

**LEBANON RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020, AND 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lebanon Rescue Mission, Inc.

We have audited the accompanying financial statements of Lebanon Rescue Mission, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – tax basis as of December 31, 2020, and 2019, the related statements of [revenues and expenses – tax basis, functional expenses – tax basis, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting Lebanon Rescue Mission, Inc. uses for tax purposes; this includes determining that the tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Lebanon Rescue Mission, Inc. as of December 31, 2020, and its revenues, expenses, and other changes in net assets for the year then ended in accordance with the basis of accounting Lebanon Rescue Mission, Inc. uses for tax purposes described in Note #2.

Basis of Accounting

We draw attention to Note #2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Lebanon Rescue Mission, Inc. uses for tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenues and Expenses – per activity on pages 23 - 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Ellis Lee Hostetter & Co., P.C.
Lebanon, PA 17042

September 2, 2021

LEBANON RESCUE MISSION, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - TAX BASIS
AS OF DECEMBER 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 333,668	\$ 273,509
Temporary Investments	330,529	89,265
Utility Deposit	2,656	2,656
Total Current Assets	\$ 666,853	\$ 365,430
Property and Equipment		
Building and Improvements	\$ 2,900,075	\$ 2,871,682
Furniture and Fixtures	156,909	156,909
Vehicles	44,147	44,147
Total Property and Equipment	\$ 3,101,131	\$ 3,072,738
Less Accumulated Depreciation	(771,887)	(690,215)
Net Value of Property and Equipment	2,329,244	2,382,523
Total Assets	\$ 2,996,097	\$ 2,747,953
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 9,990	\$ 5,900
Mortgage Payable	-	51,568
Deferred Contribution and Grants	7,139	15,748
Total Liabilities	\$ 17,129	\$ 73,216
Net Assets		
Without Donor Restrictions		
Property and Equipment	\$ 2,329,244	\$ 2,330,955
Operating Net Assets	319,195	254,807
Total Net Assets Without Donor Restriction	\$ 2,648,439	\$ 2,585,762
Board Restricted Net Assets	330,529	88,975
Total Net Assets	2,978,968	2,674,737
Total Liabilities and Net Assets	\$ 2,996,097	\$ 2,747,953

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF REVENUES AND EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues						
Contributions - General Giving	\$ 743,282	\$ 100	\$ 743,382	\$ 742,435	\$ 3,497	\$ 745,932
Fundraising and Direct Mail Appeal	944,971	31,194	976,165	718,081	19,475	737,556
Program Income	19,452	-	19,452	20,686	-	20,686
Investment Income	1,953	-	1,953	1,227	-	1,227
Gifts-in-Kind	367,133	-	367,133	634,905	-	634,905
Released from Restriction	(210,260)	210,260	-	64,510	(64,510)	-
Total Support and Revenues	\$ 1,866,531	\$ 241,554	\$ 2,108,085	\$ 2,181,844	\$ (41,538)	\$ 2,140,306
Expenses						
Program Services	\$ 1,429,110	\$ -	\$ 1,429,110	\$ 1,706,985	\$ -	\$ 1,706,985
Supporting Activities						
General and Administrative	199,597	-	199,597	188,719	-	188,719
Fundraising and Direct Mail Costs	175,147	-	175,147	182,917	-	182,917
Total Expenses	1,803,854	-	1,803,854	2,078,621	-	2,078,621
Excess Support and Revenues over Expenses	\$ 62,677	\$ 241,554	\$ 304,231	\$ 103,223	\$ (41,538)	\$ 61,685
Change in Net Assets	\$ 62,677	\$ 241,554	\$ 304,231	\$ 103,223	\$ (41,538)	\$ 61,685
Transfers	-	-	-	-	-	-
Net Assets, Beginning of Year	2,585,762	88,975	2,674,737	2,482,539	130,513	2,613,052
Net Assets, End of Year	\$ 2,648,439	\$ 330,529	\$ 2,978,968	\$ 2,585,762	\$ 88,975	\$ 2,674,737

