

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

**COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

June 30, 2023



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

**T A B L E O F C O N T E N T S**

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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), which comprise the combined statements of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

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 as of June 30, 2023, and the change 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 ("U.S. GAAP").

### **Basis for Opinion**

We conducted our audit 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 Combined 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 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 available to be 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 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 combined financial statements as a whole. The supplementary consolidating information in Schedules I to IV 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.



Long Beach, California  
April 7, 2025

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,133,059	\$ 181,076	\$ 1,314,135
Accounts receivable	31,280	-	31,280
Inventories	17,115	-	17,115
Prepaid expenses	39,676	-	39,676
Total current assets	1,221,130	181,076	1,402,206
Investments	6,765,580	-	6,765,580
Property and equipment, net	5,859,277	-	5,859,277
Other assets:			
Deposits	2,500	-	2,500
Funds held for others	50,520	-	50,520
Total other assets	53,020	-	53,020
Total assets	\$ 13,899,007	\$ 181,076	\$ 14,080,083
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$ 103,659	\$ -	\$ 103,659
Accrued liabilities	152,696	-	152,696
Total current liabilities	256,355	-	256,355
Net assets:			
Without donor restrictions	13,642,652	-	13,642,652
With donor restrictions	-	181,076	181,076
Total net assets	13,642,652	181,076	13,823,728
Total liabilities and net assets	\$ 13,899,007	\$ 181,076	\$ 14,080,083

# LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

## COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 2,860,301	\$ 231,000	\$ 3,091,301
Estates and bequests	962,491	-	962,491
Private grants	427,250	-	427,250
In-kind contributions	602,297	-	602,297
Program service fees	93,789	-	93,789
Special events, net of direct cost of \$45,382	(26,452)	-	(26,452)
Investment income, net	137,816	-	137,816
Rental income	85,155	-	85,155
Thrift store sales	145,824	-	145,824
Other revenue	20,518	-	20,518
Realized and unrealized gain (loss) on investments	396,932	-	396,932
	5,705,921	231,000	5,936,921
Net assets released from restrictions	76,960	(76,960)	-
Total support and revenue	5,782,881	154,040	5,936,921
Expenses:			
Program services	3,275,975	-	3,275,975
Management and general	533,191	-	533,191
Fundraising	763,649	-	763,649
Total expenses	4,572,815	-	4,572,815
Change in net assets	1,210,066	154,040	1,364,106
Net assets, beginning of year	12,432,586	27,036	12,459,622
Net assets, end of year	\$ 13,642,652	\$ 181,076	\$ 13,823,728

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2023

	Program Community Services	Supporting Services Management and General	Fundraising	Total
Salaries and wages	\$ 1,216,970	\$ 336,555	\$ 71,827	\$ 1,625,352
Employee benefits	170,422	41,738	250	212,410
Payroll taxes	90,804	30,025	5,125	125,954
	<u>1,478,196</u>	<u>408,318</u>	<u>77,202</u>	<u>1,963,716</u>
In-kind expense	602,297	-	-	602,297
Advertising and newsletter	-	-	492,084	492,084
Facility expense	213,907	4,284	22,751	240,942
Depreciation	201,475	32,980	-	234,455
Professional fees	113,660	47,292	64,762	225,714
Utilities and telephone	191,751	13,386	437	205,574
Insurance	117,436	11,858	1,994	131,288
Postage and delivery	21,085	-	74,640	95,725
Programs and case management	67,310	-	1,275	68,585
Printing and reproduction	31,314	-	36,065	67,379
Food supply and services	63,829	-	-	63,829
Miscellaneous	17,029	-	37,806	54,835
Office expense	44,591	-	-	44,591
Taxes and licenses	32,231	11,479	-	43,710
Vehicle expense	22,490	-	-	22,490
Benevolence	19,381	-	-	19,381
Community development	17,916	1,142	-	19,058
Professional development	11,946	2,452	-	14,398
Travel and meals	8,131	-	15	8,146
	<u>3,275,975</u>	<u>533,191</u>	<u>809,031</u>	<u>4,618,197</u>
Total expenses				
Less: expenses included with revenues on the combined statement of activities	<u>-</u>	<u>-</u>	<u>(45,382)</u>	<u>(45,382)</u>
Expenses included in the expense section of the combined statement of activities	<u>\$ 3,275,975</u>	<u>\$ 533,191</u>	<u>\$ 763,649</u>	<u>\$ 4,572,815</u>

