

**SANTA BARBARA RESCUE MISSION  
CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

# SANTA BARBARA RESCUE MISSION

September 30, 2023

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 21
Supplemental Information	
Statement of Financial Position	22
Statement of Activities and Changes in Net Assets	23



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

200 E. Carrillo Street, Suite 300, Santa Barbara, CA 93101, (805) 962-9175, www.mcgowan.com

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Santa Barbara Rescue Mission  
Santa Barbara, California

### **Opinion**

We have audited the accompanying consolidated financial statements of Santa Barbara Rescue Mission (a non-profit organization) and affiliated organization, which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Santa Barbara Rescue Mission as of September 30, 2023, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Barbara Rescue Mission's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Santa Barbara Rescue Mission'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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Barbara Rescue Mission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental statement of financial position and statement of activities and changes in net assets are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

### **Report on Summarized Comparative Information**

We have previously audited Santa Barbara Rescue Mission's September 30, 2022, consolidated financial statements, and we expressed an unmodified audit opinion on those statements in our report dated March 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*McGowan Muntermann*

Santa Barbara, California  
February 8, 2024

**SANTA BARBARA RESCUE MISSION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

September 30, 2023

(With Comparative Totals for September 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>(Memo) Total 2022</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 910,312	\$ -	\$ 910,312	\$ 544,618
Prepaid expenses and other assets	109,311	-	109,311	147,149
Pledges receivable - current portion	-	100,000	100,000	100,000
Other receivables	79,065	-	79,065	79,063
<b>Total Current Assets</b>	<b>1,098,688</b>	<b>100,000</b>	<b>1,198,688</b>	<b>870,830</b>
Other Assets:				
Restricted cash	-	198,599	198,599	261,554
Pledges receivable - net of current portion	-	290,196	290,196	384,401
Investment	2,196,758	618,157	2,814,915	2,535,297
Investment in perpetual income trust	-	432,033	432,033	449,593
Loan receivable	6,830,751	-	6,830,751	6,830,751
Land, buildings, and equipment, net	12,100,400	-	12,100,400	12,368,697
Due (to)/from other fund	(250,000)	250,000	-	-
<b>Total Assets</b>	<b>\$ 21,976,597</b>	<b>\$ 1,888,985</b>	<b>\$ 23,865,582</b>	<b>\$ 23,701,123</b>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ 111,086	\$ -	\$ 111,086	\$ 141,194
Accrued payroll and related liabilities	83,619	-	83,619	71,460
Other accrued liabilities	104,232	-	104,232	97,551
Notes payable, current portion	9,334	-	9,334	9,000
<b>Total Current Liabilities</b>	<b>308,271</b>	<b>-</b>	<b>308,271</b>	<b>319,205</b>
Non-Current Liabilities:				
Notes payable, less current portion	9,522,953	-	9,522,953	9,510,184
<b>Total Liabilities</b>	<b>9,831,224</b>	<b>-</b>	<b>9,831,224</b>	<b>9,829,389</b>
Net Assets				
Without Donor Restrictions	12,145,373	-	12,145,373	11,891,128
With Donor Restrictions	-	1,888,985	1,888,985	1,980,606
<b>Total Net Assets</b>	<b>12,145,373</b>	<b>1,888,985</b>	<b>14,034,358</b>	<b>13,871,734</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,976,597</b>	<b>\$ 1,888,985</b>	<b>\$ 23,865,582</b>	<b>\$ 23,701,123</b>

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

**SANTA BARBARA RESCUE MISSION**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2023

(With Comparative Totals for September 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>(Memo) Total 2022</u>
<b>Support and Revenue</b>				
Gifts and grants	\$ 2,490,084	\$ -	\$ 2,490,084	\$ 2,941,851
Employee retention credit	416,481	-	416,481	-
Special events, net of expenses of \$61,964	562,273	-	562,273	476,169
Bequests	191,716	-	191,716	92,551
Rental income	246,188	-	246,188	241,905
Non-cash contributions	437,263	-	437,263	228,171
Fee income	196,827	-	196,827	129,809
Miscellaneous income	156,915	-	156,915	119,303
Perpetual interest trust income	18,952	-	18,952	36,272
Investment income	270,541	83,099	353,640	(327,705)
Change in value of interest in perpetual trust	(17,560)	-	(17,560)	(108,222)
Net assets released from restriction	174,720	(174,720)	-	-
<b>Total Support and Revenue</b>	<u>5,144,400</u>	<u>(91,621)</u>	<u>5,052,779</u>	<u>3,830,104</u>
<b>Expenses</b>				
Program Expenses:				
Men's recovery program	1,651,577	-	1,651,577	1,318,732
Women's recovery program	744,964	-	744,964	655,376
Homeless guest services	1,009,741	-	1,009,741	866,672
Learning center	76,391	-	76,391	61,545
<b>Total Program Expenses</b>	<u>3,482,673</u>	<u>-</u>	<u>3,482,673</u>	<u>2,902,325</u>
Management and general	913,526	-	913,526	801,137
Fundraising	493,956	-	493,956	557,197
<b>Total Expenses</b>	<u>4,890,155</u>	<u>-</u>	<u>4,890,155</u>	<u>4,260,659</u>
Change in Net Assets	254,245	(91,621)	162,624	(430,555)
Net Assets at Beginning of Year	<u>11,891,128</u>	<u>1,980,606</u>	<u>13,871,734</u>	<u>14,302,289</u>
Net Assets at End of Year	<u><u>\$ 12,145,373</u></u>	<u><u>\$ 1,888,985</u></u>	<u><u>\$ 14,034,358</u></u>	<u><u>\$ 13,871,734</u></u>