LEBANON RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2020 Totals	Year 2019 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total		
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,993	\$ 6,993	\$ 6,993	\$ 17,577
Direct Mail Costs	-	-	-	-	-	156,726	156,726	156,726	153,450
Advertising and Publicity	2,957	-	-	2,957	-	-	-	2,957	2,156
Business Expenses	8,293	120	-	8,413	-	-	-	8,413	6,160
Computer Support	9,686	113	451	10,250	56	-	56	10,306	9,340
Employee Benefits and Costs	81,938	27,127	24,097	133,162	43,042	2,190	45,232	178,394	220,635
Insurances	32,305	-	-	32,305	-	-	-	32,305	25,891
Ministry Programs	176,644	16,832	229,519	422,995	-	-	-	422,995	681,412
Office Supplies and Postage	15,253	551	1,686	17,490	3,556	651	4,207	21,697	20,228
Professional Services	33,517	965	6,242	40,724	2,200	-	2,200	42,924	66,623
Repairs and Maintenance	22,298	20,596	7,817	50,711	-	-	-	50,711	30,958
Salaries	241,359	128,861	130,179	500,399	141,555	7,977	149,532	649,931	644,970
Taxes - Payroll and Property	47,006	9,858	9,959	66,823	10,829	610	11,439	78,262	54,986
Training, Education and Books	848	-	-	848	302	-	302	1,150	2,798
Utilities and Telephone	30,062	16,533	9,458	56,053	257	-	257	56,310	56,906
Vehicle Expenses and Travel	2,108	-	-	2,108	-	-	-	2,108	2,665
Depreciation	73,544	6,011	2,117	81,672	-	-	-	81,672	81,866
Total Expenses Year 2020	\$ 777,818	\$ 227,567	\$ 421,525	\$ 1,426,910	\$ 201,797	\$ 175,147	\$ 376,944	\$ 1,803,854	\$ 2,078,621
Percent of Total Expenses	43.12%	12.62%	23.37%	79.10%	11.19%	9.71%	20.90%	100.00%	
Total Expenses Year 2019	\$ 817,493	\$ 249,059	\$ 640,433	\$ 1,706,985	\$ 188,719	\$ 182,917	\$ 371,636		\$ 2,078,621
Percent of Total Expenses	39.33%	11.98%	30.81%	82.12%	9.08%	8.80%	17.88%		100.00%

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2019 Totals	Year 2018 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total		
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,577	\$ 17,577	\$ 17,577	\$ 22,676
Direct Mail Costs	-	-	-	-	-	153,450	153,450	153,450	124,683
Advertising and Publicity	2,156	-	-	2,156	-	-	-	2,156	1,780
Business Expenses	6,035	125	-	6,160	-	-	-	6,160	5,465
Computer Support	8,488	-	852	9,340	-	-	-	9,340	5,588
Employee Benefits and Costs	101,131	43,151	25,305	169,587	48,340	2,708	51,048	220,635	204,329
Insurances	25,891	-	-	25,891	-	-	-	25,891	35,118
Ministry Programs	205,005	41,070	435,337	681,412	-	-	-	681,412	683,321
Office Supplies and Postage	13,177	198	1,654	15,029	4,540	659	5,199	20,228	24,123
Professional Services	44,432	525	17,716	62,673	3,950	-	3,950	66,623	47,752
Repairs and Maintenance	23,738	5,139	2,081	30,958	-	-	-	30,958	34,534
Salaries	254,019	125,643	135,245	514,907	122,146	7,917	130,063	644,970	589,364
Taxes - Payroll and Property	22,549	12,141	10,345	45,035	9,345	606	9,951	54,986	50,976
Training, Education and Books	2,746	-	52	2,798	-	-	-	2,798	4,299
Utilities and Telephone	31,723	15,056	9,729	56,508	398	-	398	56,906	62,346
Vehicle Expenses and Travel	2,665	-	-	2,665	-	-	-	2,665	4,661
Depreciation	73,738	6,011	2,117	81,866	-	-	-	81,866	84,310
Total Expenses Year 2019	\$ 817,493	\$ 249,059	\$ 640,433	\$ 1,706,985	\$ 188,719	\$ 182,917	\$ 371,636	\$ 2,078,621	\$ 1,985,325
Percent of Total Expenses	39.33%	11.98%	30.81%	82.12%	9.08%	8.80%	17.88%	100.00%	
Total Expenses Year 2018	\$ 841,300	\$ 220,949	\$ 661,309	\$ 1,723,558	\$ 104,103	\$ 157,664	\$ 261,767		\$ 1,985,325
Percent of Total Expenses	42.38%	11.13%	33.31%	86.81%	5.24%	7.94%	13.19%		100.00%

