THE MIDNIGHT MISSION

Financial Statements

Year ended June 30, 2023

(With Independent Auditor’s Report Thereon)

THE MIDNIGHT MISSION
Financial Statements
Year ended June 30, 2023

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Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
The Midnight Mission
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Midnight Mission (a California non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Midnight Mission as of June 30, 2023 and the changes in its net assets and its cash flows for the year then ended in conformity 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 (GAAS). 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 The Midnight 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 Financial Statements

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

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 The Midnight Mission's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 The Midnight 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Midnight 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 Summarized Comparative Information

We have previously audited The Midnight Mission’s June 30, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis Farr LLP

Irvine, California
November 16, 2023

THE MIDNIGHT MISSION
Statement of Financial Position
June 30, 2023
(with comparative totals for June 30, 2022)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 3,207,534	2,969,456
Restricted cash	97,522	67,633
Accounts receivable	577,459	1,003,845
Prepaid expenses and other current assets	42,450	44,808
Total current assets	3,924,965	4,085,742
Noncurrent assets:		
Investments (notes 5 and 6)	25,841,185	23,664,312
Beneficial interests in split-interest agreements (notes 4 and 6)	1,824,925	1,778,651
Property and equipment, net (note 7)	20,847,443	21,455,433
Total noncurrent assets	48,513,553	46,898,396
Total assets	$ 52,438,518	50,984,138
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 175,530	278,961
Accrued expenses	2,382,345	721,399
Participant savings liability	97,522	67,633
Deferred revenue	466,686	448,950
Deferred compensation (note 8)	272,481	236,031
Current portion of forgivable notes payable (note 9)	206,688	1,206,666
Total current liabilities	3,601,252	2,959,640
Noncurrent liabilities:		
Obligations under split-interest agreements (note 4)	462,995	470,996
Forgivable notes payable (note 9)	2,479,980	2,686,668
Total noncurrent liabilities	2,942,975	3,157,664
Total liabilities	6,544,227	6,117,304
Net assets:		
Without donor restrictions	42,850,187	41,868,090
With donor restrictions (note 12)	3,044,104	2,998,744
Total net assets	45,894,291	44,866,834
Total liabilities and net assets	$ 52,438,518	50,984,138

See accompanying notes to financial statements.

THE MIDNIGHT MISSION
Statement of Activities
Year ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
Support and revenue:				
Contributions	$ 5,162,917	-	5,162,917	4,705,959
Contributions in-kind (note 14)	2,519,397	-	2,519,397	1,731,693
Other contributions	1,429,047	-	1,429,047	245,245
Government grants	3,897,784	-	3,897,784	3,797,755
Other grants	729,265	-	729,265	1,711,675
Interest and dividends, net	574,847	-	574,847	461,945
Realized and unrealized gain (loss) on investments	1,603,817	-	1,603,817	(4,012,185)
Change in value of split-interest agreements	-	60,558	60,558	(329,078)
Other revenues	243,666	-	243,666	152,328
Forgiveness of debt	1,206,666	-	1,206,666	206,666
Subtotal support and revenue	17,367,406	60,558	17,427,964	8,672,003
Net assets released from donor restrictions	15,198	(15,198)	-	-
Total support and revenue	17,382,604	45,360	17,427,964	8,672,003
Expenses:				
Program services:				
Mission	10,164,632	-	10,164,632	10,048,580
Family living	381,788	-	381,788	350,603
Support services:				
Management and general	3,658,219	-	3,658,219	1,026,713
Fundraising and development	2,195,868	-	2,195,868	1,577,614
Total expenses	16,400,507	-	16,400,507	13,003,510
Change in net assets	982,097	45,360	1,027,457	(4,331,507)
		-		
Net assets at beginning of year	41,868,090	2,998,744	44,866,834	49,198,341
Net assets at end of year	$ 42,850,187	3,044,104	45,894,291	44,866,834

See accompanying notes to financial statements.

