



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined financial statements of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation (a nonprofit organizations), which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

### Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Onisko & Scholz, LLP*

Long Beach, California  
November 30, 2015

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 153,822	\$ 36,637	\$ 190,459
Accounts receivable	15,571	-	15,571
Contributions receivable	-	614,639	614,639
Current portion of note receivable	8,000	-	8,000
Inventories	10,312	-	10,312
Prepaid expenses	45,003	-	45,003
Total Current Assets	<u>232,708</u>	<u>651,276</u>	<u>883,984</u>
Long-term investments	<u>3,458,312</u>	<u>-</u>	<u>3,458,312</u>
Property and equipment, net	<u>5,592,639</u>	<u>-</u>	<u>5,592,639</u>
Other Assets			
Note receivable, net of current portion	5,508	-	5,508
Loan fees, net	5,443	-	5,443
Deposits	12,660	-	12,660
Plots	1,682	-	1,682
Total Other Assets	<u>25,293</u>	<u>-</u>	<u>25,293</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,308,952</u></b>	<b><u>\$ 651,276</u></b>	<b><u>\$ 9,960,228</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 18,974	\$ -	\$ 18,974
Accrued liabilities	68,917	-	68,917
Current portion of capital lease obligation	5,530	-	5,530
Current portion of note payable	6,670	-	6,670
Total Current Liabilities	<u>100,091</u>	<u>-</u>	<u>100,091</u>
Capitalized lease obligation, net of current portion	2,625	-	2,625
Note payable, net of current portion	<u>247,855</u>	<u>-</u>	<u>247,855</u>
Total Long-Term Debt	<u>250,480</u>	<u>-</u>	<u>250,480</u>
Total Liabilities	<u>350,571</u>	<u>-</u>	<u>350,571</u>
Net Assets			
Unrestricted	8,958,381	-	8,958,381
Temporarily restricted	-	651,276	651,276
Total Net Assets	<u>8,958,381</u>	<u>651,276</u>	<u>9,609,657</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,308,952</u></b>	<b><u>\$ 651,276</u></b>	<b><u>\$ 9,960,228</u></b>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 2,086,935	\$ 26,532	\$ 2,113,467
Estates and bequests	107,830	614,639	722,469
Cold weather shelter contract	295,120	-	295,120
Private grants	53,000	-	53,000
Gifts in-kind	639,834	-	639,834
Special events	\$ 67,519		
Less: Cost of direct benefits to donors	<u>(33,690)</u>	-	33,829
Interest and dividends	105,937	-	105,937
Rental income	47,225	-	47,225
Thrift store sales	170,006	-	170,006
Net realized gain on investments	76,895	-	76,895
Net unrealized loss on investments	(92,120)	-	(92,120)
Other revenue	13,784	-	13,784
Net assets released from restrictions	<u>163,196</u>	<u>(163,196)</u>	<u>-</u>
Total Support and Revenue	<u>3,701,471</u>	<u>477,975</u>	<u>4,179,446</u>
<b>EXPENSES</b>			
Program services	2,859,971	-	2,859,971
Management and general	321,811	-	321,811
Fund-raising	<u>738,606</u>	<u>-</u>	<u>738,606</u>
Total Expenses	3,920,388	-	3,920,388
<b>CHANGE IN NET ASSETS</b>	(218,917)	477,975	259,058
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>9,177,298</u>	<u>173,301</u>	<u>9,350,599</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 8,958,381</u>	<u>\$ 651,276</u>	<u>\$ 9,609,657</u>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services		Supporting Services		TOTAL
	Cold Weather Shelter	Community Services	Management and General	Fund-raising	
Salaries and wages	\$ -	\$ 670,373	\$ 213,821	\$ 99,712	\$ 983,906
Payroll taxes	-	43,512	19,998	6,814	70,324
Employee benefits	650	140,207	20,129	12,744	173,730
	650	854,092	253,948	119,270	1,227,960
Advertising and newsletter	-	5,650	-	389,530	395,180
Benevolence	2,965	56,472	-	-	59,437
Community development	-	5,468	-	-	5,468
Contracted services	239,846	2,178	-	-	242,024
Depreciation and amortization	186	219,251	6,006	2,633	228,076
Facility expense	12,878	215,342	-	-	228,220
Food supply and services	23,680	25,574	-	-	49,254
In-kind expense	-	639,834	-	-	639,834
Interest	-	13,993	-	-	13,993
Insurance	-	71,828	12,043	2,283	86,154
Miscellaneous	-	6,758	988	-	7,746
Office expense	1,990	24,033	-	321	26,344
Postage and delivery	321	28,662	-	126,783	155,766
Printing and reproduction	-	5,228	-	690	5,918
Professional development	-	10,204	8,381	-	18,585
Professional fees	-	62,373	32,598	50,132	145,103
Programs and case management	425	51,857	-	-	52,282
Rent	-	29,738	-	-	29,738
Special events expense	-	-	-	79,050	79,050
Taxes and licenses	-	47,810	-	-	47,810
Travel and meals	430	12,085	-	86	12,601
Utilities and telephone	7,719	128,738	7,847	1,518	145,822
Vehicle expense	55	51,658	-	-	51,713
Total expenses	291,145	2,568,826	321,811	772,296	3,954,078
Less expenses included with revenues on the combined statement of activities	-	-	-	(33,690)	(33,690)
Expenses included in the expense section of the combined statement of activities	\$ 291,145	\$ 2,568,826	\$ 321,811	\$ 738,606	\$ 3,920,388