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

## SANTA BARBARA RESCUE MISSION

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2023

(With Comparative Totals for September 30, 2022)

	Program Services					Supporting Services			Total 2023	(Memo) Total 2022
	Men's Recovery Program	Women's Recovery Program	Homeless Guest Services	Learning Center	Total	Management and General Expenses	Fundraising	Total		
Salaries	\$ 544,136	\$ 276,715	\$ 235,539	\$ -	\$ 1,056,390	\$ 311,394	\$ 52,376	\$ 363,770	\$ 1,420,160	\$ 1,264,803
Payroll taxes	42,970	22,304	17,682	-	82,956	17,496	3,928	21,424	104,380	94,276
Employee benefits	155,444	91,481	128,317	-	375,242	195,545	36,000	231,545	606,787	519,839
<b>Total Salaries and Related Expenses</b>	<b>742,550</b>	<b>390,500</b>	<b>381,538</b>	<b>-</b>	<b>1,514,588</b>	<b>524,435</b>	<b>92,304</b>	<b>616,739</b>	<b>2,131,327</b>	<b>1,878,918</b>
Clothing	1,629	1,629	1,629	-	4,887	-	-	-	4,887	19,206
Donations to charities	9,231	9,231	9,231	-	27,693	-	-	-	27,693	3,389
Donor appeals	-	-	-	-	-	-	324,163	324,163	324,163	384,180
Donor appeals - consultants	-	-	-	-	-	-	49,500	49,500	49,500	54,000
Dues	-	879	-	-	879	51,391	-	51,391	52,270	44,862
Equipment	-	-	-	-	-	-	-	-	-	4,463
Equipment maintenance	1,642	608	752	735	3,737	202	-	202	3,939	3,530
Expendable supplies	13,008	6,517	19,265	5,878	44,668	244	-	244	44,912	25,543
Food	373,769	62,129	293,893	2,143	731,934	-	-	-	731,934	431,282
Information technology	25,228	13,282	12,650	1,217	52,377	25,540	-	25,540	77,917	60,411
Insurance	17,262	10,249	8,631	1,079	37,221	16,725	-	16,725	53,946	45,519
Interest expense	4,488	2,664	2,244	280	9,676	183,363	-	183,363	193,039	193,781
Maintenance - building	95,913	44,883	13,747	5,316	159,859	3,267	-	3,267	163,126	92,138
Miscellaneous	-	-	-	-	-	9,250	724	9,974	9,974	11,788
Office supplies	1,403	1,763	853	250	4,269	5,258	-	5,258	9,527	16,603
Postage	111	26	-	41	178	7,421	-	7,421	7,599	16,336
Printing	3,125	1,829	1,610	182	6,746	3,027	5,271	8,298	15,044	10,935
Professional Fees	4,800	3,578	2,400	300	11,078	52,236	-	52,236	63,314	77,778
Program supplies	47,473	29,471	32,377	2,333	111,654	654	-	654	112,308	222,910
Taxes	-	-	-	-	-	-	-	-	-	1,359
Telephone	6,981	2,787	4,487	3,618	17,873	2,691	9,085	11,776	29,649	24,773
Training	3,105	4,355	3,535	-	10,995	9,111	2,810	11,921	22,916	13,996
Transportation	24,811	4,912	3,707	-	33,430	297	-	297	33,727	26,184
Utilities	98,312	27,432	50,557	37,870	214,171	8,315	-	8,315	222,486	175,003
<b>Total Expenses Before Depreciation</b>	<b>1,474,841</b>	<b>618,724</b>	<b>843,106</b>	<b>61,242</b>	<b>2,997,913</b>	<b>903,427</b>	<b>483,857</b>	<b>1,387,284</b>	<b>4,385,197</b>	<b>3,838,887</b>
Depreciation expense	176,736	126,240	166,635	15,149	484,760	10,099	10,099	20,198	504,958	421,772
<b>Total Expenses</b>	<b>\$ 1,651,577</b>	<b>\$ 744,964</b>	<b>\$ 1,009,741</b>	<b>\$ 76,391</b>	<b>\$ 3,482,673</b>	<b>\$ 913,526</b>	<b>\$ 493,956</b>	<b>\$ 1,407,482</b>	<b>\$ 4,890,155</b>	
<b>2022 Totals</b>	<b>\$ 1,318,732</b>	<b>\$ 655,376</b>	<b>\$ 866,672</b>	<b>\$ 61,545</b>	<b>\$ 2,902,325</b>	<b>\$ 801,137</b>	<b>\$ 557,197</b>	<b>\$ 1,358,334</b>		<b>\$ 4,260,659</b>