THE MIDNIGHT MISSION
Statement of Functional Expenses
Year ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	Program Services		
	Mission	**Family Living**	**Total Program Services**
Salaries and employee benefits	$ 4,996,115	251,478	5,247,593
Distributed food and supplies	2,504,201	-	2,504,201
Depreciation	772,531	34,056	806,587
Contract labor	176,053	2,095	178,148
Telephone and utilities	506,961	35,176	542,137
Professional fees	31,612	4,810	36,422
Fundraising events	-	-	-
Repairs and maintenance	241,701	18,712	260,413
Laundry, cleaning and household	198,642	6,374	205,016
Printing and publications	25,683	2,978	28,661
Automobile	79,820	-	79,820
Equipment rental	27,634	2,600	30,234
Insurance	245,479	17,841	263,320
Work therapy stipend	63,475	-	63,475
Food	147,339	35	147,374
Direct aid and housing assistance	96,251	-	96,251
Office supplies	16,069	1,449	17,518
Postage	229	-	229
Bank charges	-	-	-
Taxes and licenses	22,197	2,845	25,042
Community relations	14	425	439
Travel and entertainment	103	629	732
Training and seminars	12,523	285	12,808
Loss on disposal of assets	-	-	-
Other legal expenses	-	-	-
Total	$ 10,164,632	381,788	10,546,420

See accompanying notes to financial statements.

THE MIDNIGHT MISSION
Statement of Functional Expenses
Year ended June 30, 2023
(Continued)

	Support Services			Total Expenses	
	Management and General	**Fundraising**	**Total Support Services**	**2023**	**2022**
Salaries and employee benefits	1,600,368	798,673	2,399,041	7,646,634	7,000,663
Distributed food and supplies	-	15,196	15,196	2,519,397	1,731,693
Depreciation	11,114	8,301	19,415	826,002	855,715
Contract labor	8,062	-	8,062	186,210	210,946
Telephone and utilities	45,514	1,170	46,684	588,821	564,823
Professional fees	197,276	75,299	272,575	308,997	566,854
Fundraising events	1,761	425,676	427,437	427,437	213,466
Repairs and maintenance	46,736	31,315	78,051	338,464	210,878
Laundry, cleaning and household	-	-	-	205,016	196,260
Printing and publications	27,920	539,228	567,148	595,809	392,072
Automobile	111	-	111	79,931	73,287
Equipment rental	770	7,346	8,116	38,350	91,289
Insurance	32,764	19,401	52,165	315,485	283,633
Work therapy stipend	-	125	125	63,600	70,646
Food	500	-	500	147,874	107,382
Direct aid and housing assistance	262	-	262	96,513	31,243
Office supplies	55,955	2,352	58,307	75,825	80,451
Postage	981	212,116	213,097	213,326	151,563
Bank charges	-	49,370	49,370	49,370	40,051
Taxes and licenses	2,052	-	2,052	27,094	35,057
Community relations	13,372	-	13,372	13,811	11,387
Travel and entertainment	2,925	2,896	5,821	6,553	5,565
Training and seminars	6,440	7,404	13,844	26,652	12,805
Loss on disposal of assets	-	-	-	-	65,781
Other legal expenses	1,603,336	-	1,603,336	1,603,336	-
Total	3,658,219	2,195,868	5,854,087	16,400,507	13,003,510

See accompanying notes to financial statements.

THE MIDNIGHT MISSION

Statement of Cash Flows
Year ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 1,027,457	(4,331,507)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	826,002	855,715
Loss on disposal of assets	-	65,781
Loan forgiveness	(1,206,666)	(206,666)
Realized and unrealized gains on investments	(1,603,817)	4,012,185
Changes in value of split-interest agreements	(39,737)	358,008
Changes in operating assets and liabilities:		
Accounts receivable	426,386	(491,098)
Prepaid expenses and other current assets	2,358	53,277
Accounts payable	(103,431)	(34,399)
Accrued expenses	1,660,946	287,245
Participant savings liability	29,889	(65,028)
Deferred revenue	17,736	(175,308)
Deferred compensation	36,450	10,350
Net cash provided (used) by operating activities	1,073,573	338,555
Cash flows from investing activities:		
Purchase of fixed assets	(218,012)	(130,561)
Proceeds from sale of fixed assets	-	8,696
Proceeds from sale of investments	22,085	776,864
Purchases of investments	(609,679)	(1,193,965)
Net cash flows provided (used) by investing activities	(805,606)	(538,966)
Net increase (decrease) in cash and cash equivalents	267,967	(200,411)
Cash and cash equivalents at beginning of year	3,037,089	3,237,500
Cash and cash equivalents at end of year	$ 3,305,056	3,037,089
Significant non-cash financing activity:		
Forgiveness of loans	$ 1,206,666	206,666

See accompanying notes to financial statements.