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets	\$ (218,917)	\$ 477,975	\$ 259,058
<b>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</b>			
Depreciation	227,832	-	227,832
Amortization of loan fees	244	-	244
Net realized gain on investments	(76,895)	-	(76,895)
Net unrealized loss on investments	92,120	-	92,120
Changes in operating assets and liabilities:			
Accounts receivable	(10,081)	-	(10,081)
Contributions receivable	-	(457,701)	(457,701)
Inventories	727	-	727
Prepaid expenses	(17,856)	-	(17,856)
Deposits	(5,660)	-	(5,660)
Accounts payable	(31,023)	-	(31,023)
Accrued liabilities	(7,220)	-	(7,220)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(46,729)</u>	<u>20,274</u>	<u>(26,455)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Collection on note receivable	8,000	-	8,000
Purchases of property and equipment	(194,208)	-	(194,208)
Proceeds from sale of investments	1,218,825	-	1,218,825
Purchase of investments	(1,083,923)	-	(1,083,923)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(51,306)</u>	<u>-</u>	<u>(51,306)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal payments on capital lease obligation	(4,593)	-	(4,593)
Principal payments on note payable	(6,178)	-	(6,178)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(10,771)</u>	<u>-</u>	<u>(10,771)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(108,806)	20,274	(88,532)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>262,628</u>	<u>16,363</u>	<u>278,991</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 153,822</u>	<u>\$ 36,637</u>	<u>\$ 190,459</u>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Organization and Nature of Activities**

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

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

**Principals of Combination**

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

**Basis of Accounting**

The Organizations use the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

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

**Unrestricted** – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily Restricted** – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization, pursuant to those stipulations, or that expire by the passage of time.

**Permanently Restricted** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Accounting for Contributions**

Generally accepted accounting principles require that the Organization reports information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit, repurchase agreements, and money market funds, with an original maturity of three months or less when purchased. The Organization receives funds for its Winter Shelter program from the Los Angeles Homeless Service Authority, which are required to be kept in a separate bank account.

**Accounts Receivable**

The accounts receivable consist primarily of amounts due generated from rental properties, and are stated at the amount that management expects to collect from outstanding balances. Management believes the accounts receivable as of June 30, 2015, are fully collectible and therefore, the Organization has not recorded an allowance for doubtful accounts. Accounts receivable are written off when they are determined to be uncollectible.

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

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

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

**Inventories**

Inventories consist of gift cards and soda machine inventory recorded at cost. No value is placed on Thrift Store inventory at the time of receipt because the value is undeterminable.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Property and Equipment**

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

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

**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 may have declined and not be recoverable. No circumstances have occurred during the year causing the Organization to believe there has been any impairment of the carrying value of its long lived assets. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long lived assets.

**Loan Fees**

Mortgage fees are carried at cost net of accumulated amortization. Amortization is calculated using a straight-line method over the life of the loan. Amortization expense for the year ended June 30, 2015 was \$244.

**Contributed Materials and Services**

The Organization receives food donations from various businesses and individuals. Food donations are recorded based on the fair market value. Food donations have been recorded as in-kind income and expense. No value has been recorded for the remaining food inventory, as the inventory would have no resale value.

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

The Organization receives periodic donations of materials 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.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Income Taxes**

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

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

Generally, the Organization's returns are subject to examination by the federal and state taxing authorities for three and four years, respectively, after the returns are filed. There are no returns under examination as of June 30, 2015.

