	-	901
Net realized gain on investments	-	-	-	361,194	-	361,194	-	361,194
Net unrealized gain on investments	-	-	-	995,026	-	995,026	-	995,026
	<u>4,836,089</u>	<u>138,100</u>	<u>4,974,189</u>	<u>1,419,554</u>	<u>-</u>	<u>1,419,554</u>	<u>(13,375)</u>	<u>6,380,368</u>
Net assets released from restrictions	166,594	(166,594)	-	9,150	(9,150)	-	-	-
Total Support and Revenue	<u>5,002,683</u>	<u>(28,494)</u>	<u>4,974,189</u>	<u>1,428,704</u>	<u>(9,150)</u>	<u>1,419,554</u>	<u>(13,375)</u>	<u>6,380,368</u>
EXPENSES								
Program services	2,657,423	-	2,657,423	13,375	-	13,375	(13,375)	2,657,423
Management and general	421,023	-	421,023	3,839	-	3,839	-	424,862
Fundraising	816,121	-	816,121	-	-	-	-	816,121
Total Expenses	<u>3,894,567</u>	<u>-</u>	<u>3,894,567</u>	<u>17,214</u>	<u>-</u>	<u>17,214</u>	<u>(13,375)</u>	<u>3,898,406</u>
CHANGE IN NET ASSETS	1,108,116	(28,494)	1,079,622	1,411,490	(9,150)	1,402,340	-	2,481,962
NET ASSETS, BEGINNING OF YEAR	<u>4,828,450</u>	<u>46,944</u>	<u>4,875,394</u>	<u>5,473,427</u>	<u>9,150</u>	<u>5,482,577</u>	<u>-</u>	<u>10,357,971</u>
NET ASSETS, END OF YEAR	<u>\$ 5,936,566</u>	<u>\$ 18,450</u>	<u>\$ 5,955,016</u>	<u>\$ 6,884,917</u>	<u>\$ -</u>	<u>\$ 6,884,917</u>	<u>\$ -</u>	<u>\$ 12,839,933</u>

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
SCHEDULE III - COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	LBRM				LBRMF				COMBINED
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total	Eliminations	TOTALS
Salaries and wages	\$ 972,070	\$ 259,827	\$ 103,306	\$ 1,335,203	\$ -	\$ -	\$ -	\$ -	\$ 1,335,203
Payroll taxes	74,926	25,861	7,217	108,004	-	-	-	-	108,004
Employee benefits	146,065	50,293	2,539	198,897	-	-	-	-	198,897
	1,193,061	335,981	113,062	1,642,104	-	-	-	-	1,642,104
Advertising and newsletter	2,202	-	508,416	510,618	-	-	-	-	510,618
Benevolence	42,018	-	-	42,018	-	-	-	-	42,018
Contributions and grants	-	-	-	-	13,375	-	13,375	(13,375)	-
Community development	2,877	-	-	2,877	-	-	-	-	2,877
Depreciation and amortization	178,107	18,782	-	196,889	-	-	-	-	196,889
Facility expense	192,565	5,967	14,063	212,595	-	85	85	-	212,680
Food supply and services	23,153	-	-	23,153	-	-	-	-	23,153
In-kind expense	522,382	-	-	522,382	-	-	-	-	522,382
Interest	-	12,640	-	12,640	-	-	-	-	12,640
Insurance	81,722	8,877	4,154	94,753	-	2,144	2,144	-	96,897
Miscellaneous	30	5,114	-	5,144	-	-	-	-	5,144
Office expense	24,580	-	-	24,580	-	-	-	-	24,580
Outside services	55	-	-	55	-	1,600	1,600	-	1,655
Postage and delivery	23,883	-	124,056	147,939	-	-	-	-	147,939
Printing and reproduction	32,562	-	13	32,575	-	-	-	-	32,575
Professional development	9,100	-	400	9,500	-	-	-	-	9,500
Professional fees	103,516	2,000	49,680	155,196	-	-	-	-	155,196
Programs and case management	25,327	-	225	25,552	-	-	-	-	25,552
Taxes and licenses	36,598	21,606	-	58,204	-	10	10	-	58,214
Travel and meals	6,199	-	-	6,199	-	-	-	-	6,199
Utilities and telephone	141,251	10,056	2,052	153,359	-	-	-	-	153,359
Vehicle expense	16,235	-	-	16,235	-	-	-	-	16,235
Total expenses included in the expense section of the combined statement of activities	\$ 2,657,423	\$ 421,023	\$ 816,121	\$ 3,894,567	\$ 13,375	\$ 3,839	\$ 17,214	\$ (13,375)	\$ 3,898,406

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION
SCHEDULE IV - COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	LBRM			LBRMF				COMBINED
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in net assets	\$ 1,108,116	\$ (28,494)	\$ 1,079,622	\$ 1,411,490	\$ (9,150)	\$ 1,402,340	\$ -	\$ 2,481,962
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities								
Depreciation	192,673	-	192,673	-	-	-	-	192,673
Amortization	4,216	-	4,216	-	-	-	-	4,216
PPP loan forgiveness	(264,643)	-	(264,643)	-	-	-	-	(264,643)
Net realized gain on sale or exchange of asset	(901)	-	(901)	-	-	-	-	(901)
Net realized gain on investments	-	-	-	(361,194)	-	(361,194)	-	(361,194)
Net unrealized gain on investments	-	-	-	(995,026)	-	(995,026)	-	(995,026)
Changes in operating assets and liabilities:								
Accounts receivable	44,118	-	44,118	-	-	-	(13,955)	30,163
Contributions receivable	-	-	-	-	9,150	9,150	-	9,150
Inventories	1,335	-	1,335	-	-	-	-	1,335
Prepaid expenses	(18,447)	-	(18,447)	2,144	-	2,144	-	(16,303)
Funds held for others	(14,763)	-	(14,763)	-	-	-	-	(14,763)
Accounts payable	(29,142)	-	(29,142)	13,955	-	13,955	13,955	(1,232)
Accrued liabilities	(6,263)	-	(6,263)	(75)	-	(75)	-	(6,338)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,016,299</u>	<u>(28,494)</u>	<u>987,805</u>	<u>71,294</u>	<u>-</u>	<u>71,294</u>	<u>-</u>	<u>1,059,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	(85,043)	-	(85,043)	-	-	-	-	(85,043)
Proceeds from sale of property and equipment	2,382	-	2,382	-	-	-	-	2,382
Proceeds from sale of investments	-	-	-	1,166,155	-	1,166,155	-	1,166,155
Purchases of investments	-	-	-	(1,060,836)	-	(1,060,836)	-	(1,060,836)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(82,661)</u>	<u>-</u>	<u>(82,661)</u>	<u>105,319</u>	<u>-</u>	<u>105,319</u>	<u>-</u>	<u>22,658</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Principal payments on note payable	(222,603)	-	(222,603)	-	-	-	-	(222,603)
NET CASH USED BY FINANCING ACTIVITIES	<u>(222,603)</u>	<u>-</u>	<u>(222,603)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,603)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	711,035	(28,494)	682,541	176,613	-	176,613	-	859,154
CASH AND CASH EQUIVALENTS, beginning of year	504,710	46,944	551,654	398,152	-	398,152	-	949,806
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,215,745</u>	<u>\$ 18,450</u>	<u>\$ 1,234,195</u>	<u>\$ 574,765</u>	<u>\$ -</u>	<u>\$ 574,765</u>	<u>\$ -</u>	<u>\$ 1,808,960</u>