

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2022



**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the combined financial statements of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation (a nonprofit organization) and affiliates, which comprise the combined statements of financial position as of June 30, 2022 and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements 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, 2022, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 audits. 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. GAAP, 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 for one year after the date that the combined financial statements are issued.

Auditors' Responsibilities for the Audit of the Combined 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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with U.S. GAAS, 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 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 combined financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

BPM LLP

Long Beach, California
April 1, 2024

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

COMBINED STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,269,694	\$ 27,036	\$ 1,296,730
Accounts receivable	18,685	-	18,685
Inventories	14,690	-	14,690
Prepaid expenses	13,691	-	13,691
Total current assets	1,316,760	27,036	1,343,796
Investments	6,327,665	-	6,327,665
Property and equipment, net	5,009,174	-	5,009,174
Other assets:			
Funds held for others	58,895	-	58,895
Total assets	\$ 12,712,494	\$ 27,036	\$ 12,739,530
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 101,765	\$ -	\$ 101,765
Accrued liabilities	178,143	-	178,143
Total current liabilities	279,908	-	279,908
Net assets:			
Without donor restrictions	12,432,586	-	12,432,586
With donor restrictions	-	27,036	27,036
Total net assets	12,432,586	27,036	12,459,622
Total liabilities and net assets	\$ 12,712,494	\$ 27,036	\$ 12,739,530

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 3,195,919	\$ 235,350	\$ 3,431,269
Estates and bequests	56,584	-	56,584
Private grants	348,150	-	348,150
In-kind contributions	667,431	-	667,431
Program service fees	26,217	-	26,217
Special events, net of direct cost	(65,065)	-	(65,065)
Investment income, net	118,852	-	118,852
Rental income	62,655	-	62,655
Thrift store sales	280,003	-	280,003
Other revenue	70,973	-	70,973
Net loss on sale or exchange of asset	(144)	-	(144)
Net realized gain on investments	683,142	-	683,142
Net unrealized loss on investments	(1,424,967)	-	(1,424,967)
	4,019,750	235,350	4,255,100
Net assets released from restrictions	226,764	(226,764)	-
Total support and revenue	4,246,514	8,586	4,255,100
Expenses:			
Program services	3,251,157	-	3,251,157
Management and general	495,807	-	495,807
Fundraising	888,447	-	888,447
Total expenses	4,635,411	-	4,635,411
Change in net assets	(388,897)	8,586	(380,311)
Net assets, beginning of year	12,821,483	18,450	12,839,933
Net assets, end of year	\$ 12,432,586	\$ 27,036	\$ 12,459,622

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022

	Program Community Services	Supporting Services Management and General	Fundraising	Total
Salaries and wages	\$ 1,150,195	\$ 340,600	\$ 100,322	\$ 1,591,117
Employee benefits	160,157	38,764	128	199,049
Payroll taxes	91,405	31,622	8,633	131,660
	<u>1,401,757</u>	<u>410,986</u>	<u>109,083</u>	<u>1,921,826</u>
In-kind expense	667,431	-	-	667,431
Advertising and newsletter	5,035	-	499,139	504,174
Facility expense	262,161	7,844	64,506	334,511
Professional fees	146,404	28,939	63,491	238,834
Depreciation	175,900	16,704	-	192,604
Utilities and telephone	176,621	12,484	2,428	191,533
Postage and delivery	20,862	-	158,511	179,373
Insurance	109,712	6,469	809	116,990
Taxes and licenses	51,204	10,781	-	61,985
Printing and reproduction	44,851	-	16,424	61,275
Benevolence	33,217	-	-	33,217
Professional development	30,651	-	-	30,651
Travel and meals	27,582	-	494	28,076
Outside services	1,640	1,600	23,995	27,235
Programs and case management	26,002	-	-	26,002
Food supply and services	21,023	-	-	21,023
Office expense	20,868	-	-	20,868
Miscellaneous	4,565	-	13,727	18,292
Vehicle expense	15,880	-	-	15,880
Community development	7,791	-	5,080	12,871
Total expenses	<u>3,251,157</u>	<u>495,807</u>	<u>957,687</u>	<u>4,704,651</u>
Less: expenses included with revenues on the combined statement of activities	<u>-</u>	<u>-</u>	<u>(69,240)</u>	<u>(69,240)</u>
Expenses included in the expense section of the combined statement of activities	<u>\$ 3,251,157</u>	<u>\$ 495,807</u>	<u>\$ 888,447</u>	<u>\$ 4,635,411</u>