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

**SANTA BARBARA RESCUE MISSION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Year Ended September 30, 2023

(With Comparative Totals for September 30, 2022)

	2023	(Memo) 2022
Cash Flows From Operating Activities:		
Change in net assets	\$ 162,624	\$ (430,555)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	504,958	421,772
Unrealized change in value of investments	(219,635)	372,433
Realized change in value of investments	26,514	23,568
Reduction in debt issuance costs	21,226	21,226
Changes in:		
Prepaid expenses and other assets	37,836	(46,078)
Pledges receivable	94,205	95,147
Accounts payable	(30,108)	(17,527)
Accrued payroll and related liabilities	12,159	(29,402)
Value of perpetual interest trust	17,560	108,222
Other accrued liabilities	6,681	(19,634)
Net Cash Provided by Operating Activities	634,020	499,172
Cash Flows From Investing Activities:		
Purchase of investments	(401,988)	(599,764)
Proceeds from sale of investments	378,446	173,625
Purchase of fixed assets	(236,661)	(165,208)
Net Cash Used by Investing Activities	(260,203)	(591,347)
Cash Flows From Financing Activities:		
Payments on note payable	(8,123)	(8,165)
Net Cash Used by Financing Activities	(8,123)	(8,165)
Change in Cash and Cash Equivalents	365,694	(100,340)
Cash and Cash Equivalents at Beginning of Year	544,618	644,958
Cash and Cash Equivalents at End of Year	\$ 910,312	\$ 544,618
Supplemental Disclosures:		
Cash paid for interest	\$ 14,023	\$ 15,995

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



# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: ORGANIZATION

The Santa Barbara Rescue Mission (SBRM) is a nonprofit corporation that has operated in Santa Barbara since 1965. SBRM's primary purpose is to provide a state-licensed recovery program for men and women who are addicted to drugs and alcohol. A second purpose is to provide emergency services such as food, clothing and shelter to the homeless. A significant portion of the funding for SBRM is provided by contributions from the general public. These contributions vary in amount from year to year. SBRM also receives bequests which can be significant.

In March 2019, SBRM entered into a New Market Tax Credit (NMTC) transaction, as outlined in Internal Revenue Code (IRC) Section 45D, to help finance the construction of its new SBRM building. SBRM Support Corporation (Support Corporation) was formed in January 2019, under the laws of California in order to meet the necessary structuring requirements to qualify for the NMTC transaction. The Support Corporation holds the property to be leased back to SBRM for the sole purpose of operations and furthering its mission to aid the homeless. See Note 11 for a further discussion of the NMTC financing. The Support Corporation's revenue and net assets are summarized in the supplemental schedules.

The Mission and the Support Corporation are affiliated nonprofit organizations by virtue of the fact that they share a common board of directors. Therefore, the accompanying financial statements of these affiliated organization are presented on a consolidated basis.

#### Program Services

SBRM has four primary programs:

- Men's Recovery Program

The state-licensed Men's Recovery Program is a voluntary, one-year, residential program for male alcoholics and drug abusers that offers counseling, spiritual guidance, education and career development classes, recovery meetings and relapse prevention therapy. This program may not be voluntary for court ordered participants. Assistance in finding employment is provided upon completion of the program.

- Women's Recovery Program

Bethel House is a home for women in a voluntary one-year, state licensed residential drug and alcohol recovery program. The program offers counseling, spiritual guidance, education and career development classes, recovery meetings and relapse prevention therapy. Assistance in finding employment is provided upon completion of the program.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: ORGANIZATION (continued)

#### Program Services (continued)

- Homeless Guest Services

SBRM provides emergency services for the community's homeless men, women and children by offering hot nourishing meals, a safe place to stay, clean clothes, showers, temporary storage, as well as spiritual nourishment. SBRM also offers case management services to our homeless guests that seek to be housed.

