

BAY AREA RESCUE MISSION

**Financial Statements for the Years Ended
December 31, 2022 and 2021
and Independent Auditors' Report**



BAY AREA
RESCUE MISSION

BAY AREA RESCUE MISSION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bay Area Rescue Mission
Richmond, California

Opinion

We have audited the accompanying financial statements of Bay Area Rescue Mission (a nonprofit organization) ("BARM"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BARM as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BARM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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. 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BARM'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 BARM'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.

Harrison & Lane, a.c.

Pleasanton, California
November 9, 2023

BAY AREA RESCUE MISSION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,185,108	\$ 5,338,000
Investments - other	500,000	-
Investments	1,000,000	-
Contributions and grants receivable	14,000	55,000
Prepaid expenses and other assets	86,453	68,866
Total current assets	4,785,561	5,461,866
Operating lease asset	19,697	-
Property and equipment, net	7,217,704	6,097,141
Total assets	\$ 12,022,962	\$ 11,559,007
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 155,670	\$ 96,967
Accrued expenses	281,683	238,643
Operating lease liability - current	10,028	-
Total current liabilities	447,381	335,610
Operating lease liability	9,669	-
Refundable advance	1,250,000	1,250,000
Total liabilities	1,707,050	1,585,610
NET ASSETS:		
Net assets without donor restrictions	10,175,912	9,904,814
Net assets with donor restrictions	140,000	68,583
Total net assets	10,315,912	9,973,397
Total liabilities and net assets	\$ 12,022,962	\$ 11,559,007

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

BAY AREA RESCUE MISSION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions and grants	\$ 6,273,389	\$ 704,203	\$ 6,977,592
Social enterprise	34,193	-	34,193
Special events	418,169	-	418,169
Less: direct benefit to attendees	(84,681)	-	(84,681)
Other revenue	15,209	-	15,209
Contributed clothing and goods	5,028,126	-	5,028,126
Contributed services	330,216	-	330,216
	<u>12,014,621</u>	<u>704,203</u>	<u>12,718,824</u>
Net assets released from restrictions	<u>632,786</u>	<u>(632,786)</u>	<u>-</u>
	<u>12,647,407</u>	<u>71,417</u>	<u>12,718,824</u>
EXPENSES:			
Program services:			
Community distribution	3,737,201	-	3,737,201
Men's services	2,591,935	-	2,591,935
Family center	2,640,854	-	2,640,854
Support services:			
Administrative	976,644	-	976,644
Fundraising	2,429,675	-	2,429,675
	<u>12,376,309</u>	<u>-</u>	<u>12,376,309</u>
CHANGE IN NET ASSETS	<u>271,098</u>	<u>71,417</u>	<u>342,515</u>
NET ASSETS, BEGINNING OF YEAR	<u>9,904,814</u>	<u>68,583</u>	<u>9,973,397</u>
NET ASSETS, END OF YEAR	<u>\$ 10,175,912</u>	<u>\$ 140,000</u>	<u>\$ 10,315,912</u>

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

BAY AREA RESCUE MISSION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions and grants	\$ 6,784,360	\$ 1,268,429	\$ 8,052,789
Social enterprise	42,930	-	42,930
Special events	498,899	-	498,899
Less: direct benefit to attendees	(123,984)	-	(123,984)
Other revenue	1,684	-	1,684
Contributed clothing and goods	6,081,995	-	6,081,995
Contributed services	65,491	-	65,491
	<u>13,351,375</u>	<u>1,268,429</u>	<u>14,619,804</u>
Net assets released from restrictions	<u>2,964,444</u>	<u>(2,964,444)</u>	<u>-</u>
	<u>16,315,819</u>	<u>(1,696,015)</u>	<u>14,619,804</u>
EXPENSES:			
Program services:			
Community distribution	5,147,923	-	5,147,923
Men's services	1,991,783	-	1,991,783
Family center	1,972,436	-	1,972,436
Support services:			
Administrative	852,493	-	852,493
Fundraising	1,841,056	-	1,841,056
	<u>11,805,691</u>	<u>-</u>	<u>11,805,691</u>
CHANGE IN NET ASSETS	<u>4,510,128</u>	<u>(1,696,015)</u>	<u>2,814,113</u>
NET ASSETS, BEGINNING OF YEAR	<u>5,394,686</u>	<u>1,764,598</u>	<u>7,159,284</u>
NET ASSETS, END OF YEAR	<u>\$ 9,904,814</u>	<u>\$ 68,583</u>	<u>\$ 9,973,397</u>