**Fair Value of Financial Instruments**

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 investment securities are carried at fair value based on quoted prices in active markets. The reported amount of the note payable approximated fair value because of the market value interest rates the instruments bear.

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad 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.

**Advertising Costs**

Advertising primarily consists of the Organization's newsletter and seasonal donation solicitations. The Organization expenses advertising production costs the first time the advertising occurs. Advertising expense for the year ended June 30, 2015 was \$289,097.

**LONG BEACH RESCUE MISSION AND  
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NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Use of Estimates**

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

**Expense Allocation**

The cost of providing various programs and other activities has been summarized on a functional basis in the combined statement of activities and the combined statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2015 consisted of the following:

Cold Weather Shelter Contract	\$ 11,136
Rent	3,580
Other	855
	\$ 15,571

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2015 consisted of outstanding bequests and grants receivable and are due as follows:

Less than one year	\$614,639
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**NOTE 4 – RELATED PARTY NOTE RECEIVABLE**

The Organization has an agreement with the Executive Director where an overpayment of salary in the prior year will be repaid over five years starting January 2015. Amounts due are as follows:

Less than one year	\$ 8,000
One to five years	5,508
Total note receivable	\$13,508

**LONG BEACH RESCUE MISSION AND  
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NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 – INVESTMENTS**

The Organization reports investments in marketable securities using readily determinable fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The Portfolio consists of various types of mutual funds, whose investment objectives range from growth and income to balance for the equity portion of the Portfolio and bond funds with varying durations typically not exceeding seven years for the bond portion of the Portfolio.

An analysis of the investments held as of June 30, 2015 is as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (loss)</u>
Stocks and exchange-traded funds	\$ 2,388,340	\$ 2,170,466	\$ 217,874
Corporate bonds	201,888	203,136	(1,248)
Government bonds	183,760	183,347	413
Foreign bonds	21,578	22,246	(668)
Open-end mutual funds	662,746	669,433	(6,687)
	<u>\$ 3,458,312</u>	<u>\$ 3,248,628</u>	<u>\$ 209,684</u>

The following schedule summarizes the investment return for the year ended June 30, 2015:

	<u>Unrestricted</u>
Interest and dividends	\$ 105,937
Realized gain	76,895
Unrealized gain	(92,120)
Management fees	<u>(30,488)</u>
Total investment return	<u>\$ 60,224</u>

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

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2015, is summarized as follows:

Land	\$3,252,174
Land improvements	31,309
Buildings and improvements	4,371,015
Construction and renovations in progress	10,079
Furniture, fixtures, and equipment	678,288
Vehicles	139,000
	<u>8,481,865</u>
Less accumulated depreciation	<u>(2,889,226)</u>
	<u>\$ 5,592,639</u>

Depreciation expense for the year ended June 30, 2015 was \$227,832.

Construction in progress relates to the design work on a new facade for the Lydia House. No debt was incurred related to the projects, and thus no interest has been capitalized.

**NOTE 7 – ACCRUED LIABILITIES**

Accrued liabilities as of June 30, 2015 consisted of the following:

Accrued compensated absences	\$ 64,983
Accrued expenses	1,438
Sales tax payable	2,296
Deposits payable	200
	<u>\$68,917</u>

**NOTE 8 – COMPENSATED ABSENCES**

It is the Organization's policy to accrue vacation pay for its employees. Staff may accrue up to a maximum of 200 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 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.

**NOTE 9 – EMPLOYEE BENEFIT PLANS**

The Organization has a tax deferred retirement plan under Internal Revenue Code Section 401(k) in which all eligible employees may participate. The employer makes a 3% match contribution to the plan on behalf of eligible employees. For the year ended June 30, 2015, matching contributions were \$14,311.

**LONG BEACH RESCUE MISSION AND  
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NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 – EMPLOYEE BENEFIT PLANS (continued)**

The Organization has an Employer Profit Sharing Plan in which all eligible employees receive a contribution based on approval and discretion from the Board. The allocations calculated on calendar year basis. The Board will not be making a contribution for the year ended June 30, 2015.

**NOTE 10 – LEASES**

The Organization leases commercial property and parking space to several unrelated parties on various terms. The total rent received for the year ended June 30, 2015 was \$47,225.

The Organization leases telephone equipment under capital lease expiring in February 2017. Capital lease obligations reflect the present value of future rental payments, less an interest amount implicit in the lease. Amortization of assets under capital lease is included in depreciation expense for the year ended June 30, 2015.