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 304,231	\$ 61,685
Excess Support and Revenues over Expenses	\$ 304,231	\$ 61,685
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	81,672	81,866
(Increase)/Decrease in Utility Deposits	-	(2,656)
Increase/(Decrease) in Accounts Payable	4,090	1,712
Increase/(Decrease) in Deferred Contributions	<u>(8,609)</u>	<u>2,951</u>
Net cash provided by (used in) operating activities	\$ 381,384	\$ 145,558
Cash Flows from Investing Activities		
Purchase of Property and Equipment	\$ (28,393)	\$ (21,117)
Net Transfer of Funds (to)/from Temporary Investments	<u>(241,264)</u>	<u>41,248</u>
Net cash provided by (used in) investing activities	(269,657)	20,131
Cash Flows from Financing Activities		
Proceeds (Payment) from Loan Payable	<u>\$ (51,568)</u>	<u>\$ (4,762)</u>
Net cash provided by (used in) financing activities	<u>(51,568)</u>	<u>(4,762)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 60,159	\$ 160,927
Cash and Cash Equivalents, Beginning of Year	<u>273,509</u>	<u>112,582</u>
Cash and Cash Equivalents, End of Year	<u>\$ 333,668</u>	<u>\$ 273,509</u>

Lebanon Rescue Mission, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Analysis of Cash and Cash Equivalents		
Beginning of Year		
Cash on Hand	\$ 500	\$ 500
Cash in Bank - Checking	<u>273,009</u>	<u>112,082</u>
Total Cash and Cash Equivalents - Beginning of Year	\$ 273,509	\$ 112,582
End of Year		
Cash on Hand	\$ 500	\$ 500
Cash in Bank - Checking	<u>333,168</u>	<u>273,009</u>
Total Cash and Cash Equivalents - End of Year	<u>333,668</u>	<u>273,509</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u><u>\$ 60,159</u></u>	<u><u>\$ 160,927</u></u>
Total Cash paid for Interest	<u><u>\$ 784</u></u>	<u><u>\$ 4,077</u></u>
Total Cash paid for excise taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LEBANON RESCUE MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE #1 DESCRIPTION OF THE ORGANIZATION

GENERAL. Lebanon Rescue Mission, Inc. is a nonprofit organization whose purpose is to assist those struggling in our community with homelessness, life change programming, food insecurities and needed health care. The Lebanon Rescue Mission was founded in 1945 and incorporated in 1951. The Lebanon Rescue Mission Inc. is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code of 1986 as amended. The Lebanon Rescue Mission components include: Men's Campus for emergency housing and life change programs; Agape Family Shelter for women and their children; Lebanon Free Clinic, for those without health insurance or access to care; Agape Christmas, a seasonal outreach for senior and Back Dock Ministry, the sharing of and redistribution of very large donations received by LRM.

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPRESENTATION. This summary of significant accounting policies of the Lebanon Rescue Mission, Inc., forthwith referred to as "Organization" is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity.

BASIS OF ACCOUNTING. It is the policy of the Lebanon Rescue Mission, Inc. to prepare its financial statements on the accrual basis of accounting in accordance with the tax basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recorded when incurred.