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

**COMBINED STATEMENT OF CASH FLOWS**

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities:			
Change in net assets	\$ 1,210,066	\$ 154,040	\$ 1,364,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	234,455	-	234,455
Realized and unrealized (gain) loss on investments	(396,932)	-	(396,932)
Changes in operating assets and liabilities:			
Accounts receivable	(12,595)	-	(12,595)
Inventories	(2,425)	-	(2,425)
Prepaid expenses	(25,985)	-	(25,985)
Deposits	(2,500)	-	(2,500)
Funds held for others	8,375	-	8,375
Accounts payable	1,894	-	1,894
Accrued liabilities	(25,447)	-	(25,447)
Net cash provided by operating activities	988,906	154,040	1,142,946
Cash flows from investing activities:			
Purchases of property and equipment	(1,084,558)	-	(1,084,558)
Proceeds from sale of investments	3,913,058	-	3,913,058
Purchases of investments	(3,954,041)	-	(3,954,041)
Net cash used in investing activities	(1,125,541)	-	(1,125,541)
Change in cash and cash equivalents	(136,635)	154,040	17,405
Cash and cash equivalents, beginning of year	1,269,694	27,036	1,296,730
Cash and cash equivalents, end of year	\$ 1,133,059	\$ 181,076	\$ 1,314,135

*For the year ended June 30, 2023, 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, 2023

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### 1. Organization and Nature of Activities

Long Beach Rescue Mission ("LBRM" or the "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, and 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" or 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 LBRM and 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's Board. The 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 are therefore 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 combined 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, 2023

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**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 contracted services between the Mission and U.S. Vets. Accounts receivable was \$18,685 for the year ended June 30, 2022. Accounts receivables are stated at the amounts that management expects to collect from outstanding balances. For the year ended June 30, 2023 accounts receivable was \$31,280. As of June 30, 2023, 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  
LONG BEACH RESCUE MISSION FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

June 30, 2023

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**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 has declined and may not be recoverable. For the year ended June 30, 2023, no circumstances have occurred 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**

Thrift store revenue – performance obligation for retail sale is typically satisfied when the 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**

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 With Characteristics of Both Exchange and Non-exchange Transactions**

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, 2023

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**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, 2023, the Organization received food inventory with a fair value on the date of donation of \$491,990. 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, 2023, the Organization received donations of various household goods valued at \$2,500, donated footwear and apparel valued at \$63,959 and donated fuel valued at \$43,848.

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, 2023, advertising expense was \$492,084.

***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, 2023, 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, 2023.

# LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

## NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2023

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### 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.

#### ***Recent Accounting Pronouncements***

Financial Accounting Standards Board Accounting Standards Update ("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 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, 2023. The Organization is currently evaluating the impact of the adoption of ASU 2016-13.

# LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

## NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2023

### 2. Summary of Significant Accounting Policies, continued

#### *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, 2023:

	Fair Value	Cost	Unrealized Gain (Loss)
Equities	\$ 3,932,067	\$ 3,001,251	\$ 930,816
Fixed income	2,446,254	2,452,547	(6,293)
Real assets	269,462	324,157	(54,695)
Agency fund at LBCF	117,797	113,840	3,957
	<u>\$ 6,765,580</u>	<u>\$ 5,891,795</u>	<u>\$ 873,785</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 LBCF for the benefit of the Organization. A portion of the fund's earnings is made available for distribution to the Organization periodically.