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

BAY AREA RESCUE MISSION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Support Services		
	Community Distribution	Men's Services	Family Center	Total Program	Administrative	Fundraising	Total
Gifts in kind	\$ 3,255,479	\$ 1,072,344	\$ 1,022,260	\$ 5,350,083	\$ 4,448	\$ 3,812	\$ 5,358,343
Payroll, taxes, benefits	329,722	1,019,451	1,061,830	2,411,003	608,369	805,572	3,824,944
Non-personnel expenses	2,949	56,434	59,920	119,303	31,402	1,267,229	1,417,934
Contract services/professional fees	8,810	41,671	28,889	79,370	210,977	245,581	535,928
Facilities & equipment expense	76,860	178,406	192,795	448,061	29,676	24,243	501,980
Depreciation	24,680	99,643	149,958	274,281	31,161	16,550	321,992
Supplies	15,708	55,641	53,347	124,696	305	13	125,014
Direct support	-	33,971	51,025	84,996	-	91	85,087
Other expense	1,620	6,274	8,408	16,302	17,933	31,164	65,399
Vehicle expenses	4,833	24,692	9,449	38,974	10,186	255	49,415
Travel and meetings expense	823	4,006	2,882	7,711	32,187	8,138	48,036
Outreach	15,717	(598)	91	15,210	-	27,027	42,237
Total	\$ 3,737,201	\$ 2,591,935	\$ 2,640,854	\$ 8,969,990	\$ 976,644	\$ 2,429,675	\$ 12,376,309

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

BAY AREA RESCUE MISSION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				Support Services		
	Community Distribution	Men's Services	Family Center	Total Program	Administrative	Fundraising	Total
Gifts in kind	\$ 4,574,596	\$ 816,855	\$ 756,035	\$ 6,147,486	\$ -	\$ -	\$ 6,147,486
Payroll, taxes, benefits	328,153	720,448	744,906	1,793,507	642,978	466,812	2,903,297
Non-personnel expenses	70,291	84,573	86,006	240,870	26,434	957,691	1,224,995
Contract services/professional fees	12,385	34,062	79,698	126,145	110,768	341,380	578,293
Facilities & equipment expense	86,630	164,266	146,450	397,346	28,993	20,091	446,430
Supplies	14,461	67,005	56,465	137,931	129	118	138,178
Depreciation	10,318	43,315	64,350	117,983	13,028	6,919	137,930
Outreach	41,424	12,104	11,111	64,639	-	1,773	66,412
Other expense	1,196	6,779	5,234	13,209	5,144	41,352	59,705
Direct support	-	22,450	16,728	39,178	-	-	39,178
Vehicle expenses	8,395	13,684	2,009	24,088	12,685	91	36,864
Travel and meetings expense	74	6,242	3,444	9,760	12,334	4,829	26,923
Total	\$ 5,147,923	\$ 1,991,783	\$ 1,972,436	\$ 9,112,142	\$ 852,493	\$ 1,841,056	\$ 11,805,691

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

BAY AREA RESCUE MISSION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 342,515	\$ 2,814,113
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation and amortization	321,992	137,930
Change in allowance for doubtful accounts	-	(23,505)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	-	37,319
Prepaid expenses and other assets	(17,587)	(12,481)
Contributions and grants receivable	41,000	-
Accounts payable and accrued expenses	101,743	(9,292)
	<u>789,663</u>	<u>2,944,084</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments and investments - other	(1,500,000)	-
Purchases of property and equipment	(1,442,555)	(3,368,763)
	<u>(2,942,555)</u>	<u>(3,368,763)</u>
Net cash used in investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,152,892)	(424,679)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,338,000</u>	<u>5,762,679</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,185,108</u>	<u>\$ 5,338,000</u>
NONCASH INVESTING AND FINANCING ACTIVITY -		
OPERATING LEASE ASSET OBTAINED IN EXCHANGE FOR NEW OPERATING LEASE LIABILITY - UPON ADOPTION	<u>\$ 29,623</u>	<u>\$ -</u>

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

BAY AREA RESCUE MISSION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. ORGANIZATION

Nature of Operation - The Bay Area Rescue Mission (“BARM”) is a Christian not-for-profit organization incorporated in California. BARM is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and is also exempt from state income taxes. The primary source of revenue is contributions by the public.