- Learning Center

The Learning Center is an integral component of the overall recovery program. It offers to participants educational and career development classes in the areas of computer training, literacy and math, and job acquisition skills under the guidance of a professional learning specialist.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements have been presented on an accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### Description of Net Assets

SBRM reports information regarding its financial position and activities in two classes of net assets - with donor restrictions and without donor restrictions - based on the existence or absence of donor-imposed restrictions.

#### *Without Donor Restrictions*

Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

#### *With Donor Restrictions*

Net assets with donor restrictions represent net assets that are subject to donor-imposed time or use restrictions. Net assets with donor restrictions generally include contributions and bequests receivable and planned gifts. Earnings on net assets with donor restrictions are reported as an increase in net assets with donor restrictions. Earnings on donor-restricted endowment funds that have not yet been appropriated are also classified as net assets with donor restrictions.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *With Donor Restrictions (continued)*

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as “Net assets released from restrictions”.

Net assets with donor restrictions include perpetual income trusts for which the related income is reported as contributions without donor restrictions when received on the Statement of Activities. The change in value of the underlying assets is recorded as an unrealized gain or loss in net assets with donor restrictions on the Statement of Activities. Net assets with donor restrictions also consist of those donor-restricted endowments held by SBRM as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

#### Principles of Consolidation

The consolidated financial statements include the accounts of SBRM and the Support Corporation (collectively, the Mission). All material related party transactions have been eliminated in consolidation.

#### Cash and Cash Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with an original or remaining maturity of three months or less.

#### Restricted Cash

Restricted cash represents cash received from donors restricted to use for a long-lived asset.

#### Pledges Receivable

When a donor has unconditionally promised to contribute funds to the Mission in future periods, the Mission recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. A provision for doubtful pledges receivable has not been established as management considers all accounts to be collectible based on favorable history over a substantial period of time.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investment

As explained more fully in Note 7, the Mission's investments include an equity-share arrangement is reported at estimated current market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Investments in marketable equity and debt funds are stated at market value. All gains and losses on investments are reported as increases or decreases to unrestricted net assets unless required by donors to be reinvested in restricted net assets. As a result of the reporting investments at market value the Mission reports changes in market values on a portfolio basis as unrealized gains or losses. In years where investments are sold the realized gains or losses are reported and the changes in unrealized gains or losses on a portfolio basis is also reported.

#### Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or, if donated, at estimated fair market value at the date of gift. The Mission's policy is to capitalize individual assets which cost more than \$1,000 and have a useful life of greater than one year. Depreciation on these assets, except for land and construction-in-progress, is provided on a straight-line basis over their estimated useful lives, which range from 3-40 years. The Mission has self-constructed two of the buildings it now occupies.

#### Debt Issuance Costs

Debt issuance costs are reported on the statement of financial position as a direct deduction from the face amount of debt. Amortization of debt issuance costs is reflected as interest expense on the statement of activities.

#### Tax Exempt Status

SBRM and the Support Corporation are nonprofit public benefit corporations, which are exempt from income taxes under Internal Revenue Code 501(c)(3) and State of California Revenue and Taxation Code Section 23701 (d); therefore, no provision for income taxes is required. SBRM and the Support Corporation qualify for the charitable contribution deduction under Section 170 (b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(1).

The Mission evaluates uncertain tax positions, where by the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of September 30, 2023, the Mission had no uncertain tax positions requiring accrual. SBRM and the Support Corporation file tax returns in California and U.S. federal jurisdictions. SBRM and the Support Corporation are no longer subject to U.S. federal and state examinations by tax authorities for years ending before September 30, 2019 and 2018, respectively.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition on the income statement.

The new standard is effective for the Mission as of October 1, 2022, and has been adopted for the year ended September 30, 2023. As of October 1, 2022, and for the year ended September 30, 2023, the Mission had no material noncancellable operating or capital leases.

Further, the Mission elected a short-term lease extension policy, permitting the Mission to not apply the recognition requirements of this standard to short-term leases (i.e., leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of net assets.

#### Fair Value of Financial Instruments

The carrying amount of financial instruments including cash, prepaid expenses and other assets, accounts payable and accrued expenses approximated fair value as of September 30, 2023, because of the short-term nature of these items. The carrying value of both the current and non-current note payable approximates fair value as of September 30, 2023, based on the current borrowing rates for loans with similar maturities.

#### Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Mission's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

#### Reclassifications

Certain balances reported for the year ended September 30, 2022, have been reclassified to make the reporting comparable to the balances reported for the year ended September 30, 2023.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Gifts-in-Kind

The Mission receives contributions of substantial amounts of food, clothing, equipment, miscellaneous supplies and professional services which are used in the operation of Mission programs. These contributions are reported in the financial statements as both support and as program expense. The values reported for in-kind donations are determined by using fair market values of comparable goods. The Mission also receives the support of numerous non-professional volunteers. However, no amounts have been reported for these services as they do not meet the criteria set forth under accounting principles generally accepted in the United States of America (U.S. GAAP) for nonprofit organizations.

#### Deferred Revenue

Deferred revenue consists of funds received in advance for certain events. Once the Mission fulfills its obligation, the Mission will recognize the revenue.

#### Functional Expenses

The costs of providing various programs have been summarized by function in the Statement of Functional Expenses. Direct costs are charged directly to the appropriate program. Other costs are allocated based upon direct costs, occupancy and time spent as appropriate. The allocation is based upon current data.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Estimates and assumptions include, but are not limited to:

- Net realizable value of pledges receivable and allowance for uncollectible pledges
- Useful lives of capitalized assets
- Functional expense allocation
- Value of in-kind contributions received
- Value of contributions to others
- Fair market value of property held as investment

It is at least reasonably possible that the estimates used will change within the next year.

**SANTA BARBARA RESCUE MISSION**

NOTES TO FINANCIAL STATEMENTS

NOTE 3: PLEDGES RECEIVABLE

Unconditional pledges are discounted to net present value at a rate of 1% applied to the payments expected to be received in that year. Pledges receivable at September 30 are as follows:

	2023
Due within one year	\$ 100,000
Due in one to five years	300,000
Total Pledges Receivable	400,000
Less discount to net present value	(9,804)
Pledges Receivable, net	\$ 390,196

NOTE 4: NOTE RECEIVABLE

In order to facilitate the NMTC financing, the Mission made a loan (the leverage loan) to Chase SBRM Investment Fund in the amount of \$6,830,751, bearing interest at 1.5431% per annum. Interest-only payments are due annually until December 2025. Starting December 2026, principal and interest payments are due until maturity in March 2047. The note is secured by a forbearance agreement and the ownership interest in the Support Corporation. The unpaid principal balance at September 30, 2023, was \$6,830,751. See Note 9 for further discussion of the NMTC financing. (See notes 9 and 10)

NOTE 5: LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment at September 30, 2023, is as follows:

	Estimated Useful Lives	2023
Land	--	\$ 1,435,600
Building and improvements	40 years	11,971,377
Furniture and fixtures	7 years	605,955
Office equipment	3-5 years	626,402
Vehicles	5 years	64,696
Total land, buildings and equipment		14,704,030
Less: accumulated depreciation		(2,603,630)
Net land, buildings and equipment		\$ 12,100,400

Depreciation expense for the year ended September 30, 2023, was \$504,958.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6: INVESTMENT

During 2007, the Mission entered into an equity-share arrangement with the Mission's Executive Director to purchase a home in the Santa Barbara County area. Under the agreement, the Mission contributed \$520,000 towards the purchase of the home and retained pro rata equity in the property (see Note 19). The Mission will transfer portions of its share of any appreciation on the property to the Executive Director according to a vesting schedule laid out in the agreement, beginning in the year the property shows appreciation. The equity share percentages will also be adjusted for improvements made to the property by the Executive Director. During the year ending September 30, 2014, the equity ownership percentages were adjusted to reflect improvements made to the property by the Executive Director. During the year ending September 30, 2020, the Executive Director made a payment of \$270,000 to increase his equity share of the home. At September 30, 2023, the Mission's equity ownership in the house was 27.983% and has reported its share of the equity in the investment at \$299,559.

Investments are presented in the financial statements at fair market value, which is derived from quoted market prices at year end. At September 30, 2023, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash held for investment	\$ 69,522	\$ 69,522	\$ -
Mutual funds – equities	716,178	719,314	3,136
Mutual funds – bonds	183,569	159,146	(24,423)
ETP – equities	1,218,025	1,173,919	(44,106)
ETP – bonds	440,788	393,455	(47,333)
Real estate investment	<u>299,559</u>	<u>299,559</u>	<u>-</u>
	<u>\$ 2,927,641</u>	<u>\$ 2,814,915</u>	<u>\$ (112,726)</u>

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Balance at end of year	\$ 2,927,641	\$ 2,814,915	\$ (112,726)
Balance at beginning of the year	2,867,658	2,535,297	<u>(332,361)</u>
			<u>\$ 219,635</u>

Investment income for September 30 is as follows:

Interest and dividend income	\$ 160,519
Unrealized gain on value of securities	219,635
Realized loss on value of securities	<u>(26,514)</u>
Net Investment Income	<u>\$ 353,640</u>



# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7: PERPETUAL INCOME TRUST INTEREST

The Mission is named as an income beneficiary of a perpetual trust, the corpus of which is not controlled by management of the Mission. Under this arrangement, the Association has the irrevocable right to receive annual distributions of income. Distributions from the trust for the year ended September 30, 2023, totaled \$18,952. The Mission is a beneficiary of this stream of income into perpetuity and therefore the value of the underlying assets held by the trustee are recorded as an asset with donor restrictions as of September 30, 2023. The change in the value of the underlying assets held by the trustee is recorded annually as an increase or decrease in value of interest in the perpetual income trust.

### NOTE 8: FAIR VALUE MEASUREMENT

The Mission has established a framework for measuring fair value and expanding disclosures about fair value measurements. Accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;
- Level 3: Unobservable inputs that are supported by little or no market activity;

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. As of September 30, 2023, there were no Level 2 or Level 3 investments.

The following is a description of the general classification of investments pursuant to the valuation hierarchy:

Cash held for investment – Cash held for investment purposes includes money market funds and cash equivalent assets, and is valued at face value.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8: FAIR VALUE MEASUREMENT (continued)

Fixed income – Corporate bonds and bond funds provide a hedge against deflation, provide a stable return, and serve to minimize the overall volatility of the investment portfolio. They are valued utilizing quoted market prices available in active markets for identical investments at the reporting date.

Equities – Equities include a variety of publicly traded stocks and mutual funds from various industries invested for both growth and value. They are valued utilizing quoted market prices available in active markets for identical investments at the reporting date.

The following table presents assets and liabilities recognized in the accompanying Statement of Financial Position measured at fair value on a recurring basis and the level in which the fair value measurements fall at September 30, 2023:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash held for investment	\$ 69,522	\$ -	\$ -	\$ 69,522
Fixed Income				
Mutual fund - bonds	159,146			159,146
ETP - bonds	<u>393,455</u>	-	-	<u>393,455</u>
Total Fixed Income	<u>552,601</u>	-	-	<u>552,601</u>
Equities				
Mutual fund - equities	719,314	-	-	719,314
ETP - equities	<u>1,173,919</u>	-	-	<u>1,173,919</u>
Total Equities	<u>1,893,233</u>	-	-	<u>1,893,233</u>
Real estate investment	<u>299,559</u>	-	-	<u>299,559</u>
Total assets measured at fair value	<u>\$ 2,814,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,814,915</u>

### NOTE 9: NOTE PAYABLE

The Mission has a note payable to Montecito Bank & Trust for \$436,669, with interest of 3.65% and monthly payments of \$2,013. The note is due in August 2030, and is secured by a first trust deed on the 24 West Arrellaga property. The outstanding balance as of September 30, 2023, is \$411,717.

Note to LCD New Markets Fund XXVIII, Note A, including interest at 1.1083%, interest only payments due annually until December 2026, principal and interest payments ranging from \$177,539 to \$339,162 due annually starting January 2026, until maturity at March 2049, secured by a Deed of Trust and assignment of leases and rents on the Support Corporation's land and building, and security agreement, loan and regulatory agreement restrict the use of the property to the Mission for the term of the note. The balance due as of September 30, 2023, is \$6,830,751.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9: NOTE PAYABLE (continued)

Note to LCD New Markets Fund XXVIII, Note B, including interest at 1.1083%; interest only payments due annually until December 2026, principal and interest payments ranging from \$71,164 to \$135,949 due annually starting January 2026, through maturity at March 2049, secured by a Deed of Trust and assignment of leases and rents on the Support Corporation's land and building, and security agreement, loan and regulatory agreement restrict the use of the property to SBRM for the term of the note. The balance due as of September 30, 2023, is \$2,738,027.

Notes payable are reduced by the New Market Tax Credit unamortized debt issuance costs of \$448,208 as of September 30, 2023.

A schedule of maturities of the notes payable is as follows:

<u>Year Ending September 30,</u>	<u>Amounts</u>
2024	\$ 9,334
2025	9,681
2026	10,000
2027	10,350
2028	10,700
Thereafter	<u>9,482,222</u>
	<u>\$ 9,532,287</u>

### NOTE 10: NEW MARKET TAX CREDIT FINANCING

In March 2019, the Mission entered into a New Market Tax Credit (NMTC) transaction to help finance the construction of the new building.

The NMTC Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDE). CDE's use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas.