(1) Nature of Organization

The Midnight Mission (the "Mission"), a California non-profit organization, is a secular organization founded in the city of Los Angeles in 1914. The Midnight Mission seeks to assist individuals and families who are experiencing homelessness in and around Los Angeles City and County effectively deal with the issues that may have contributed to or caused their homelessness and achieve stability and self-sufficiency in appropriate housing. The Midnight Mission operates several programs:

1. The *Crisis & Bridge Housing Program* and *Interim Housing Program* are in the main facility and provide 150 beds of short-term and medium-term shelter and housing to individuals. The program is low-barrier and uses principles of Harm Reduction, Housing First, and Trauma-Informed care while leveraging a wide array of resources provided on site or through community partners. The program is designed to assist in ending a participant's episode of homelessness and achieve stability in housing.

2. *Meals & Basic Need Services* provides nearly 1,000,000 meals per year in the main facility to homeless and near-homeless individuals and families, along with supportive services including showers, restrooms, hygiene kits, health and wellness services, food bags, emergency shelter, clothing, and connection to other needed services.

3. *Homelight Family Living Program* ("*HFL*") has 45 beds in 12 apartments separate from the main facility and serves families with minor children experiencing homelessness. *HFL* provides support in obtaining employment, counseling, educational intervention for children, and other services needed to keep the family intact while reducing the trauma of homelessness. The program is designed to assist families to achieve stability and self-sufficiency.

4. *Healthy Living Program for Men* is a 12-step based program with 121 beds serving primarily homeless men and is in the main facility. The program includes sober residential living with sobriety support groups, education, employment training, health and wellness services, and life skills courses designed to help men achieve a sober and self-sufficient future.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Mission have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with an initial maturity at date of purchase of three months or less that are available for current use.

(2) Summary of Significant Accounting Policies (Continued)

(c) Restricted Cash Limited to Participant Savings Liability

Restricted cash represents cash held by the Mission on behalf of its program participants, with an equal participant savings liability reported on the accompanying statement of financial position. Amounts may be withdrawn by the participants at their discretion.

(d) Accounts and Contributions Receivable

Accounts and contributions receivable are stated as unpaid balances, less an allowance for doubtful accounts. Management evaluates the ability to collect receivables based on a combination of factors. An allowance for doubtful accounts is maintained based on the length of time receivables are past due and other factors. It is the Mission's policy to write off uncollectible receivables when management determines the receivable will not be collected. As of June 30, 2023, management determined a reserve for uncollectible accounts receivable is not necessary.

(e) Investments

The Mission invests cash in excess of its immediate needs in accordance with its investment policy. Certain investments are reported at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments, is shown in the Statement of Activities. Investment income is reported net of investment expenses.

(f) Property and Equipment

Property and equipment are recorded at cost, or in the case of donated items, at estimated fair value at the date of the gift. Maintenance and repairs are expensed when incurred and betterments are capitalized. Property and equipment are depreciated using the straight-line method over their estimated useful lives of one to fifty years. It is the policy of the Mission to capitalize all assets $3,000 and greater with a useful life of more than 1 year.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

(g) Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

(2) Summary of Significant Accounting Policies (Continued)

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Mission's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(h) Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

(i) Contributions

Contributions received, consisting of gifts, are recorded depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions which limit the use of the donated assets are reported as with donor restrictions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained permanently, with only the income earned thereon available for current use, are classified as net assets with donor restrictions.

(2) Summary of Significant Accounting Policies (Continued)

Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as without donor restrictions.

Unconditional promises to give, with payments due in future periods, are reported as with donor restrictions when the promises are received. Gifts of land, buildings and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulation, the Mission reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

(j) Government Contract Revenue

The Mission has contracts with certain governmental agencies to provide public services. Revenue is recognized in the period services are provided.