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

COMBINED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities:			
Change in net assets	\$ (388,897)	\$ 8,586	\$ (380,311)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	192,604	-	192,604
Net realized loss on sale or exchange of asset	144	-	144
Net realized gain on investments	(683,142)	-	(683,142)
Net unrealized loss on investments	1,424,967	-	1,424,967
Changes in operating assets and liabilities:			
Accounts receivable	(18,435)	-	(18,435)
Inventories	(481)	-	(481)
Prepaid expenses	23,343	-	23,343
Funds held for others	7,833	-	7,833
Accounts payable	1,141	-	1,141
Accrued liabilities	70,818	-	70,818
Net cash provided by operating activities	629,895	8,586	638,481
Cash flows from investing activities:			
Purchases of property and equipment	(405,328)	-	(405,328)
Proceeds from sale of investments	2,045,177	-	2,045,177
Purchases of investments	(2,790,560)	-	(2,790,560)
Net cash used in investing activities	(1,150,711)	-	(1,150,711)
Change in cash and cash equivalents	(520,816)	8,586	(512,230)
Cash and cash equivalents, beginning of year	1,790,510	18,450	1,808,960
Cash and cash equivalents, end of year	\$ 1,269,694	\$ 27,036	\$ 1,296,730

During the year ended June 30, 2022, the Organization did not pay interest or income taxes.

LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

1. 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 of California. 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 store in facilities it owns.

The Long Beach Rescue Mission Foundation ("LBRMF", the "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.

2. Summary of Significant Accounting Policies

Principals of Combination

The combined financial statements include the accounts of the LBRM and the LBRMF. Collectively the entities are referred to as "the Organization" or "the Organizations" throughout these notes. The Missions' Board of Directors (the "Board") 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 ("U.S. GAAP") and follow the recommendations of the Accounting Standards Codification ("ASC") 958-205, *Financial Statements of Not-for-Profit Organizations*.

Combined Financial Statement Presentation

U.S. 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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets 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, 2022

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the combined statement of financial position and the combined 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 combined statement of financial position.

Accounts Receivable

The accounts receivable consisted primarily of a donation made by an individual and amounts due from the winter shelter contract and are stated at the amounts that management expects to collect from outstanding balances. As of June 30, 2022, management believes the accounts receivable 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
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

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 for the year ended June 30, 2022, 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.

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 combined 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 LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

2. Summary of Significant Accounting Policies, continued

Contributed Nonfinancial Assets

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. For the year ended June 30, 2022, the Organization received food inventory with a fair value on the date of donation of \$554,181. 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. For the year ended June 30, 2022, the Organization received donations of various household goods valued at \$960, donated footwear and apparel valued at \$81,909 and donated fuel valued at \$30,381.

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 combined 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. For the year ended June 30, 2022, advertising expense was \$504,174.

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.

U.S. 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, 2022, 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, 2022.

LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

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* ("ASC 820"), which 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.

Recently Adopted Accounting Standards

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities: Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which became effective for fiscal years beginning after June 15, 2021. The amendments in ASU 2020-07 also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. It was determined by management that the implementation of ASU 2020-07 did not materially change the presentation of their contributed nonfinancial assets. The additional required disclosures are included in Note 14.

LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

2. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), 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 combined financial statements.

FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), and related amendments, replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new Current Expected Credit Losses ("CECL") model applies to financial assets at amortized cost, including trade receivables, contract assets and certain off-balance sheet credit exposures, such as loan commitments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of ASU 2016-13.

Use of Estimates

The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined 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 combined statements that are affected by management estimates are depreciation and allocations of functional expenses.