The following schedule summarizes the investment return for the year ended June 30, 2023:

	Without Donor Restrictions
Interest and dividends	\$ 203,863
Management fees	(66,047)
Investment income, net	137,816
Realized loss	(37,205)
Unrealized gain	434,137
Total investment return	<u>\$ 534,748</u>

# LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

## NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2023

### 3. Investments, continued

The scheduled maturities for government and corporate bonds were as follows as of June 30, 2023:

	Par Value	Fair Value
1 to 5 years	\$ 1,646,090	\$ 1,643,384
10 to 15 years	646,457	644,252
	<u>\$ 2,292,547</u>	<u>\$ 2,287,636</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, net was summarized as follows as of June 30, 2023:

Land	\$ 3,252,174
Land improvements	31,309
Buildings and improvements	5,311,637
Construction in progress	339,357
Furniture, fixtures, and equipment	1,178,630
Vehicles	248,974
	<u>10,362,081</u>
Less: accumulated depreciation	<u>(4,502,804)</u>
	<u>\$ 5,859,277</u>

For the year ended June 30, 2023, the Organization has a number of capital projects. For the year ended June 30, 2023, total costs incurred that remain as under construction in progress amount to \$339,357. Subsequent to year-end, the Organization incurred additional costs of \$1,004,000 toward their construction in progress. The Organization will continue to track costs associated with the construction until placed in service.

Depreciation expense was \$234,455 for the year ended June 30, 2023.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
June 30, 2023

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**5. Accrued Liabilities**

Accrued liabilities consisted of the following as of June 30, 2023:

Accrued compensated absences	\$ 95,605
Accrued expenses	41,451
Prepaid rent	15,640
	<hr/>
	\$ 152,696
	<hr/>

**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, 2023, matching contributions were \$19,408.

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 are calculated on a calendar year basis. The Board elected not to contribute for the year ended June 30, 2023.

**8. Net Assets with Donor Restrictions**

Net assets with donors' temporary restrictions were available for the following purposes as of June 30, 2023:

Recreation day for women	\$ 4,642
Samaritan House dining room and Lydia House vehicle	3,586
Backpacks	5,000
Bibles for NLPs	3,562
Back to society	8,808
United Way	150,000
Apostle Foundation	5,478
	<hr/>
	\$ 181,076
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**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

June 30, 2023

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**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, 2023:

Bibles for NLPs	\$ 1,438
Backpack drive	5,000
Apostle Foundation	<u>70,522</u>
	<u><u>\$ 76,960</u></u>

**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, 2023, 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.

The following represents financial assets that could readily be made available within one year for general expenditures as of June 30, 2023:

Financial assets:	
Cash and cash equivalents	\$ 1,314,135
Accounts receivable	31,280
Investments	<u>6,765,580</u>
Total financial assets at year-end	8,110,995
Less: those unavailable for general expenditures within one year, due to:	
Purpose restriction	<u>(181,076)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 7,929,919</u></u>

**LONG BEACH RESCUE MISSION AND  
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**NOTES TO COMBINED FINANCIAL STATEMENTS**  
June 30, 2023

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**11. Liquidity and Availability of Financial Assets**, continued

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, 2023:

	Level 1	Level 2	Level 3	Total
Measured on a recurring basis:				
Stocks, options, ETFs, equity funds	\$ 3,932,067	\$ -	\$ -	\$ 3,932,067
Corporate bonds	-	935,112	-	935,112
Government bonds	1,352,524	-	-	1,352,524
Fixed income mutual funds	158,618	-	-	158,618
Real assets	-	269,462	-	269,462
Agency fund at Community Foundation	-	-	117,797	117,797
Total	<u>\$ 5,443,209</u>	<u>\$ 1,204,574</u>	<u>\$ 117,797</u>	<u>\$ 6,765,580</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 Treasuries, 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 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.

