

**LEBANON RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 and 2021**

ELLIS LEE HOSTETTER & CO., P.C.
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LEBANON RESCUE MISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Lebanon Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – tax basis as of December 31, 2022 and 2021, and the related statements of support, revenues, and expenses – tax basis, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lebanon Rescue Mission, Inc. as of December 31, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with the basis of accounting Lebanon Rescue Mission, Inc. uses for income tax purposes described in Note #2.

Basis for Opinion

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

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 income 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting described in Note #2, this includes determining that the income 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Lebanon Rescue Mission, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lebanon Rescue Mission, Inc.'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.



Ellis Lee Hostetter & Co., P.C.

Lebanon, PA 17042

June 13 2023

LEBANON RESCUE MISSION, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - TAX BASIS
AS OF DECEMBER 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 400,742	\$ 425,659
Temporary Investments	4,707	197,548
Certificate of Deposits	600,913	600,800
Total Current Assets	\$ 1,006,362	\$ 1,224,007
Property and Equipment		
Building and Improvements	\$ 3,373,351	\$ 2,953,525
Furniture and Fixtures	162,946	156,909
Vehicles	92,560	44,147
Total Property and Equipment	\$ 3,628,857	\$ 3,154,581
Less Accumulated Depreciation	(812,723)	(792,305)
Net Value of Property and Equipment	2,816,134	2,362,276
Total Assets	<u>\$ 3,822,496</u>	<u>\$ 3,586,283</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 10,767	\$ 10,337
Security Deposits Payable	500	-
Deferred Contribution and Grants	100,000	-
Total Liabilities	\$ 111,267	\$ 10,337
Net Assets		
Without Donor Restrictions		
Property and Equipment	\$ 2,816,134	\$ 2,362,276
Operating Net Assets	890,388	1,016,122
Total Net Assets Without Donor Restriction	\$ 3,706,522	\$ 3,378,398
Board Restricted Net Assets	4,707	197,548
Total Net Assets	3,711,229	3,575,946
Total Liabilities and Net Assets	<u>\$ 3,822,496</u>	<u>\$ 3,586,283</u>

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF REVENUES AND EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues						
Contributions - General Giving	\$ 948,624	\$ -	\$ 948,624	\$ 1,066,165	\$ -	\$ 1,066,165
Fundraising and Direct Mail Appeal	974,099	35,731	1,009,830	1,089,948	34,276	1,124,224
Program Income	30,135	-	30,135	17,560	-	17,560
Investment Income	8	-	8	119	-	119
Gifts-in-Kind	515,329	-	515,329	410,584	-	410,584
Released from Restriction	228,572	(228,572)	-	167,257	(167,257)	-
Total Support and Revenues	\$ 2,696,767	\$ (192,841)	\$ 2,503,926	\$ 2,751,633	\$ (132,981)	\$ 2,618,652
Expenses						
Program Services	\$ 1,927,392	\$ -	\$ 1,927,392	\$ 1,593,509	\$ -	\$ 1,593,509
Supporting Activities						
General and Administrative	204,933	-	204,933	204,143	-	204,143
Fundraising and Direct Mail Costs	236,318	-	236,318	224,022	-	224,022
Total Expenses	2,368,643	-	2,368,643	2,021,674	-	2,021,674
Excess Support and Revenues over Expenses	\$ 328,124	\$ (192,841)	\$ 135,283	\$ 729,959	\$ (132,981)	\$ 596,978
Change in Net Assets	\$ 328,124	\$ (192,841)	\$ 135,283	\$ 729,959	\$ (132,981)	\$ 596,978
Transfers	-	-	-	-	-	-
Net Assets, Beginning of Year	3,378,398	197,548	3,575,946	2,648,439	330,529	2,978,968
Net Assets, End of Year	\$ 3,706,522	\$ 4,707	\$ 3,711,229	\$ 3,378,398	\$ 197,548	\$ 3,575,946