Following is a summary of properties held under capital lease:

Telephone equipment	\$	14,098
Less accumulated amortization		<u>(2,820)</u>
		<u>\$ 11,278</u>

Future minimum payments required under the capital leases are as follows:

Year Ended <u>June 30,</u>		<u>Amount</u>
2016		6,600
2017		<u>2,750</u>
Total minimum payments		9,350
Amount representing interest		<u>(1,195)</u>
Present value of minimum payments	\$	<u>8,155</u>

The interest paid under the capital lease for the year ended of June 30, 2015 was \$1,572.

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 11 – LONG-TERM DEBT**

Note payable to Beach Business Bank, bearing interest at 4.75%, payable in monthly installments of \$1,550, principal and interest, maturing November, 2037, secured by a Deed of Trust on real property and land located at 219 Anaheim St, Long Beach, California.	\$ 254,525
Less portion considered current	<u>(6,670)</u>
Total long-term liabilities	<u>\$ 247,855</u>

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2016	6,670
2017	6,994
2018	7,333
2019	7,689
2020	8,063
Thereafter	<u>217,776</u>
	<u>\$ 254,525</u>

The interest paid on the note for the year ended of June 30, 2015 was \$12,421.

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

**NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2015 are available for the following purposes:

Restricted Until Collected and Available for Use	\$614,639
Thrift Store	5,000
Recreation Day for Women	2,000
Support for Lydia House	3,922
Ice Machine for Samaritan House	1,152
Volunteer Program	1,660
Beds for Samaritan House	405
Mattresses for Lydia House	19,000
Chapel Renovation	<u>3,498</u>
Total	<u>\$651,276</u>



**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 13 – CONCENTRATIONS AND CREDIT RISK**

**Cash**

The Organizations maintain cash balances in a financial institution as well as in money market investments. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition securities and cash in investment accounts are protected by Securities Investor Protection Corporation (SIPC). SIPC protects the clients against the loss of their securities up to a maximum of \$500,000, including \$250,000 for claims for cash. At various times there were balances in the financial institutions that were over the FDIC limit. At June 30, 2015, the Organization had no uninsured cash balances.

**Contributions Receivable**

Contributions receivable at June 30, 2015 consisted of amounts due from five bequests. 80% of the total contributions receivable is associated with one contributor.

**NOTE 14 – CONTINGENCIES**

The Organization has received federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursements will not be material.

**NOTE 15 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

During the year ended June 30, 2015, the Organization paid \$13,993 in interest and no income taxes.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 30, 2015, the date the financial statements were available to be issued.

## ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION**

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

We have audited the combined financial statements of Long Beach Rescue Mission and Long Beach Rescue Mission Foundation as of and for the year ended June 30, 2015, and have issued our report thereon dated November 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

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

*Onisko & Scholz, LLP*

Long Beach, California  
November 30, 2015

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE I - COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

	LBRM		LBRMF		Total	ELIMINATIONS	COMBINED TOTALS
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted			
<b>ASSETS</b>							
Current Assets							
Cash and cash equivalents	\$ 14,260	\$ 36,637	\$ 139,562	\$ -	\$ 139,562		\$ 190,459
Accounts receivable	148,252	-	1,800	-	1,800	(134,481)	15,571
Contributions receivable	-	552,539	-	62,100	62,100	-	614,639
Current portion of note receivable	8,000	-	-	-	-	-	8,000
Inventories	10,312	-	-	-	-	-	10,312
Prepaid expenses	45,003	-	-	-	-	-	45,003
Total Current Assets	225,827	589,176	141,362	62,100	203,462	(134,481)	883,984
Long-term investments	-	-	3,458,312	-	3,458,312	-	3,458,312
Property and equipment, net	5,592,639	-	-	-	-	-	5,592,639
Other Assets							
Note receivable, net of current portion	5,508	-	-	-	-	-	5,508
Loan fees, net	5,443	-	-	-	-	-	5,443
Deposits	12,660	-	-	-	-	-	12,660
Plots	1,682	-	-	-	-	-	1,682
Total Other Assets	25,293	-	-	-	-	-	25,293
<b>TOTAL ASSETS</b>	<b>\$ 5,843,759</b>	<b>\$ 589,176</b>	<b>\$ 3,599,674</b>	<b>\$ 62,100</b>	<b>\$ 3,661,774</b>	<b>\$ (134,481)</b>	<b>\$ 9,960,228</b>
<b>LIABILITIES AND NET ASSETS</b>							
Current Liabilities							
Accounts payable	\$ 18,974	\$ -	\$ 132,681	\$ -	\$ 132,681	\$ (132,681)	\$ 18,974
Accrued liabilities	70,717	-	-	-	-	(1,800)	68,917
Current portion of capital lease obligation	5,530	-	-	-	-	-	5,530
Current portion of note payable	6,670	-	-	-	-	-	6,670
Total Current Liabilities	101,891	-	132,681	-	132,681	(134,481)	100,091
Capitalized lease obligation, net of current portion	2,625	-	-	-	-	-	2,625
Note payable, net of current portion	247,855	-	-	-	-	-	247,855
Total Long-Term Debt	250,480	-	-	-	-	-	250,480
Total Liabilities	352,371	-	132,681	-	132,681	(134,481)	350,571
Net Assets							
Unrestricted	5,491,388	-	3,466,993	-	3,466,993	-	8,958,381
Temporarily restricted	-	589,176	-	62,100	62,100	-	651,276
Total Net Assets	5,491,388	589,176	3,466,993	62,100	3,529,093	-	9,609,657
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,843,759</b>	<b>\$ 589,176</b>	<b>\$ 3,599,674</b>	<b>\$ 62,100</b>	<b>\$ 3,661,774</b>	<b>\$ (134,481)</b>	<b>\$ 9,960,228</b>