BARM was founded in 1965 to meet the physical needs of the poor and needy with the primary purpose of preaching of the gospel of Jesus Christ for the salvation of their souls. To that end, BARM provides the homeless and needy of the San Francisco Bay Area with a comprehensive array of emergency and long-term services, including, food, clothing, shelter, recovery programs, life-skills and job-skills training, job placement, family reconciliation, and spiritual counseling. BARM offers these services through three primary programs which are organized and conducted as follows:

- **MEN’S SERVICES** - where men struggling with homelessness, addictions, and other life debilitating circumstances can receive both short-term emergency services (including overnight shelter, meals, and case management and referral services) and long-term recovery and transitional programming, which includes 12-18 months of housing and life transformational programming centered on the Gospel and an empowering, holistic curriculum aimed at helping guests heal, reconnect into supportive relationships, and transition into healthy living outside the mission.
- **FAMILY CENTER** - where single women, as well as women and children, struggling with homelessness and difficult circumstances can find both short-term emergency services and relief (shelter, meals, wraparound case management support) and more long-term life transformational recovery programming for families who express need for more rehabilitative support, which includes support groups, counseling, and a holistic curriculum grounded in the Gospel aimed at helping families build supportive networks and transition into stable, healthy environments outside the mission.
- **COMMUNITY DISTRIBUTION** - an outreach center where donated in-kind gifts are gathered and distributed both internally, to short-term emergency services guests and long-term recovery program participants, and externally, to both the local community in need near the mission and the greater Bay Area through grocery recovery and gift sharing with a variety of similar agencies offering services to those in need. In-kind gifts include food, clothing, personal hygiene products, home goods, and school supplies. Our community distribution facilitates the extension of BARM’s ministry and services to those in need throughout the San Francisco Bay Area irrespective of their homeless status.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of BARM are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America (“GAAP”) specific to nonprofit organizations.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value - ASC 820 includes a fair value hierarchy that is intended to increase the consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 - instrument valuations are obtained from readily-available pricing sources for comparable instruments.

Level 3 - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

Cash and Cash Equivalents - Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise restricted or designated. The carrying amount approximates fair value because of the short maturity of those instruments.

Investments - Other and Investments - Investments - other consist of bank certificates of deposit with original maturities in excess of three months. Investments consist of tradeable certificates of deposit with original maturities in excess of three months. Investments - other and Investments are valued at fair value based on Level 1 fair value estimates.

Accounts, Contributions and Grants Receivable - Accounts receivable are recorded at the value of the revenue earned and require payment within thirty days. Account balances with charges over thirty days old are considered delinquent and management begins collection efforts at this time. Delinquent accounts receivable do not accrue interest. Unconditional contributions and grants receivable are reported at fair value and are recognized in the period promised. Delinquent contributions and grants receivable do not accrue interest. BARM continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. BARM regularly adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. Bad debt recoveries are included in income as realized. No allowance for bad debts was necessary at December 31, 2022, or 2021.

Property and Equipment - Property and equipment items purchased by BARM are recorded at cost. BARM follows the practice of capitalizing all expenditures for land, buildings and equipment over \$2,500. The fair value of donated property and equipment is similarly capitalized. Depreciation has been provided on the straight-line method based upon the estimated useful lives of the assets.

Classification of Net Assets - BARM reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions.

Contributions - Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions whose restrictions are met during the period are presented as net assets released from restrictions on the statements of activities.

Contributed services and contributed clothing and goods are recognized at fair value as contribution revenue and program expenses at the time of donation. Fair value is determined using Level 3 management estimates and similar third-party data. Any significant balances held at year end are capitalized as inventory and are expensed at the time of distribution.

Income Taxes - Under provision of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, BARM is exempt from income taxes, except for net income from unrelated business income. There were no unrelated business activities in 2022 or 2021, respectively. Accordingly, no tax expense was incurred during the years ending December 31, 2022 or 2021, respectively.

BARM has evaluated its tax positions taken for all open tax years. In management’s judgment there are no uncertain tax positions as of December 31, 2022.

Functional Expense Classification - BARM charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated based on total direct costs.

Credit Risk - Financial instruments which potentially subject BARM to credit risk consist principally of cash and equivalents. BARM’s cash is maintained in demand deposits and in money funds. Cash balances at December 31, 2022 exceeded federal depository insurance limits by \$1,153,515.

New Accounting Pronouncements - As of January 1, 2022, BARM adopted Accounting Standards Update (“ASU”) number 2016-02, *Leases* on an effective date basis, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. BARM elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. In addition, BARM made an accounting policy election to keep leases with an initial term of twelve months or less off the statement of financial position. BARM will continue to recognize those lease payments in the statements of activities on a straight-line basis over the lease term. As a result of implementing ASU 2016-02, BARM recognized right-of-use assets and liabilities of \$29,623 at January 1, 2022 in its statement of financial position. The adoption did not result in any effects on amounts reported in the statement of activities for the years ended December 31, 2022 and 2021, respectively.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022 and 2021:

	2022	2021
Land	\$ 428,101	\$ 428,101
Buildings and improvements	7,904,858	2,291,621
Furniture and fixtures	309,015	264,365
Equipment	386,277	259,361
Vehicles	434,296	434,296
Construction in progress	-	4,342,248
Less: accumulated depreciation	(2,244,843)	(1,922,851)
Net property and equipment	\$ 7,217,704	\$ 6,097,141

Depreciation expense for the years ended December 31, 2022 and 2021 was \$321,992 and \$137,930, respectively.