3. Investments

An analysis of the investments held was as follows as of June 30, 2022:

	Fair Value	Cost	Unrealized Gain (Loss)
Equities	\$ 3,518,702	\$ 2,942,170	\$ 576,532
Fixed income	2,001,558	2,158,315	(156,757)
Real assets	694,813	680,709	14,104
Agency fund at LBCF	112,592	113,840	(1,248)
	<u>\$ 6,327,665</u>	<u>\$ 5,895,034</u>	<u>\$ 432,631</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
LONG BEACH RESCUE MISSION FOUNDATION**
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2022

3. Investments, continued

The following schedule summarizes the investment return for the year ended June 30, 2022:

	Without Donor Restrictions
Interest and dividends	\$ 181,846
Management fees	(62,994)
Investment income, net	118,852
Realized gain	683,142
Unrealized loss	(1,424,967)
Total investment return	<u>\$ (622,973)</u>

The scheduled maturities for government and corporate bonds were as follows as of June 30, 2022:

	Par Value	Fair Value
1 – 5 years	\$ 97,740	\$ 96,196
10 – 15 years	30,000	29,116
	<u>\$ 127,740</u>	<u>\$ 125,312</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 combined financial statements.

4. Property and Equipment, Net

Property and equipment was summarized as follows as of June 30, 2022:

Land	\$ 3,252,174
Land improvements	31,309
Buildings and improvements	4,656,941
Construction in progress	193,480
Furniture, fixtures, and equipment	931,927
Vehicles	211,692
	9,277,523
Less: accumulated depreciation	<u>(4,268,349)</u>
	<u>\$ 5,009,174</u>

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

4. Property and Equipment, continued

For the year ended June 30, 2022, the Organization has a number of capital projects. For the year ended June 30, 2022, total costs incurred that remain as under construction in progress amount to approximately \$193,480 of which approximately \$3,800 was accrued for in accounts payable as of June 30, 2022. Subsequent to year end, the Organization incurred additional costs of \$2,905,018 toward their construction in progress. The Organization will continue to track costs associated with the construction until placed in service.

Depreciation expense was \$192,604 for the year ended June 30, 2022.

5. Accrued Liabilities

Accrued liabilities consisted of the following as of June 30, 2022:

Accrued compensated absences	\$ 80,064
Accrued expenses	64,075
Accrued payroll	29,014
Sales tax payable	4,990
	<hr/>
	\$ 178,143
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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 the combined financial statements.

7. Employee Benefit Plans

The Organization has a tax deferred retirement plan under IRC 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, 2022, matching contributions were \$18,683.

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, 2022.

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

8. Net Assets With Donor Restrictions

Net assets with donors' temporary restrictions were available for the following purposes as of June 30, 2022:

Recreation day for women	\$ 4,642
Backpacks	5,000
Chapel renovation and vehicle	3,586
Bible's for NLPs	5,000
Back to society	8,808
	<hr/>
	\$ 27,036

9. Net Assets Released From Restrictions

Net assets released from restrictions by incurring expenses that satisfied the restricted purpose during the year by the passage of time, or by the direction of the donor were as follows for the year ended June 30:

Backpack drive	\$ 5,000
Thanksgiving meals	5,000
Dining room and vehicle	209,764
Chapel renovation and A/C unit	7,000
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	\$ 226,764

10. 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. For the year ended June 30, 2022, at various times there were balances in the financial institutions that were over the FDIC limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

11. 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.

LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

11. Liquidity and Availability of Financial Assets, continued

The following represents financial assets that could readily be made available within one year for general expenditures as of June 30, 2022:

Financial assets:	
Cash and cash equivalents	\$ 1,296,730
Accounts receivable	18,685
Investments	<u>6,327,665</u>
Total financial assets at year-end	7,643,080
Less: those unavailable for general expenditures within one year, due to:	
Purpose restriction	<u>(27,036)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,616,044</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.

12. Fair Value Measurements

Fair values of assets measured were as follows as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Measured on a recurring basis:				
Stocks, options, ETFs, equity funds	\$ 3,518,702	\$ -	\$ -	\$ 3,518,702
Corporate bonds	-	125,312	-	125,312
Fixed income mutual funds	1,876,246	-	-	1,876,246
Real assets	219,411	475,402	-	694,813
Agency fund at Community Foundation	-	-	112,592	112,592
Total	<u>\$ 5,614,359</u>	<u>\$ 600,714</u>	<u>\$ 112,592</u>	<u>\$ 6,327,665</u>
Measured on a nonrecurring basis:				
Non-cash contributions		\$ 667,431	\$ -	\$ 667,431
Total		<u>\$ 667,431</u>	<u>\$ -</u>	<u>\$ 667,431</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.

United States of America 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.

LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

12. Fair Value Measurements, continued

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 LBCF 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).