BASIS OF PRESENTATION. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for Profit Entities (FASB ASU 2016-14). Under this pronouncement Lebanon Rescue Mission, Inc. is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net Assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION. continued

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

MEASURE OF OPERATIONS. The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing fundraising activities and interest and dividends earned on investments. Nonoperating activities are limits to resources that generate return on investments and other activities considered to be of a more unusual or nonrecurring nature.

PUBLIC SUPPORT AND REVENUES. The Organization receives various contributions which are recorded as unrestricted when received unless specifically restricted by the donor. Grants and other contributions are reported as restricted support if received with donor stipulations that limit the use of the donated assets. When the restriction expires, that is when the stipulated time restriction or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

USE OF ESTIMATES. The preparation of financial statements in conformity with the basis of accounting the Organization uses for income tax purposes requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

INCOME TAXES. The Organization is a nonprofit corporation whose revenue is derived from fees, grants, contributions and other fundraising activities and is not subject to federal or state income taxes. The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

The accounting standard on accounting for uncertainty in income taxes addresses the determination whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will not be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ended December 31, 2020 and 2019.

The Organization files a federal Form 990 - Return of Organization Exempt From Income Tax. The Organization also files Charitable Registration Statement with the Commonwealth of Pennsylvania - Form BCO-10. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

CONTRIBUTIONS. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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 statements of activities as net assets released from restrictions.

Lebanon Rescue Mission, Inc.
 Notes to the Financial Statements
 For the Years Ended December 31, 2020 and 2019

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CONTRIBUTIONS - continued

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

CASH AND CASH EQUIVALENTS. The Organization considers all highly liquid investments as available for current use with an initial maturity of one month or less to be cash equivalents. See Note #3.

ADVERTISING. Advertising costs are expensed when incurred.

REVENUE AND EXPENSES FOR SPECIAL EVENTS. In accordance with FASB ASC 958-225, the statement of activities and changes in net assets reports the gross amounts of revenues and expenses from fundraising activities.

INVESTMENTS. The Organization records investments based upon the recommendation of Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Provisions of the standard require that investments in equity securities with readily determined fair values, and all investments in debt securities be measured at fair market value in the statement of assets, liabilities and fund balances. The Organization has recorded the investments at fair market value accordingly.

ALLOCATION OF EXPENSES. The Organization uses the following policy in allocating its expenses:

- a. Costs allocated to programs include all related costs, such as activities expenses, maintenance of property and equipment and program administration.
- b. General administration and fundraising expenses come from general revenues.

The expenses that are allocated include the following:

Expenses	Method of Allocation
Payroll	Full Time Equivalent
Insurance	Full Time Equivalent
Supplies	Time and Effort
Occupancy	Square Footage

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

MEASURE OF OPERATIONS. The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing assistance for the homeless and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

NEW ACCOUNTING PRONOUNCEMENT. On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

CONCENTRATION OF CREDIT RISK. Financial instruments that potentially subject The Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

DEPRECIATION. Properties and equipment are carried at cost less accumulated depreciation. It is the policy of the Organization to charge all additions to the asset account and charge cost of repairs and maintenance to operations in the year incurred. The asset and accumulated depreciation accounts are relieved when properties or equipment are retired or otherwise disposed of. The depreciation and accumulated depreciation accounts reflect the depreciation allowed for income tax reporting. The Mission uses the following methods and useful lives in computing depreciation:

Building and Improvements	straight line	20 to 40 years
Furniture and Fixtures	straight line	5 to 10 years
Vehicles	straight line	7 to 10 years

Depreciation expense for the years ended December 31, 2020 and 2019, was \$81,672, and \$81,866, respectively.

SUMMARIZED COMPARATIVE INFORMATION. The statement of functional expenses includes certain prior year summarized comparative information in totals, but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles of the United States of America. Accordingly these financial statements should be read in conjunction with the prior year's financial statements from which the summarized information was derived.