# LONG BEACH RESCUE MISSION AND LONG BEACH RESCUE MISSION FOUNDATION

## NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2023

### 12. 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, 2023:

Balance, July 1, 2022	\$ 112,592
Investment income, gains and losses	5,205
	<u>          </u>
Balance, June 30, 2023	<u>\$ 117,797</u>

### 13. Special Events

Revenue generated from special events was summarized as follows for the year ended June 30, 2023:

	Spring Tea	LB Prayer Breakfast	Total
Ticket sales for event	\$ 9,080	\$ 9,850	\$ 18,930
Less: cost of direct benefit to donor	(12,184)	(33,198)	(45,382)
	(3,104)	(23,348)	(26,452)
Contributions received at fundraiser	59,738	45,303	105,041
Total	<u>\$ 56,634</u>	<u>\$ 21,955</u>	<u>\$ 78,589</u>

### 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, 2023:

	Revenue Recognized	Program/Activity Utilization	Donor Restriction	Valuation Techniques and Inputs
Goods	\$ 66,459	Program - Community Services	None	Estimated wholesale values that would be received for selling similar products in U.S.
Food	491,990	Program - Community Services	None	Estimated wholesale values that would be received for selling similar products in U.S.
Fuel	43,848	Program - Community Services	None	Estimated wholesale values that would be received for selling similar products in U.S.(specifically Southern California)
	<u>\$ 602,297</u>			

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

**NOTES TO COMBINED FINANCIAL STATEMENTS**

June 30, 2023

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**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.

For the fiscal year beginning July 1, 2024, LBRM has a number of capital projects in process that were completed and placed in service, totaling \$8,820,700 as follows: Lydia House fire renovation and exterior improvements of \$1,466,000, Apostle House construction of \$1,580,00, administration building interior and exterior renovation of \$455,000, and Samaritan House renovations of \$1,689,000. Total cost incurred that remains under construction amounts to approximately \$1,004,000, which is mostly related to the Lydia House expansion. Additionally, construction in process of \$350,000 has been spent thus far on the parking lot renovation at Samaritan House.

In the month of October 2024, the building located at 1420 Pacific Avenue was demolished and construction on the new "Lydia House expansion project" will begin soon and will be a new and separate structure from the Lydia House. The net book value of the building is \$103,000.

In the month of February 2025, Timothy House, a new 12-bed shelter for transitional age youth was opened. LBRM received \$900,000 dedicated to Timothy House from various donors.

The Organization has committed to approximately \$6.5 million in construction contracts subsequent to year end.

The Organization evaluated subsequent events for recognition and disclosure through April 7, 2025, the date which these combined financial statements were available to be issued. Management concluded that, other than disclosed above, no material subsequent events have occurred since June 30, 2023 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, 2023

	LBRM			LBRMF				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Combined Totals
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 683,168	\$ 181,076	\$ 864,244	\$ 449,891	\$ -	\$ 449,891	\$ -	\$ 1,314,135
Accounts receivable	40,376	-	40,376	-	-	-	(9,096)	31,280
Inventories	17,115	-	17,115	-	-	-	-	17,115
Prepaid expenses	37,065	-	37,065	2,611	-	2,611	-	39,676
Total current assets	777,724	181,076	958,800	452,502	-	452,502	(9,096)	1,402,206
Investments	-	-	-	6,765,580	-	6,765,580	-	6,765,580
Property and equipment, net	5,859,277	-	5,859,277	-	-	-	-	5,859,277
Other assets:								
Deposits	2,500	-	2,500	-	-	-	-	2,500
Funds held for others	50,520	-	50,520	-	-	-	-	50,520
Total assets	<u>\$ 6,690,021</u>	<u>\$ 181,076</u>	<u>\$ 6,871,097</u>	<u>\$ 7,218,082</u>	<u>\$ -</u>	<u>\$ 7,218,082</u>	<u>\$ (9,096)</u>	<u>\$ 14,080,083</u>
<b>LIABILITIES AND NET ASSETS</b>								
Current liabilities:								
Accounts payable	\$ 103,659	\$ -	\$ 103,659	\$ 9,096	\$ -	\$ 9,096	\$ (9,096)	\$ 103,659
Accrued liabilities	152,696	-	152,696	-	-	-	-	152,696
Total current liabilities	256,355	-	256,355	9,096	-	9,096	(9,096)	256,355
Net assets:								
Without donor restrictions	6,433,666	-	6,433,666	7,208,986	-	7,208,986	-	13,642,652
With donor restrictions	-	181,076	181,076	-	-	-	-	181,076
Total net assets	6,433,666	181,076	6,614,742	7,208,986	-	7,208,986	-	13,823,728
Total liabilities and net assets	<u>\$ 6,690,021</u>	<u>\$ 181,076</u>	<u>\$ 6,871,097</u>	<u>\$ 7,218,082</u>	<u>\$ -</u>	<u>\$ 7,218,082</u>	<u>\$ (9,096)</u>	<u>\$ 14,080,083</u>