The following summarizes the changes in fair value measurements using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

Balance, July 1, 2022	\$ 122,717
Investment income, gains and losses	<u>(10,125)</u>
Balance, June 30, 2022	<u><u>\$ 112,592</u></u>

13. Special Events

Revenue generated from special events was summarized as follows for the year ended June 30, 2022:

	Gala	LB Prayer Breakfast	Total
Ticket sales for event	\$ 3,325	\$ 850	\$ 4,175
Less: cost of direct benefit to donor	<u>(52,076)</u>	<u>(17,164)</u>	<u>(69,240)</u>
	(48,751)	(16,314)	(65,065)
Contributions received at fundraiser	<u>110,479</u>	<u>69,723</u>	<u>180,202</u>
Total	<u><u>\$ 61,728</u></u>	<u><u>\$ 53,409</u></u>	<u><u>\$ 115,137</u></u>

LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2022

14. Contributed Nonfinancial Assets

The estimated fair value of donated goods are recorded as contributions. The following donations were received by the Organization for the year ended June 30, 2022:

	Revenue Recognized	Program/Activity Utilization	Donor Restriction	Valuation Techniques and Inputs
Goods	\$ 82,869	Program - Community Services	None	Estimated wholesale values that would be received for selling similar products in U.S.
Food	554,181	Program - Community Services	None	Estimated wholesale values that would be received for selling similar products in U.S.
Fuel	30,381	Program - Community Services	None	Estimated wholesale values that would be received for selling similar products in U.S.(Specifically Southern California)
	<u>\$ 667,431</u>			

15. Subsequent Events

On September 28, 2023 LBRM sold one of its properties, 702 West Anaheim Street, Long Beach, California. The property was sold to the City of Long Beach in the amount of \$7,200,000.

On December 22, 2023, a fire occurred inside the first floor of the Lydia House, causing extensive damage to the first floor of the property. Subsequently, on March 15, 2024 LBRM entered into an agreement with Interscope Constructive Management in the amount of \$502,406 to reconstruct the first floor of the Lydia House.

As of March 11, 2024, LBRM has the following properties under construction in progress: Lydia House, not related to the first-floor fire, as of March 11, 2024 is \$475,964. Property located at 211/215 Anaheim St. currently has a total of \$1,244,226 construction in progress as of March 11, 2024. 1400 Pacific Blvd. property currently has \$204,469 of construction in progress as of March 11, 2024. The last property that is currently under renovations is the Samaritan House, as of March 11, 2024, the property has a total of \$375,275 of construction in progress, as well as earthquake valves construction in progress totaling \$6,000. The corporate office located at 1430 Pacific Blvd. has ongoing construction in progress with a total of \$792,562 as of March 11, 2024.

The Organization evaluated subsequent events for recognition and disclosure through April 1, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that require recognition or disclosure in the combined financial statements.

SUPPLEMENTARY INFORMATION

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**
SCHEDULE I – COMBINING STATEMENT OF FINANCIAL POSITION
As of June 30, 2022

	LBRM			LBRMF				Combined
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Totals
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 275,171	\$ 27,036	\$ 302,207	\$ 994,523	\$ -	\$ 994,523	\$ -	\$ 1,296,730
Accounts receivable	28,927	-	28,927	-	-	-	(10,242)	18,685
Inventories	14,690	-	14,690	-	-	-	-	14,690
Prepaid expenses	11,177	-	11,177	2,514	-	2,514	-	13,691
Total current assets	329,965	27,036	357,001	997,037	-	997,037	(10,242)	1,343,796
Investments	-	-	-	6,327,665	-	6,327,665	-	6,327,665
Property and equipment, net	5,009,174	-	5,009,174	-	-	-	-	5,009,174
Other assets:								
Funds held for others	58,895	-	58,895	-	-	-	-	58,895
Total assets	<u>\$ 5,398,034</u>	<u>\$ 27,036</u>	<u>\$ 5,425,070</u>	<u>\$ 7,324,702</u>	<u>\$ -</u>	<u>\$ 7,324,702</u>	<u>\$ (10,242)</u>	<u>\$ 12,739,530</u>
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable	\$ 101,765	\$ -	\$ 101,765	\$ 10,242	\$ -	\$ 10,242	\$ (10,242)	\$ 101,765
Accrued liabilities	178,143	-	178,143	-	-	-	-	178,143
Total current liabilities	279,908	-	279,908	10,242	-	10,242	(10,242)	279,908
Net assets:								
Without donor restrictions	5,118,126	-	5,118,126	7,314,460	-	7,314,460	-	12,432,586
With donor restrictions	-	27,036	27,036	-	-	-	-	27,036
Total net assets	5,118,126	27,036	5,145,162	7,314,460	-	7,314,460	-	12,459,622
Total liabilities and net assets	<u>\$ 5,398,034</u>	<u>\$ 27,036</u>	<u>\$ 5,425,070</u>	<u>\$ 7,324,702</u>	<u>\$ -</u>	<u>\$ 7,324,702</u>	<u>\$ (10,242)</u>	<u>\$ 12,739,530</u>