To earn the tax credit, the QEI must remain invested in the CDE for a seven-year period ending in March 2026. The Mission and Chase Community Equity, LLC, have entered into a put/call option agreement to take place at the end of the seven-year period. Under the agreement, Chase Community Equity, LLC, can exercise a put option to sell all interest in the QEI for \$1,000 to the Mission. If the put option is not exercised, the Mission can exercise a call option to purchase the interest of the QEI at its then fair market value.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11: INTER-FUND BORROWING

In 2007, the Mission authorized the borrowing of \$520,000 from its endowment fund and secured an investment in a second deed of trust. In 2020 the Mission paid back \$270,000 to the endowment fund, leaving a balance outstanding of \$250,000 as of September 30, 2023 and 2022. The Mission will repay its endowment fund upon the close of sale or other termination of its current investment.

### NOTE 12: RENTAL INCOME

The Mission leases space to a wireless company in which it has installed and is operating a wireless tower. The lease is on a quarter to quarter basis with annual increases. Rental income received was \$28,558 for the year ended September 30, 2023.

### NOTE 13: NON-CASH CONTRIBUTIONS

Non-cash contributions consist of the following for the years ending September 30:

	<u>2023</u>
Contributed clothing and household items, valued at estimated thrift store value	\$ 32,580
Contributed food	<u>404,683</u>
Total	<u>\$ 437,263</u>

Any unused items are donated to other nonprofit organizations, and have been recorded as donations in the amount of \$27,693 for the year ended September 30, 2023.

### NOTE 14: CONCENTRATION OF CREDIT RISK

At September 30, 2023, the Federal Deposit Insurance Corporation (FDIC) insured only the first \$250,000 on deposit at any one financial institution. During the current year, the Mission has had at various times more than \$250,000 on deposit with one financial institution. The Mission had approximately \$373,000 in excess of the federally insured deposit limit at September 30, 2023.

### NOTE 15: COMMITMENTS, CONTINGENCIES, AND RISK

As indicated in Note 10, the Support Corporation received NMTC funds to assist with financing the construction of the new building. As a part of the agreements, the Mission must maintain status as a qualified active low-income community business, as defined in IRC Section 45D. The Mission entered into an indemnification agreement with JPMorgan Chase Bank, in the event a NMTC recapture event occurs due to violation or disallowance. If such an event occurs, the Mission is liable to compensate JPMorgan Chase Bank up to the full amount of the recapture and/or lost credits, including penalties and interest. In the opinion of the Mission, no such disallowance or recapture event has occurred.

## SANTA BARBARA RESCUE MISSION

### NOTES TO FINANCIAL STATEMENTS

NOTE 16: EMPLOYEE BENEFIT PLAN

The Mission offers all its employees the benefits of a tax-sheltered annuity plan as described in Section 403(b) of the Internal Revenue Code. The Mission can make discretionary contributions soon after date of hire. The annual contribution is generally a percentage of the employee's salary. The Mission contributed \$96,709 to the plan for the year ended September 30, 2023.

NOTE 17: DONOR RESTRICTED ENDOWMENTS

Santa Barbara Rescue Mission's endowment consists of funds with donor restrictions. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Mission has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Mission classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

A portion of the endowment fund with donor restrictions may be appropriated for expenditure by the Mission in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Mission considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the endowment funds with donor restrictions, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Mission, and (7) the Mission's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies*

The Mission has adopted investment and spending policies for the endowment assets and these policies have been approved by the Board of Directors. The Board has decided to invest funds with donor restrictions in residential real estate in the Santa Barbara area. In 2007, the Mission entered into an equity-share agreement with the Mission's Executive Director. The Mission invested \$520,000 for 54.7% ownership of a residential property. All market appreciation and depreciation are split proportionally based on ownership. As an incentive for continued employment, the Executive Director will get an increasing percentage interest in any appreciation on the investment beginning in August 2010, or upon funding any improvements (see Note 6).

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 17: DONOR RESTRICTED ENDOWMENTS (continued)

Endowment funds as of September 30, 2023, and changes in endowment funds for the year then ended are as follows:

Endowment net assets, September 30, 2022	\$ 1,234,651
Contributions	-
Income	83,099
Change in value of interest in perpetual income trust	<u>(17,560)</u>
Endowment net assets, September 30, 2023	<u>\$ 1,300,190</u>

### NOTE 18: CONTINGENT GRANT

During the year ended September 30, 2015, the Mission entered into an agreement with a local bank and the Federal Home Loan Bank of San Francisco whereby the Mission may obtain up to \$1,500,000 in funds for its facility improvement projects. Provided the Mission complies with the terms of the agreement, which include provision of affordable housing for 15 years from the date of project completion, the funds will be considered a grant. If the Mission fails to comply with the terms of the agreement during the 15-year evaluation period, all funds disbursed will be considered a loan, due and payable, with interest. The \$1,500,000 was received during the year ended September 30, 2019.