(k) In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 14). In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

(l) Other Revenues

Other revenues are recognized when earned.

(m) Deferred Revenue

Deferred revenue arises from advance payments received from governmental agencies and other sources prior to services being provided by the Mission.

(2) Summary of Significant Accounting Policies (Continued)

(n) Functional Allocation of Expenses

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

(o) Income Tax

The Mission is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(b) of the Revenue Taxation Code of California.

The Mission has no unrecognized tax benefits at June 30, 2023. The Mission's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the filing of a federal return. California income tax returns are subject to examination by the Franchise Tax Board for a period of four years from the filing of a return. If applicable, the Mission recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accrued expenses in the statement of financial position.

(p) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Mission's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

(q) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Mission's prior year financial statements, from which this selected financial data was derived.

(3) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are as follows:

Financial assets:	
Cash and cash equivalents	3,207,534
Restricted cash	97,522
Accounts receivable	577,459
Investments	25,841,185
Beneficial interest in trust	1,824,925
Total financial assets	31,548,625
Less financial assets held to meet donor-imposed restrictions:	
Restricted cash	(97,522)
Purpose restricted	(592,563)
Endowment	(65,661)
Beneficial interest in trust	(2,401,541)
Board designations - operating reserves	(24,807,538)
Amount available for general expenditures within one year	$ 3,583,800

The Mission regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also seeking to maximize the investment of its available funds. The Mission is substantially supported by contributions without donor restrictions. As part of the Mission's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Mission has various sources of liquidity at its disposal, including cash and cash equivalents and marketable securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Mission considers funds and contributions restricted by time only and expected to be collected in the next fiscal year as available for general expenditures.

The Mission's investments are held for operations and endowments. The entire investment portfolio consists of highly-liquid investments. The Mission maintains a policy of appropriating for distribution each year up to 4% of the investments' average fair value of the prior sixty months.

(4) Split Interest Agreements

The Mission has been named as the beneficiary of, and received income from, several trust agreements for which a third party has been named the trustee. The Mission has recorded in the statement of financial position the present value of all future and residual amounts to be received based on the discounted value of the underlying assets and the life expectancies of the primary beneficiaries. The portion of the trust attributable to the Mission is recorded in the statement of activities as a contribution with donor restrictions in the period the trust was established, and the Mission is notified.

The Mission is trustee for certain charitable remainder trusts. The charitable remainder trust agreements require the Mission to make annual payments to the trust beneficiaries based on stipulated payment rates of 5% of the fair value of the trust assets, as determined annually. Upon the death of the beneficiaries, the remaining trust assets will be retained by the Mission.

The fair value of the trust assets has been included in the Mission's statement of financial position as investments, and a corresponding liability has been recorded to reflect the present value of required lifetime payments and remaining obligation to the named beneficiaries using 5% discount rates at June 30, 2023. The difference between the fair value of the assets received and the present value of the obligation to the named beneficiaries under the agreements is recognized as a contribution with donor restrictions in the accompanying statement of activities. Realized and unrealized gains and losses, interest and dividend income from the investments, and payments of the obligations are reflected as adjustments to obligations under split-interest agreements in the accompanying statement of financial position. Amortization of discounts and changes in actuarial assumptions are reflected in the statement of activities as a change in value of split-interest agreements.

The fair value of the trust investments, cash and obligations under split-interest agreements consist of the following:

Investments	$ 971,665
Cash	67,942
Obligations under split-interest agreements	462,995

(5) Investments

Investments at June 30, 2023 consisted of the following:

Cash	572,196
Exchange traded funds:	
Intermediate-term bond	4,384,466
Large cap-value	4,467,609
Large cap-growth	3,925,685
Large cap-blend	31,556
Foreign large cap-blend	1,409,688
World bond	1,030,024
Small cap-growth	1,230,344
Small cap-value	1,049,927
Foreign small cap-blend	1,356,565
Emerging markets	615,830
Mid cap-growth	631,189
Mid cap-value	550,262
Short-term government	291,915
Total exchange traded funds	20,975,060
Mutual funds - short-term bonds	1,735,781
Money market funds (Non Sweep)	2,158,678
Subtotal	24,869,519
Beneficial interest in trust:	
Exchange traded funds:	
Intermediate-term bond	288,540
Large cap-value	186,301
Large cap-growth	149,423
Foreign large cap-blend	58,047
World bond	27,939
Small cap-growth	49,260
Small cap-value	47,872
Foreign small cap-blend	57,800
Emerging markets	56,642
Mid cap-growth	25,897
Mid cap-value	23,945
	971,666
Cash	67,942
Total Beneficial interest in trust	971,666
Total Investments	25,841,185

(6) Fair Value Measurements

Certain assets and liabilities are reported at fair value based on a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Mission's assumptions (unobservable inputs). Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value on a recurring basis at June 30, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 20,975,060	-	-	20,975,060
Mutual funds	1,735,781	-	-	1,735,781
Money market funds	2,158,678	-	-	2,158,678
Total	24,869,519	-	-	24,869,519
Beneficial interests in trusts - Exchange traded funds	971,666	-	-	971,666
Beneficial interests in trusts	-	-	1,824,925	1,824,925
Obligations under split-interest agreements	-	-	(462,996)	(462,996)
Total	$ 25,841,185	-	1,361,929	27,203,114

Valuations of exchange traded funds and mutual funds are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Money market funds are valued based on investment yield. Valuations of beneficial interest in split-interest agreements are determined based on the discounted value of the underlying assets and the life expectancies of the primary beneficiaries. Beneficial interests in charitable remainder trusts are reported as Level 2 measurements in the above table, as the Mission will eventually receive distribution of the trust's assets.

(6) Fair Value Measurements (Continued)

Beneficial interests in perpetual trusts are reported as Level 3 measurements, as the Mission will never receive the trust's assets. For the year ended June 30, 2023, there have been no changes in the valuation methodologies. The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Mission 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 Beneficial Interest in Trusts is measured at fair value on a recurring basis using significant unobservable inputs (Level 3). The fair value is based on the Mission's expected share of the underlying assets provided by the trustee. Changes in the fair value of Beneficial Interest in Trusts are as follows:

Beginning balance	$ 1,778,651
Change in value of investments	58,350
Interest	(12,076)
Ending balance	$ 1,824,925

(7) Property and Equipment

At June 30, 2023, property and equipment consists of the following:

Buildings	$ 25,662,047
Land	4,173,508
Furniture and equipment	2,536,380
Vehicles	392,895
Construction-in-progress	44,786
	32,809,616
Less accumulated depreciation	(11,962,173)
	$ 20,847,443

Depreciation expense for the year ended June 30, 2023 was $826,002.

(8) Retirement Plans

(a) Deferred Compensation Plans

The Mission maintains two deferred compensation plans for the benefit of an executive, whereby the Mission makes annual contributions of $26,000 and $35,100, respectively, to the plans for the executive. Contributions under this plan are paid into separate investment accounts established by the Mission under the plan. These contributions, together with the earnings, are payable to the executive upon retirement. At June 30, 2023, the liability for these deferred compensation plans is $272,481.

(8) Retirement Plans (Continued)

(a) 403(b) Plan

The Mission maintains a 403(b)-plan covering eligible employees. The Mission does not make contributions under the plan.

(9) Notes Payable

Notes payable consisted of the following as of June 30, 2023:

Forgivable Notes Payable

On January 17, 2019, The Mission entered into an agreement with the City of Los Angeles in which the City would reimburse costs incurred by The Mission for new construction of housing for individuals and families experiencing homelessness under Proposition HHH up to $3,100,000. Upon completion of the construction of the housing units, the reimbursed amounts will convert to a forgivable loan. The loan will be forgiven over 15 years as long as the property is used for the purpose specified in the note. Total outstanding balance at June 30, 2023 was $2,686,668.

The Mission received a Federal Home Loan Bank (FHLB) grant on April 28, 2006 in the amount of $1,000,000 to support the Mission's affordable housing program. The grant is subject to certain restrictions and conditions during its fifteen-year term. In the event of the Mission's noncompliance, the full amount or portion thereof is required to be repaid. The grant is secured by a trust deed on the Mission's main facility. On October 22, 2022, the lender absolved obligations of repayment as the Mission has complied with all restrictions and conditions.