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**
SCHEDULE II – COMBINING STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

	LBRM			LBRMF				Combined
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Totals
Support and revenue:								
Contributions	\$ 3,195,569	\$ 235,350	\$ 3,430,919	\$ 1,000,350	\$ -	\$ 1,000,350	\$ (1,000,000)	\$ 3,431,269
Estates and bequests	-	-	-	56,584	-	56,584	-	56,584
Private grants	348,150	-	348,150	-	-	-	-	348,150
In-kind contributions	667,431	-	667,431	-	-	-	-	667,431
Program service fees	26,217	-	26,217	-	-	-	-	26,217
Special events, net	(65,065)	-	(65,065)	-	-	-	-	(65,065)
Investment income, net	297	-	297	118,555	-	118,555	-	118,852
Rental income	62,655	-	62,655	-	-	-	-	62,655
Thrift store sales	280,003	-	280,003	-	-	-	-	280,003
Other revenue	70,973	-	70,973	-	-	-	-	70,973
Net realized gain on sale or exchange of asset	(144)	-	(144)	-	-	-	-	(144)
Net realized gain on investments	-	-	-	683,142	-	683,142	-	683,142
Net unrealized gain on investments	-	-	-	(1,424,967)	-	(1,424,967)	-	(1,424,967)
	4,586,086	235,350	4,821,436	433,664	-	433,664	(1,000,000)	4,255,100
Net assets released from restrictions	226,764	(226,764)	-	-	-	-	-	-
Total support and revenue	4,812,850	8,586	4,821,436	433,664	-	433,664	(1,000,000)	4,255,100
Expenses:								
Program services	3,251,157	-	3,251,157	-	-	-	-	3,251,157
Management and general	1,491,686	-	1,491,686	4,121	-	4,121	(1,000,000)	495,807
Fundraising	888,447	-	888,447	-	-	-	-	888,447
Total expenses	5,631,290	-	5,631,290	4,121	-	4,121	(1,000,000)	4,635,411
Change in net assets	(818,440)	8,586	(809,854)	429,543	-	429,543	-	(380,311)
Net assets, beginning of year	5,936,566	18,450	5,955,016	6,884,917	-	6,884,917	-	12,839,933
Net assets, end of year	\$ 5,118,126	\$ 27,036	\$ 5,145,162	\$ 7,314,460	\$ -	\$ 7,314,460	\$ -	\$ 12,459,622