NOTE #3 CASH AND CASH EQUIVALENTS

For purposes of these Financial Statements Cash and Cash Equivalents consist of the following:

<u>CASH AND CASH EQUIVALENTS</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Cash on Hand	\$ 500	\$ 500
Cash in Bank - M & T Bank	<u>333,168</u>	<u>273,009</u>
Total Cash and Cash Equivalents	<u>\$ 333,668</u>	<u>\$ 273,509</u>

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE #4 DONATED ITEMS

Gifts in Kind - During the year various items were donated, including numerous supplies, food items and other items used in the ministry. Beginning in 2015 these items were valued at an estimated fair value, and thereby are shown on the financial statements. SFAS No. 116 states the contributions are to be included if measurable and material. Contributions are to be valued at fair market value at time contribution is received. Therefore, beginning in the year 2015, the food received was weighed calculated and an estimated value per pound was used to record the contribution. Other goods, including supplies and medicine was valued at estimated retail cost. The fair value of the Gifts-in-Kind were accounted for in these financial statements for the years 2020 and 2019.

Gifts-in-Kind valuation	Year 2020	Year 2019
Men's Shelter - Food lbs.	60,811	96,159
Men's Shelter - Food Value	\$ 131,269	\$ 144,238
Men's Shelter - Other	22,382	42,271
Total Men's Shelter Gifts-in-Kind	\$ 153,651	\$ 186,509
Agape Shelter - Food Value	53	1,323
Agape Shelter - Other	4,328	29,926
Clinic - Medicine Value	204,145	267,680
Clinic - Other	4,956	149,467
Total Value Gifts-in-Kind	\$ 367,133	\$ 634,905

NOTE #5 VOLUNTEER TIME

Various individuals and numerous church groups gave many volunteer hours to the Lebanon Rescue Mission's cause. There was no value assigned to these volunteer hours and thus are not a part of these financial statements, however, the medical clinic does maintain records of medical professional volunteer time and estimated valuation.

The medical volunteers for the year 2020 included volunteers, 0 hours. The estimated value included in these financial statements for year 2020 is \$0. The medical volunteers for the year 2019 included thirty-nine volunteers, 2,264 hours. The estimated value included in these financial statements for year 2019 is \$134,135.

Lebanon Rescue Mission, Inc.
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NOTE #6 AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets as of December 31, 2020 and 2019:

Financial Assets at Fiscal Year End:	<u>12/31/2020</u>	<u>12/31/2019</u>
Cash and Cash Equivalents	\$ 664,197	\$ 273,509
Total Financial Assets	\$ 664,197	\$ 273,509
Less Current Liabilities	(17,129)	(18,697)
Less Current Portion Mortgage	-	(2,469)
Less amounts with Donor Restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 681,326</u>	<u>\$ 292,206</u>

NOTE #7 CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at M&T Bank. Accounts at M&T Bank are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash balances.

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NOTE #8 FIXED ASSETS

Fixed assets are recorded at actual acquisition cost. Capital improvements and equipment are also recorded at actual acquisition costs. When an asset is retired or replaced, the cost of the replaced asset is removed from fixed assets. Accumulated depreciation is accumulation of annual depreciation calculated under the methods described in Note #2.

FIXED ASSETS AS OF DECEMBER 31, 2020

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,900,166	\$ 648,037	\$ 2,252,129
Furniture and Fixtures	156,909	94,986	61,923
Vehicles	44,147	28,864	15,283
Total	<u>\$ 3,101,222</u>	<u>\$ 771,887</u>	<u>\$ 2,329,335</u>

FIXED ASSETS AS OF DECEMBER 31, 2019

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,871,682	\$ 581,420	\$ 2,290,262
Furniture and Fixtures	156,909	83,327	73,582
Vehicles	44,147	25,468	18,679
Total	<u>\$ 3,072,738</u>	<u>\$ 690,215</u>	<u>\$ 2,382,523</u>

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NOTE #9 TEMPORARILY RESTRICTED ASSETS

The Lebanon Rescue Mission, Inc. has received monies from a donor designated to be used for education purposes. These monies are currently held in a separate account restricted for the designated purpose.