### NOTE 19: NET ASSETS

#### Net Assets With Donor Restrictions

As of September 30, 2023, net assets with donor restrictions consist of the following:

Loan from endowment for ED House	\$ 250,000
Interest in perpetual trust	432,033
Pledges and grants receivable	390,196
Cash restricted for building improvements	198,599
Endowment assets	<u>618,157</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,888,985</u>

### NOTE 20: LIQUIDITY

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

# SANTA BARBARA RESCUE MISSION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 21: LIQUIDITY (continued)

Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2023:

Current assets	
Cash and cash equivalents available within one year	\$ 910,312
Pledges receivable, current portion	<u>100,000</u>
Total Current Assets	<u>1,010,312</u>
Investments and restricted cash	3,013,514
Less investments and restricted cash unavailable for general expenditures within one year:	
Investments and restricted cash subject to appropriation restrictions beyond one year	<u>(816,756)</u>
Total Investments and restricted cash	<u>2,196,758</u>
Current liabilities	<u>(308,271)</u>
Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2023	<u>\$ 2,898,799</u>

### NOTE 22: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 8, 2024, which is the date the financial statements were available to be issued pending final approval by the Board of Directors. Management has determined no subsequent events requiring disclosure or significantly impacting disclosure have occurred.

## SUPPLEMENTAL INFORMATION



SBRM SUPPORT CORPORATION

STATEMENT OF FINANCIAL POSITION

September 30, 2023

(With Comparative Totals for September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	(Memo) Total 2022
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 201,486	\$ -	\$ 201,486	\$ 253,252
Accounts receivable	88,500	-	88,500	88,500
Deferred rent	1,195,719	-	1,195,719	924,990
Total Current Assets	1,485,705	-	1,485,705	1,266,742
Property and Equipment:				
Land	4,975,000	-	4,975,000	4,975,000
Building and improvements	10,475,377	-	10,475,377	10,475,377
	15,450,377	-	15,450,377	15,450,377
Less: Accumulated depreciation	(1,339,201)	-	(1,339,201)	(1,014,632)
Net Property and Equipment	14,111,176	-	14,111,176	14,435,745
Total Assets	<u>\$ 15,596,881</u>	<u>\$ -</u>	<u>\$ 15,596,881</u>	<u>\$ 15,702,487</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,111
Accrued liabilities	79,538	-	79,538	79,538
Total Current Liabilities	79,538	-	79,538	87,649
Non-Current Liabilities:				
Notes payable	9,120,570	-	9,120,570	9,099,344
Total Liabilities	9,200,108	-	9,200,108	9,186,993
Net Assets				
Without Donor Restrictions	6,396,773	-	6,396,773	6,515,494
With Donor Restrictions	-	-	-	-
Total Net Assets	6,396,773	-	6,396,773	6,515,494
Total Liabilities and Net Assets	<u>\$ 15,596,881</u>	<u>\$ -</u>	<u>\$ 15,596,881</u>	<u>\$ 15,702,487</u>

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

SBRM SUPPORT CORPORATION

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

(With Comparative Totals for September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	(Memo) Total 2022
<b>Support and Revenue</b>				
Gifts and grants	\$ -	\$ -	\$ -	\$ -
Rental income	388,729	-	388,729	388,729
Interest income	1,231	-	1,231	50
Net assets released from restriction	-	-	-	-
<b>Total Support and Revenue</b>	<b>389,960</b>	<b>-</b>	<b>389,960</b>	<b>388,779</b>
<b>Expenses</b>				
<b>Program Expenses:</b>				
Interest expense	106,051	-	106,051	106,051
CDE expenses	51,739	-	51,739	50,509
Debt issuance costs	21,226	-	21,226	21,226
Depreciation	324,569	-	324,569	324,282
<b>Total Program Expenses</b>	<b>503,585</b>	<b>-</b>	<b>503,585</b>	<b>502,068</b>
Management and general	5,096	-	5,096	5,226
Fundraising	-	-	-	-
<b>Total Expenses</b>	<b>508,681</b>	<b>-</b>	<b>508,681</b>	<b>507,294</b>
Change in Net Assets	(118,721)	-	(118,721)	(118,515)
Net Assets at Beginning of Year	6,515,494	-	6,515,494	6,634,009
Net Assets at End of Year	<u>\$ 6,396,773</u>	<u>\$ -</u>	<u>\$ 6,396,773</u>	<u>\$ 6,515,494</u>

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