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**

SCHEDULE III – COMBINING STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	LBRM				LBRMF				Combined
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total	Eliminations	Totals
Salaries and wages	\$ 1,150,195	\$ 340,600	\$ 100,322	\$ 1,591,117	\$ -	\$ -	\$ -	\$ -	\$ 1,591,117
Employee benefits	160,157	38,764	128	199,049	-	-	-	-	199,049
Payroll taxes	91,405	31,622	8,633	131,660	-	-	-	-	131,660
	<u>1,401,757</u>	<u>410,986</u>	<u>109,083</u>	<u>1,921,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,921,826</u>
In-kind expense	667,431	-	-	667,431	-	-	-	-	667,431
Advertising and newsletter	5,035	-	499,139	504,174	-	-	-	-	504,174
Facility expense	262,161	7,844	64,506	334,511	-	-	-	-	334,511
Professional fees	146,404	28,939	63,491	238,834	-	-	-	-	238,834
Depreciation and amortization	175,900	16,704	-	192,604	-	-	-	-	192,604
Utilities and telephone	176,621	12,484	2,428	191,533	-	-	-	-	191,533
Postage and delivery	20,862	-	158,511	179,373	-	-	-	-	179,373
Insurance	109,712	4,048	809	114,569	-	2,421	2,421	-	116,990
Taxes and licenses	51,204	10,681	-	61,885	-	100	100	-	61,985
Printing and reproduction	44,851	-	16,424	61,275	-	-	-	-	61,275
Benevolence	33,217	-	-	33,217	-	-	-	-	33,217
Professional development	30,651	-	-	30,651	-	-	-	-	30,651
Travel and meals	27,582	-	494	28,076	-	-	-	-	28,076
Outside services	1,640	-	23,995	25,635	-	1,600	1,600	-	27,235
Programs and case management	26,002	-	-	26,002	-	-	-	-	26,002
Food supply and services	21,023	-	-	21,023	-	-	-	-	21,023
Office expense	20,868	-	-	20,868	-	-	-	-	20,868
Miscellaneous	4,565	-	13,727	18,292	-	-	-	-	18,292
Vehicle expense	15,880	-	-	15,880	-	-	-	-	15,880
Community development	7,791	-	5,080	12,871	-	-	-	-	12,871
Grant paid to LBRMF	-	1,000,000	-	1,000,000	-	-	-	(1,000,000)	-
	<u>3,251,157</u>	<u>1,491,686</u>	<u>957,687</u>	<u>5,700,530</u>	<u>-</u>	<u>4,121</u>	<u>4,121</u>	<u>(1,000,000)</u>	<u>4,704,651</u>
Less: expenses included with revenues on the combined statement of activities	<u>-</u>	<u>-</u>	<u>(69,240)</u>	<u>(69,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,240)</u>
Total expenses included in the expense section of the combined statement of activities	<u>\$ 3,251,157</u>	<u>\$ 1,491,686</u>	<u>\$ 888,447</u>	<u>\$ 5,631,290</u>	<u>\$ -</u>	<u>\$ 4,121</u>	<u>\$ 4,121</u>	<u>\$ (1,000,000)</u>	<u>\$ 4,635,411</u>

**LONG BEACH RESCUE MISSION AND
LONG BEACH RESCUE MISSION FOUNDATION**
SCHEDULE IV – COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2022

	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	\$ (818,440)	\$ 8,586	\$ (809,854)	\$ 429,543	\$ -	\$ 429,543	\$ -	\$ (380,311)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	192,604	-	192,604	-	-	-	-	192,604
Net realized gain on sale or exchange of asset	144	-	144	-	-	-	-	144
Net realized gain on investments	-	-	-	(683,142)	-	(683,142)	-	(683,142)
Net unrealized gain on investments	-	-	-	1,424,967	-	1,424,967	-	1,424,967
Changes in operating assets and liabilities:								
Accounts receivable	(8,193)	-	(8,193)	-	-	-	(10,242)	(18,435)
Inventories	(481)	-	(481)	-	-	-	-	(481)
Prepaid expenses	25,857	-	25,857	(2,514)	-	(2,514)	-	23,343
Funds held for others	7,833	-	7,833	-	-	-	-	7,833
Accounts payable	(5,388)	-	(5,388)	(3,713)	-	(3,713)	10,242	1,141
Accrued liabilities	70,818	-	70,818	-	-	-	-	70,818
Net cash provided by (used in) operating activities	(535,246)	8,586	(526,660)	1,165,141	-	1,165,141	-	638,481
Cash flows from investing activities:								
Purchases of property and equipment	(405,328)	-	(405,328)	-	-	-	-	(405,328)
Proceeds from sale of investments	-	-	-	2,045,177	-	2,045,177	-	2,045,177
Purchases of investments	-	-	-	(2,790,560)	-	(2,790,560)	-	(2,790,560)
Net cash used in investing activities	(405,328)	-	(405,328)	(745,383)	-	(745,383)	-	(1,150,711)
Change in cash and cash equivalents	(940,574)	8,586	(931,988)	419,758	-	419,758	-	(512,230)
Cash and cash equivalents, beginning of year	1,215,745	18,450	1,234,195	574,765	-	574,765	-	1,808,960
Cash and cash equivalents, end of year	\$ 275,171	\$ 27,036	\$ 302,207	\$ 994,523	\$ -	\$ 994,523	\$ -	\$ 1,296,730