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE II - COMBINING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	LBRM		LBRMF		COMBINED TOTALS
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
<b>SUPPORT AND REVENUE</b>					
Contributions	\$ 2,086,910	\$ 26,532	\$ 25	\$ -	\$ 2,113,467
Estates and bequests	4,230	552,539	103,600	62,100	722,469
Cold weather shelter contract	295,120	-	-	-	295,120
Private grants	487,250	-	-	-	487,250
Gifts in-kind	639,834	-	-	-	639,834
Special events, net	33,829	-	-	-	33,829
Interest and dividends	72	-	105,865	-	105,937
Rental income	47,225	-	-	-	47,225
Thrift store sales	170,006	-	-	-	170,006
Net realized gain on investments	-	-	76,895	-	76,895
Net unrealized loss on investments	-	-	(92,120)	-	(92,120)
Other revenue	13,784	-	-	-	13,784
Net assets released from restrictions	163,196	(163,196)	-	-	-
<b>Total Support and Revenue</b>	<b>3,941,456</b>	<b>415,875</b>	<b>194,265</b>	<b>62,100</b>	<b>4,179,446</b>
<b>EXPENSES</b>					
Program services	2,855,513	-	438,708	-	2,859,971
Management and general	279,854	-	41,957	-	321,811
Fund-raising	738,606	-	-	-	738,606
<b>Total Expenses</b>	<b>3,873,973</b>	<b>-</b>	<b>480,665</b>	<b>-</b>	<b>3,920,388</b>
<b>CHANGE IN NET ASSETS</b>	<b>67,483</b>	<b>415,875</b>	<b>(286,400)</b>	<b>62,100</b>	<b>259,058</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,423,905</b>	<b>173,301</b>	<b>3,753,393</b>	<b>-</b>	<b>9,350,599</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,491,388</b>	<b>\$ 589,176</b>	<b>\$ 3,466,993</b>	<b>\$ 62,100</b>	<b>\$ 9,609,657</b>

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE III - COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