(10) Concentrations

Financial instruments, which potentially subject the Mission to concentrations of credit risk, consist primarily of cash and cash equivalents, investments held at financial institutions, and receivables. The Mission maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

For the year ended June 30, 2023, government contract revenue is generated from one municipality and accounts for approximately 22% of the Mission's total revenues and support. At June 30, 2023, the municipality accounts for approximately 95% of the Mission's accounts receivable.

(11) Commitments and Contingencies

(a) Workers' Compensation

The Mission is insured for workers' compensation liability as a member of a not-for-profit mutual benefit corporation (the "Group"), which provides a pooled shared risk workers' compensation insurance program to enable member not-for-profit organizations to self-insure their workers' compensation liability exposure for up to $500,000 per claim and occurrence. In accordance with the Group's bylaws, each member is jointly and severally liable for expenses and obligations of the Group and for the workers' compensation liability of all members, and the Group can charge its members an assessment in excess of regular premiums if the Group has insufficient reserves for potential losses. As of June 30, 2023, no assessment has been made, and the Mission has not recorded a liability for workers' compensation obligations.

(b) Operating Leases

In November 2022, The Mission entered into a lease agreement with Venice Family Clinic ("Tenant") to operate an Early Head Start facility at the Homelight Family Living facility. Funded by the grant from the United States Department of Health & Human Services, the Tenant constructed major renovations on the leased property. The leased area is considered a federal interest property for at least 15 years and 30 years for the building and the land respectively ("federal interest term"). In the event of the lease termination prior to the federal interest term, certain notifications and conditions are required as specified in the agreement. The Mission will receive the annual base rent of $1 and in exchange, the Tenant shall have space available for The Mission's participants in the Homelight Family Living program and access to family or Early Head Start program services.

(c) Contingencies

On June 27, 2023, the Jury in the matter of Cobene and Holmes v. The Mission rendered a verdict against The Mission in favor of Defendant Holmes in the amount of $1,340,752, which is disclosed herein under "Other legal expenses." Defendant Holmes also brought a motion to recover fees and costs, which the Court awarded on October 31, 2023 in the amount of $262,584. The total potential loss is $1,603,336. The Mission is currently pursuing an appeal of the judgment and award of costs. In the event that Defendant Holmes denies The Mission's request for a waiver of bond pending the appeal, The Mission will be required to post a bond for the duration of the appeals process.

(12) Net Assets With Donor Restrictions

At June 30, 2023, net assets with donor restrictions are available for the following purposes:

Purpose restricted	$ 592,563
Time:	
Split-interest agreements	2,401,541
Endowment, original gifts	50,000
	$ 3,044,104

(13) Endowments

The Mission's endowment consists of funds with donor restrictions received from an estate in 2010. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Mission has interpreted the State of California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Mission classifies earnings from the endowment fund as restricted for time until those amounts are appropriated for expenditure by the Mission in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 Mission and donor-restricted endowment funds, (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.

(a) Investment Return Objectives, Risk Parameters and Strategies

The Mission has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is

(13) Endowments (Continued)

intended to achieve an average net annual rate of return of the consumer price index plus 4%. Actual returns in any given year may vary.
Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

(b) Spending Policy

The Mission has a policy of appropriating for distribution each year up to 4% of its endowment fund's average fair value of the prior sixty months. In establishing this policy, the Mission considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

(c) Endowment Composition

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ 15,661	50,000	65,661

(d) Endowment Activity

The following table summarizes the activity affecting endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	50,000	50,000
Investment income	15,661	-	15,661
Appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ 15,661	50,000	65,661

(14) In-Kind Contributions

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included the following:

Food	$1,565,979
Supplies	938,222
Advertising	15,196
Total	$2,519,397

(14) In-Kind Contributions (Continued)

Contributed food, supplies and advertising are valued using estimated U.S wholesale prices (principal market) of identical or similar products using pricing data under a like-kind methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services and contributed advertising is used for fundraising and development.

(15) Subsequent Events

Subsequent events have been evaluated by management through November 16, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.