4. REFUNDABLE ADVANCE

During 2020, BARM received a \$1,250,000 subsidy from the Federal Home Loan Bank of San Francisco (“FHLB-SF”) under the Affordable Housing Program (“AHP”) relating to the construction in progress of a new family housing center in Richmond, California (the “Facility”). The subsidy is conditional, including a fifteen year retention period during which FHLB-SF can recover the funds advanced should BARM not comply with various programmatic and reporting conditions. Additionally, should BARM sell the Facility prior to the expiration of the retention period, it would be required to repay the subsidy in full to FHLB-SF.

FHLB-SF’s interest is secured through a promissory note payable and security agreement, with the Facility as collateral. The note payable does not have principal repayment terms during the retention period. Additionally, the note payable does not provide for interest accrual or payments during the retention period, unless the note payable is determined to be in default, at which time a default rate of interest would be charged at a rate to be determined at the time of default and within local legal default rate limits. This lack of interest accrual and payment has been determined to be the market rate for the note payable under the AHP program.

Due to the terms of the subsidy and the related promissory note payable, the funds received from FHLB-SF are reported as a refundable advance on the statements of financial position. At the end of the retention period, the subsidy will no longer be recoverable by FHLB-SF, the note payable will be cancelled, and BARM will recognize the subsidy as revenue in the statements of activities. The retention period begins upon project completion, and is expected to expire during the year ending December 31, 2038.

5. OPERATING LEASES

BARM leases equipment under non-cancelable leases that expires through December 2026. BARM evaluated current contracts to determine which met the criteria of a lease. The right of use asset represents BARM’s right to use underlying assets for the lease term, and the lease obligation represents BARM’s obligation to make lease payments arising from these leases. The right of use asset and lease obligation, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease term. BARM has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

For the years ended December 31, 2022 and 2021, total operating lease cost including period and overhead charges was \$10,236 and \$7,644, respectively. As of December 31, 2022, the weighted-average remaining lease term for BARM’s operating leases was twenty-nine months. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 1.37%. Cash paid for operating leases for the years ended December 31, 2022 and 2021, was \$10,236 and \$7,644, respectively.

Future minimum operating lease payments are as follows:

<u>Year end December 31,</u>	
2023	\$ 10,236
2024	4,653
2025	2,592
2026	<u>2,592</u>
Subtotal	20,073
Less present value discount	<u>(376)</u>
Total operating lease liability	<u><u>\$ 19,697</u></u>

6. NET ASSETS

Net assets with restrictions are available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Equipment and building improvements	\$ 135,000	\$ -
Other program expenses	<u>5,000</u>	<u>68,583</u>
Total net assets with donor restrictions	<u><u>\$ 14014,000</u></u>	<u><u>\$ 68,583</u></u>

7. CONTRIBUTED SERVICES

BARM receives pro bono health services and other supporting professional services from a variety of professionals in support of BARM's Men's Services and Family Center programs. BARM received professional services with a fair value of \$330,216 and \$65,491 for the years ended December 31, 2022 and 2021, respectively.

8. LIQUIDITY

Financial assets available for general expenditures within one year at December 31, 2022 consisted of the following:

Cash and cash equivalents	\$ 3,185,108
Investments - other	500,000
Investments	1,000,000
Less: Restricted by donor with purpose restriction	<u>(135,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,550,108</u></u>

BARM manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

BARM has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. BARM has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 60 to 90 days of expected expenditures. To achieve these targets, BARM forecasts its future cash flows and monitors its liquidity monthly, and monitors its reserves annually. During the years ended December 31, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

9. RETIREMENT PLAN

BARM has a defined contribution plan (the “Plan”) covering all employees who meet minimum requirements. The Plan conforms to the provisions set by the Internal Revenue Service Code Section 403(b). BARM may make discretionary contributions based on eligible employees’ annual compensation, which are fully vested upon contribution. BARM made discretionary contributions of \$99,332 and \$89,994 to the Plan during the years ended December 31, 2022 and 2021, respectively.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 9, 2023, which is the date the financial statements were available to be issued.