	LBRM			LBRMF			COMBINED TOTALS
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	
Salaries and wages	\$ 670,373	\$ 213,821	\$ 99,712	\$ 983,906	\$ -	\$ -	\$ 983,906
Payroll taxes	43,512	19,998	6,814	70,324	-	-	70,324
Employee benefits	140,857	20,129	12,744	173,730	-	-	173,730
	<u>854,742</u>	<u>253,948</u>	<u>119,270</u>	<u>1,227,960</u>	-	-	<u>1,227,960</u>
Advertising and newsletter	5,650	-	389,530	395,180	-	-	395,180
Benevolence	59,437	-	-	59,437	-	-	59,437
Contributions and grants	-	-	-	-	434,250	(434,250)	-
Community development	5,468	-	-	5,468	-	-	5,468
Contracted services	242,024	-	-	242,024	-	-	242,024
Depreciation and amortization	219,437	6,006	2,633	228,076	-	-	228,076
Facility expense	228,220	-	-	228,220	-	-	228,220
Food supply and service	49,254	-	-	49,254	-	-	49,254
In-kind expense	639,834	-	-	639,834	-	-	639,834
Interest	13,993	-	-	13,993	-	-	13,993
Insurance	67,545	12,043	2,283	81,871	4,283	-	86,154
Miscellaneous	6,758	-	-	6,758	988	-	7,746
Office expense	26,023	-	321	26,344	-	-	26,344
Postage and delivery	28,983	-	126,783	155,766	-	-	155,766
Printing and reproduction	5,228	-	690	5,918	-	-	5,918
Professional development	10,029	-	-	10,029	175	8,381	18,585
Professional fees	62,373	10	50,132	112,515	32,588	-	145,103
Programs and case management	52,282	-	-	52,282	-	-	52,282
Rent	29,738	-	-	29,738	-	-	29,738
Special events expense	-	-	79,050	79,050	-	-	79,050
Taxes and licenses	47,810	-	-	47,810	-	-	47,810
Travel and meals	12,515	-	86	12,601	-	-	12,601
Utilities and telephone	136,457	7,847	1,518	145,822	-	-	145,822
Vehicle expense	51,713	-	-	51,713	-	-	51,713
<b>Total expenses</b>	<b>2,855,513</b>	<b>279,854</b>	<b>772,296</b>	<b>3,907,663</b>	<b>438,708</b>	<b>41,957</b>	<b>3,954,078</b>
Less expenses included with revenues on the combined statement of activities	-	-	(33,690)	(33,690)	-	-	(33,690)
<b>Total expenses included in the expense section of the combined statement of activities</b>	<b>\$ 2,855,513</b>	<b>\$ 279,854</b>	<b>\$ 738,606</b>	<b>\$ 3,873,973</b>	<b>\$ 438,708</b>	<b>\$ 41,957</b>	<b>\$ 3,920,388</b>

**LONG BEACH RESCUE MISSION AND  
LONG BEACH RESCUE MISSION FOUNDATION  
SCHEDULE IV - COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	LBRM		LBRMIF		Total	Eliminations	COMBINED TOTALS
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Change in net assets	\$ 67,483	\$ 415,875	\$ (286,400)	\$ 62,100	\$ (224,300)	\$ -	\$ 259,058
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities							
Depreciation	227,832	-	-	-	-	-	227,832
Amortization of loan fees	244	-	-	-	-	-	244
Net realized gain on investments	-	-	(76,895)	-	(76,895)	-	(76,895)
Net unrealized loss on investments	-	-	92,120	-	92,120	-	92,120
Changes in operating assets and liabilities:							
Accounts receivable	(8,281)	-	(1,800)	-	(1,800)	-	(10,081)
Contributions receivable	-	(395,601)	-	(62,100)	(62,100)	-	(457,701)
Inventories	727	-	-	-	-	-	727
Prepaid expenses	(20,881)	-	3,025	-	3,025	-	(17,856)
Deposits	(5,660)	-	-	-	-	-	(5,660)
Accounts payable	(31,023)	-	-	-	-	-	(31,023)
Accrued liabilities	(139,494)	-	132,274	-	132,274	-	(7,220)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>90,947</u>	<u>20,274</u>	<u>(137,676)</u>	<u>-</u>	<u>(137,676)</u>	<u>-</u>	<u>(26,455)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Collection on note receivable	8,000	-	-	-	-	-	8,000
Purchases of property and equipment	(194,208)	-	-	-	-	-	(194,208)
Proceeds from sale of investments	-	-	1,218,825	-	1,218,825	-	1,218,825
Purchases of investments	-	-	(1,083,923)	-	(1,083,923)	-	(1,083,923)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(186,208)</u>	<u>-</u>	<u>134,902</u>	<u>-</u>	<u>134,902</u>	<u>-</u>	<u>(51,306)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Principal payments on capital lease obligation	(4,593)	-	-	-	-	-	(4,593)
Principal payments on note payable	(6,178)	-	-	-	-	-	(6,178)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(10,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,771)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(106,032)</u>	<u>20,274</u>	<u>(2,774)</u>	<u>-</u>	<u>(2,774)</u>	<u>-</u>	<u>(88,532)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>120,292</u>	<u>16,363</u>	<u>142,336</u>	<u>-</u>	<u>142,336</u>	<u>-</u>	<u>278,991</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 14,260</u>	<u>\$ 36,637</u>	<u>\$ 139,562</u>	<u>\$ -</u>	<u>\$ 139,562</u>	<u>\$ -</u>	<u>\$ 190,459</u>