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**  
**SCHEDULE II – COMBINING STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2023

	LBRM			LBRMF				Combined
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Totals
Support and revenue:								
Contributions	\$ 4,458,202	\$ 231,000	\$ 4,689,202	\$ 3,671	\$ -	\$ 3,671	\$ (1,601,572)	\$ 3,091,301
Estates and bequests	-	-	-	962,491	-	962,491	-	962,491
Private grants	427,250	-	427,250	-	-	-	-	427,250
In-kind contributions	602,297	-	602,297	-	-	-	-	602,297
Program service fees	93,789	-	93,789	-	-	-	-	93,789
Special events, net of direct cost of \$45,382	(26,452)	-	(26,452)	-	-	-	-	(26,452)
Investment income, net	-	-	-	137,816	-	137,816	-	137,816
Rental income	85,155	-	85,155	-	-	-	-	85,155
Thrift store sales	145,824	-	145,824	-	-	-	-	145,824
Other revenue	20,518	-	20,518	-	-	-	-	20,518
Realized and unrealized gain (loss) on investments	-	-	-	396,932	-	396,932	-	396,932
	5,806,583	231,000	6,037,583	1,500,910	-	1,500,910	(1,601,572)	5,936,921
Net assets released from restrictions	76,960	(76,960)	-	-	-	-	-	-
Total support and revenue	5,883,543	154,040	6,037,583	1,500,910	-	1,500,910	(1,601,572)	5,936,921
Expenses:								
Program services	3,275,975	-	3,275,975	-	-	-	-	3,275,975
Management and general	528,379	-	528,379	1,606,384	-	1,606,384	(1,601,572)	533,191
Fundraising	763,649	-	763,649	-	-	-	-	763,649
Total expenses	4,568,003	-	4,568,003	1,606,384	-	1,606,384	(1,601,572)	4,572,815
Change in net assets	1,315,540	154,040	1,469,580	(105,474)	-	(105,474)	-	1,364,106
Net assets, beginning of year	5,118,126	27,036	5,145,162	7,314,460	-	7,314,460	-	12,459,622
Net assets, end of year	\$ 6,433,666	\$ 181,076	\$ 6,614,742	\$ 7,208,986	\$ -	\$ 7,208,986	\$ -	\$ 13,823,728

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**  
**SCHEDULE III – COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2023