LEBANON RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2022 Totals	Year 2021 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total		
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,488	\$ 33,488	\$ 33,488	\$ 21,997
Direct Mail Costs	-	-	-	-	-	190,529	190,529	190,529	190,180
Advertising and Publicity	11,527	-	-	11,527	-	-	-	11,527	5,845
Business Expenses	13,077	120	-	13,197	-	-	-	13,197	10,656
Computer Support	4,359	6,480	1,476	12,315	-	-	-	12,315	9,737
Employee Benefits and Costs	145,057	20,896	51,781	217,734	58,573	2,733	61,306	279,040	221,897
Insurances	36,741	-	-	36,741	-	-	-	36,741	33,163
Ministry Programs	206,846	43,137	382,375	632,358	-	-	-	632,358	483,618
Office Supplies and Postage	23,169	507	2,106	25,782	464	981	1,445	27,227	31,706
Professional Services	27,142	690	8,327	36,159	2,500	-	2,500	38,659	38,667
Repairs and Maintenance	50,490	5,905	11,022	67,417	-	-	-	67,417	69,811
Salaries	360,871	157,414	155,118	673,403	133,146	7,977	141,123	814,526	735,280
Taxes - Payroll and Property	45,574	12,042	11,866	69,482	10,186	610	10,796	80,278	74,864
Training, Education and Books	4,145	63	-	4,208	-	-	-	4,208	4,254
Utilities and Telephone	56,713	26,412	11,590	94,715	64	-	64	94,779	64,058
Vehicle Expenses and Travel	11,936	-	-	11,936	-	-	-	11,936	5,522
Depreciation	20,418	-	-	20,418	-	-	-	20,418	20,418
Total Expenses Year 2022	<u>\$ 1,018,065</u>	<u>\$ 273,666</u>	<u>\$ 635,661</u>	<u>\$ 1,927,392</u>	<u>\$ 204,933</u>	<u>\$ 236,318</u>	<u>\$ 441,251</u>	<u>\$ 2,368,643</u>	<u>\$ 2,021,673</u>
Percent of Total Expenses	42.98%	11.55%	26.84%	81.37%	8.65%	9.98%	18.63%	100.00%	
Total Expenses Year 2021	<u>\$ 779,486</u>	<u>\$ 259,168</u>	<u>\$ 554,855</u>	<u>\$ 1,593,509</u>	<u>\$ 204,143</u>	<u>\$ 224,021</u>	<u>\$ 428,164</u>		<u>\$ 2,021,673</u>
Percent of Total Expenses	38.56%	12.82%	27.45%	78.82%	10.10%	11.08%	21.18%		100.00%

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Expenses	PROGRAM SERVICES				SUPPORTING ACTIVITIES			Year 2021 Totals
	Mission and Outreach Services	Agape and Outreach Services	Free Clinic Services	Program Services Total	General and Administrative	Fundraising	Supporting Activities Total	
Fundraising Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,997	\$ 21,997	\$ 21,997
Direct Mail Costs	-	-	-	-	-	190,180	190,180	190,180
Advertising and Publicity	5,845	-	-	5,845	-	-	-	5,845
Business Expenses	10,536	120	-	10,656	-	-	-	10,656
Computer Support	8,697	-	927	9,624	113	-	113	9,737
Employee Benefits and Costs	98,278	33,972	39,284	171,534	47,956	2,407	50,363	221,897
Insurances	33,163	-	-	33,163	-	-	-	33,163
Ministry Programs	150,925	22,962	309,731	483,618	-	-	-	483,618
Office Supplies and Postage	23,605	1,608	4,048	29,261	1,595	850	2,445	31,706
Professional Services	25,849	3,423	7,045	36,317	2,350	-	2,350	38,667
Repairs and Maintenance	39,320	16,977	13,514	69,811	-	-	-	69,811
Salaries	281,726	146,666	158,085	586,477	140,826	7,977	148,803	735,280
Taxes - Payroll and Property	40,168	11,220	12,093	63,481	10,773	610	11,383	74,864
Training, Education and Books	3,888	-	346	4,234	20	-	20	4,254
Utilities and Telephone	31,546	22,220	9,782	63,548	510	-	510	64,058
Vehicle Expenses and Travel	5,522	-	-	5,522	-	-	-	5,522
Depreciation	20,418	-	-	20,418	-	-	-	20,418
Total Expenses Year 2021	<u>\$ 779,486</u>	<u>\$ 259,168</u>	<u>\$ 554,855</u>	<u>\$ 1,593,509</u>	<u>\$ 204,143</u>	<u>\$ 224,021</u>	<u>\$ 428,164</u>	<u>\$ 2,021,673</u>
Percent of Total Expenses	38.56%	12.82%	27.45%	78.82%	10.10%	11.08%	21.18%	100.00%