The board has set up restricted reserve funds to be used for specific purposes. These monies are released from restrictions when the restricted purpose expenses occur.

The Lebanon Rescue Mission, Inc. also has received monies for Operation Santa. These monies are deposited into a separate account and disbursed for the restricted purpose as needed.

<u>TEMPORARILY RESTRICTED ASSETS</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Certificate of Deposit - Unemployment Reserve	\$ 3,703	\$ 3,702
Certificate of Deposit - Facilities Reserve	-	75,270
Endowment Fund	<u>326,826</u>	<u>10,003</u>
Total Temporarily Restricted Assets	<u>\$ 330,529</u>	<u>\$ 88,975</u>

NOTE #10 TEMPORARY INVESTMENTS

For purposes of these Financial Statements Temporary Investments consist of the following:

<u>TEMPORARY INVESTMENTS</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Temporarily Restricted Assets - See Note #9		
Certificate of Deposit - Unemployment Reserve	\$ 3,703	\$ 3,702
Certificate of Deposit - Facilities Reserve	-	75,270
Endowment Fund	<u>326,826</u>	<u>10,003</u>
Total Temporary Investments	<u>\$ 330,529</u>	<u>\$ 88,975</u>

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NOTE #12 MORTGAGE PAYABLE

On April 17, 2013, Lebanon Rescue Mission, Inc. secured a commercial promissory note for \$2,000,000 from First Citizens Bank. The note is secured by the property located at 1223 Bittner Blvd, Lebanon County, Lebanon, PA 17046. The mortgage was satisfied in full and paid off during the year 2020.

NOTE #13 PENSION PLAN

The Organization has a 403(b) Pension plan. All Full-Time employees are eligible to participate for this elective deferral. The Organization matches the contribution up to a maximum of 5% of employees wages. The monies are currently invested with Vanguard.

NOTE #14 FUNDRAISING

Fundraising and direct mailing receipts and direct expenses for 2020 and 2019 are as follows:

Year 2020

	Receipts	Direct Expenses	Gross Profit	Gross Profit %
Direct Mailing	\$ 935,008	\$ 156,762	\$ 778,246	83.23%
Fundraising				
Banquet	-	-	-	0.00%
Other Fundraisers	41,157	6,993	34,164	83.01%
Totals	<u>\$ 976,165</u>	<u>\$ 163,755</u>	<u>\$ 812,410</u>	<u>83.22%</u>

Year 2019

	Receipts	Direct Expenses	Gross Profit	Gross Profit %
Direct Mailing	\$ 682,083	\$ 153,450	\$ 528,633	77.50%
Fundraising				
Banquet	30,804	7,037	23,767	77.16%
Other Fundraisers	24,669	10,540	14,129	57.27%
Totals	<u>\$ 737,556</u>	<u>\$ 171,027</u>	<u>\$ 566,529</u>	<u>76.81%</u>

The Notes to the Financial Statements are an Integral Part of these Statements

Lebanon Rescue Mission, Inc.
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NOTE #15 FAIR VALUE MEASUREMENT

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 or 2019.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The Notes to the Financial Statements are an Integral Part of these Statements

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NOTE #15 FAIR VALUE MEASUREMENT - continued

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020 and 2019.

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on Hand	\$ 500	\$ -	\$ -	\$ 500
Cash in Bank - Checking	663,697	-	-	663,697
Certificates of Deposit	-	-	-	-
Total Fair Value Measurement	<u>\$ 664,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,197</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash on Hand	\$ 500	\$ -	\$ -	\$ 500
Cash in Bank - Checking	286,714	-	-	286,714
Certificates of Deposit	78,972	-	-	78,972
Total Fair Value Measurement	<u>\$ 366,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,186</u>

NOTE #16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 27, 2021, the date the financials were available to be issued.

The Notes to the Financial Statements are an Integral Part of these Statements