	LBRM				LBRMF				Combined
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Total	Eliminations	Totals
Salaries and wages	\$ 1,216,970	\$ 336,555	\$ 71,827	\$ 1,625,352	\$ -	\$ -	\$ -	\$ -	\$ 1,625,352
Employee benefits	170,422	41,738	250	212,410	-	-	-	-	212,410
Payroll taxes	90,804	30,025	5,125	125,954	-	-	-	-	125,954
	<u>1,478,196</u>	<u>408,318</u>	<u>77,202</u>	<u>1,963,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,963,716</u>
In-kind expense	602,297	-	-	602,297	-	-	-	-	602,297
Grants paid to LBRM	-	-	-	-	-	1,601,572	1,601,572	(1,601,572)	-
Advertising and newsletter	-	-	492,084	492,084	-	-	-	-	492,084
Facility expense	213,907	4,184	22,751	240,842	-	100	100	-	240,942
Depreciation and amortization	201,475	32,980	-	234,455	-	-	-	-	234,455
Professional fees	113,660	45,292	64,762	223,714	-	2,000	2,000	-	225,714
Utilities and telephone	191,751	13,386	437	205,574	-	-	-	-	205,574
Insurance	117,436	9,146	1,994	128,576	-	2,712	2,712	-	131,288
Postage and delivery	21,085	-	74,640	95,725	-	-	-	-	95,725
Programs and case management	67,310	-	1,275	68,585	-	-	-	-	68,585
Printing and reproduction	31,314	-	36,065	67,379	-	-	-	-	67,379
Food supply and services	63,829	-	-	63,829	-	-	-	-	63,829
Miscellaneous	17,029	-	37,806	54,835	-	-	-	-	54,835
Office expense	44,591	-	-	44,591	-	-	-	-	44,591
Taxes and licenses	32,231	11,479	-	43,710	-	-	-	-	43,710
Vehicle expense	22,490	-	-	22,490	-	-	-	-	22,490
Benevolence	19,381	-	-	19,381	-	-	-	-	19,381
Community development	17,916	1,142	-	19,058	-	-	-	-	19,058
Professional development	11,946	2,452	-	14,398	-	-	-	-	14,398
Travel and meals	8,131	-	15	8,146	-	-	-	-	8,146
	<u>3,275,975</u>	<u>528,379</u>	<u>809,031</u>	<u>4,613,385</u>	<u>-</u>	<u>1,606,384</u>	<u>1,606,384</u>	<u>(1,601,572)</u>	<u>4,618,197</u>
Less: expenses included with revenues on the combined statement of activities	<u>-</u>	<u>-</u>	<u>(45,382)</u>	<u>(45,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,382)</u>
Total expenses included in the expense section of the combined statement of activities	<u>\$ 3,275,975</u>	<u>\$ 528,379</u>	<u>\$ 763,649</u>	<u>\$ 4,568,003</u>	<u>\$ -</u>	<u>\$ 1,606,384</u>	<u>\$ 1,606,384</u>	<u>\$ (1,601,572)</u>	<u>\$ 4,572,815</u>



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION**  
**SCHEDULE IV – COMBINING STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2023

	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	\$ 1,315,540	\$ 154,040	\$ 1,469,580	\$ (105,474)	\$ -	\$ (105,474)	\$ -	\$ 1,364,106
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	234,455	-	234,455	-	-	-	-	234,455
Realized and unrealized (gain) loss on investments	-	-	-	(396,932)	-	(396,932)	-	(396,932)
Changes in operating assets and liabilities:								
Accounts receivable	(3,499)	-	(3,499)	-	-	-	(9,096)	(12,595)
Inventories	(2,425)	-	(2,425)	-	-	-	-	(2,425)
Prepaid expenses	(25,888)	-	(25,888)	(97)	-	(97)	-	(25,985)
Deposits	(2,500)	-	(2,500)	-	-	-	-	(2,500)
Funds held for others	8,375	-	8,375	-	-	-	-	8,375
Accounts payable	(6,056)	-	(6,056)	(1,146)	-	(1,146)	9,096	1,894
Accrued liabilities	(25,447)	-	(25,447)	-	-	-	-	(25,447)
Net cash provided by (used in) operating activities	1,492,555	154,040	1,646,595	(503,649)	-	(503,649)	-	1,142,946
Cash flows from investing activities:								
Purchases of property and equipment	(1,084,558)	-	(1,084,558)	-	-	-	-	(1,084,558)
Proceeds from sale of investments	-	-	-	3,913,058	-	3,913,058	-	3,913,058
Purchases of investments	-	-	-	(3,954,041)	-	(3,954,041)	-	(3,954,041)
Net cash used in investing activities	(1,084,558)	-	(1,084,558)	(40,983)	-	(40,983)	-	(1,125,541)
Change in cash and cash equivalents	407,997	154,040	562,037	(544,632)	-	(544,632)	-	17,405
Cash and cash equivalents, beginning of year	275,171	27,036	302,207	994,523	-	994,523	-	1,296,730
Cash and cash equivalents, end of year	\$ 683,168	\$ 181,076	\$ 864,244	\$ 449,891	\$ -	\$ 449,891	\$ -	\$ 1,314,135