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 135,283	\$ 596,978
Excess Support and Revenues over Expenses	\$ 135,283	\$ 596,978
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	20,418	20,418
Increase/(Decrease) in Accounts Payable	430	347
Increase/(Decrease) in Deferred Contributions	100,000	(7,139)
Net cash provided by (used in) operating activities	\$ 256,131	\$ 610,604
Cash Flows from Investing Activities		
Purchase of Property and Equipment	\$ (474,276)	\$ (53,450)
Net Transfer of Funds (to)/from Temporary Investments	192,728	(465,163)
Net cash provided by (used in) investing activities	(281,548)	(518,613)
Cash Flows from Financing Activities		
Proceeds (Payment) from Loan Payable	\$ 500	\$ -
Net cash provided by (used in) financing activities	500	-
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (24,917)	\$ 91,991
Cash and Cash Equivalents, Beginning of Year	425,659	333,668
Cash and Cash Equivalents, End of Year	<u>\$ 400,742</u>	<u>\$ 425,659</u>

See Notes to the Financial Statements

Lebanon Rescue Mission, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Analysis of Cash and Cash Equivalents		
Beginning of Year		
Cash on Hand	\$ 500	\$ 500
Cash in Bank - Checking	<u>425,159</u>	<u>333,168</u>
Total Cash and Cash Equivalents - Beginning of Year	\$ 425,659	\$ 333,668
End of Year		
Cash on Hand	\$ 500	\$ 500
Cash in Bank - Checking	<u>400,242</u>	<u>425,159</u>
Total Cash and Cash Equivalents - End of Year	<u>400,742</u>	<u>425,659</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u><u>\$ (24,917)</u></u>	<u><u>\$ 91,991</u></u>
Total Cash paid for Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total Cash paid for excise taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to the Financial Statements

LEBANON RESCUE MISSION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 Lebanon Rescue Mission.

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 cash basis of accounting in accordance with the cash basis of accounting. Accordingly, revenues are recognized when received, and expenses are recorded when paid.

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.

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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021.

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 2018.

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, 2022 and 2021

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, 2022 and 2021

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.

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.

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, 2022 and 2021, was \$20,418 and \$20,418 respectively.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE #2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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>12/31/2022</u>	<u>12/31/2021</u>
Cash on Hand	\$ 500	\$ 500
Cash in Bank - M & T Bank	<u>400,242</u>	<u>425,159</u>
Total Cash and Cash Equivalents	<u>\$ 400,742</u>	<u>\$ 425,659</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, 2022 and 2021

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 2022 and 2021.

<u>Gifts-in-Kind valuation</u>	<u>Year 2022</u>	<u>Year 2021</u>
Men's Shelter - Food lbs.	60,797	46,229
Men's Shelter - Food Value	\$ 141,686	\$ 105,041
Men's Shelter - Other	22,732	19,785
Men's Shelter - Turkeys	3,172	-
Total Men's Shelter Gifts-in-Kind	\$ 167,590	\$ 124,826
Agape Shelter - Food Value	905	2,880
Agape Shelter - Other	12,454	7,281
Clinic - Medicine Value	331,882	272,298
Clinic - Other	2,497	3,299
Total Value Gifts-in-Kind	<u>\$ 515,328</u>	<u>\$ 410,584</u>

NOTE #5 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.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE #6 AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets as of December 31, 2022 and 2021:

Financial Assets at Fiscal Year End:	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash and Cash Equivalents	<u>\$ 1,006,362</u>	<u>\$ 1,224,007</u>
Total Financial Assets	\$ 1,006,362	\$ 1,224,007
Less Current Liabilities	(111,267)	(10,337)
Less Current Portion Mortgage	-	-
Less amounts with Donor Restrictions	-	-
Less amounts with Board Restrictions	<u>(4,707)</u>	<u>(197,548)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 890,388</u></u>	<u><u>\$ 1,016,122</u></u>

NOTE #7 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 2022 included volunteers donating 1,776 hours. The estimated value included in these financial statements for year 2022 is \$62,551. The medical volunteers for the year 2021 included volunteers donating 1,514 hours. The estimated value included in these financial statements for year 2021 is \$58,187.

Additional volunteer hours for the Organization's ministries amounted to 352.80 hours from 684 volunteers for 2022 valuing a total of \$62,551.

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
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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, 2022

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 3,373,351	\$ 681,346	\$ 2,692,005
Furniture and Fixtures	162,946	100,815	62,131
Vehicles	<u>92,560</u>	<u>30,562</u>	<u>61,998</u>
Total	<u>\$ 3,628,857</u>	<u>\$ 812,723</u>	<u>\$ 2,816,134</u>

FIXED ASSETS AS OF DECEMBER 31, 2021

<u>Description</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Cost Less Depreciation</u>
Building and Improvements	\$ 2,953,525	\$ 664,692	\$ 2,288,833
Furniture and Fixtures	156,909	97,900	59,009
Vehicles	<u>44,147</u>	<u>29,713</u>	<u>14,434</u>
Total	<u>\$ 3,154,581</u>	<u>\$ 792,305</u>	<u>\$ 2,362,276</u>

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

Lebanon Rescue Mission, Inc.
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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>12/31/2022</u>	<u>12/31/2021</u>
Unemployment Reserve	\$ 3,703	\$ 3,703
Endowment Fund	<u>1,004</u>	<u>193,845</u>
Total Temporarily Restricted Assets	<u>\$ 4,707</u>	<u>\$ 197,548</u>

NOTE #10 TEMPORARY INVESTMENTS

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

<u>TEMPORARY INVESTMENTS</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Temporarily Restricted Assets - See Note #9		
Unemployment Reserve	\$ 3,703	\$ 3,703
Endowment Fund	<u>1,004</u>	<u>193,845</u>
Total Temporary Investments	<u>\$ 4,707</u>	<u>\$ 197,548</u>

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

Lebanon Rescue Mission, Inc.
Notes to the Financial Statements
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NOTE #11 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 #12 FUNDRAISING

Fundraising and direct mailing receipts and direct expenses for 2022 and 2021 are as follows:

Year 2022

	Receipts	Direct Expenses	Gross Profit	Gross Profit %
Direct Mailing	\$ 954,856	\$ 190,529	\$ 764,327	80.05%
Fundraising				
Other Fundraisers	54,974	33,488	21,486	39.08%
Totals	<u>\$ 1,009,830</u>	<u>\$ 224,017</u>	<u>\$ 785,813</u>	<u>77.82%</u>

Year 2021

	Receipts	Direct Expenses	Gross Profit	Gross Profit %
Direct Mailing	\$ 1,058,337	\$ 190,181	\$ 868,156	82.03%
Fundraising				
Other Fundraisers	65,887	21,997	43,890	66.61%
Totals	<u>\$ 1,124,224</u>	<u>\$ 212,178</u>	<u>\$ 912,046</u>	<u>81.13%</u>

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NOTE #13 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, 2022 or 2021.

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

Lebanon Rescue Mission, Inc.
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NOTE #13 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, 2022 and 2021.

<u>December 31, 2022</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	404,949	-	-	404,949
Certificates of Deposit	600,913	-	-	600,913
Total Fair Value Measurement	<u>\$ 1,006,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,006,362</u>
<u>December 31, 2021</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	622,707	-	-	622,707
Certificates of Deposit	600,800	-	-	600,800
Total Fair Value Measurement	<u>\$ 1,224,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,007</u>

NOTE #14 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 13, 2023, the date the financials were available to be issued.

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