

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Precious Lamb Preschool, Inc.

Opinion

We have audited the accompanying financial statements of the Precious Lamb Preschool, Inc. (a California Non-Profit Religious Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 International Precious Lamb Preschool, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then 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 Precious Lamb Preschool Inc. 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 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 Precious Lamb Preschool, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (Continued)

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, including omissions, 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 Precious Lamb Preschool, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Precious Lamb Preschool, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITORS' REPORT (Continued)

Report on Summarized Comparative Information

We have previously audited Precious Lamb Preschool, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Guzman & Gray, CPAs
Long Beach, CA
March 31, 2023

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 496,146	\$ 325,122
PROPERTY AND EQUIPMENT, Net	22,868	29,474
OTHER ASSETS		
Investment held by Long Beach Community Foundation	1,326,982	804,991
Construction in progress	70,187	
Deposits	7,143	
	1,404,312	804,991
TOTAL ASSETS	\$ 1,923,326	\$ 1,159,587

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 3,474	\$ 13,601
Accrued salaries, wages and related payroll liabilities	19,281	18,953
Accrued vacation	8,571	12,485
	31,326	45,039
NONCURRENT LIABILITIES		
Paycheck Protection Program Forgivable Loan		96,938
Total Liabilities	31,326	141,977
NET ASSETS		
Without donor restrictions	1,251,881	847,321
With donor restrictions	640,119	170,289
Total Net Assets	1,892,000	1,017,610
TOTAL LIABILITIES AND NET ASSETS	\$ 1,923,326	\$ 1,159,587

The accompanying notes are an integral part of these financial statements

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
SUPPORT AND REVENUES				
Contributions and grants	\$ 753,191	\$ 701,500	\$ 1,454,691	\$ 720,601
Paycheck Protection Program grant	96,938		96,938	105,800
Special events, net of donor benefit expenses of \$44,422	311,039		311,039	148,462
Investment income(loss), net	(164,694)		(164,694)	22,355
Inkind contributions	350		350	1,313
	<u>996,824</u>	<u>701,500</u>	<u>1,698,324</u>	<u>998,531</u>
Net Assets Released From Restrictions				
Restriction withdrawn by donor	231,670	(231,670)		
	<u>1,228,494</u>	<u>469,830</u>	<u>1,698,324</u>	<u>998,531</u>
EXPENSES				
Program Services	665,442		665,442	559,038
Supporting Services				
Management and General	81,564		81,564	67,955
Fundraising	76,928		76,928	62,603
	<u>823,934</u>		<u>823,934</u>	<u>689,596</u>
CHANGE IN NET ASSETS	<u>404,560</u>	<u>469,830</u>	<u>874,390</u>	<u>308,935</u>
NET ASSETS , BEGINNING OF YEAR	<u>847,321</u>	<u>170,289</u>	<u>1,017,610</u>	<u>708,675</u>
NET ASSETS, END OF YEAR	<u>\$ 1,251,881</u>	<u>\$ 640,119</u>	<u>\$ 1,892,000</u>	<u>\$ 1,017,610</u>

The accompanying notes are an integral part of these financial statements

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

EXPENSES	Supporting Services			2022	2021
	Program Services	Management and General	Fundraising		
Salaries and wages	\$ 422,272	\$ 30,526	\$ 55,964	\$ 508,762	\$ 424,948
Payroll taxes	27,162	1,964	3,600	32,726	34,227
Employee benefits	25,614	1,852	3,394	30,860	25,659
Occupancy	46,190	4,495		50,685	42,010
Accounting		7,450		7,450	10,780
Board development		6,112		6,112	2,898
Charity processing costs		9,794		9,794	6,708
Classroom supplies	36,446			36,446	36,509
Depreciation	4,955	1,651		6,606	7,740
Donor development			5,936	5,936	3,236
Repairs and maintenance	3,016			3,016	1,082
Family outreach	17,320			17,320	16,901
Rental assistance	24,350			24,350	12,200
Field trips					4,019
Inkind contributions	350			350	1,313
Insurance	17,582	1,270	2,330	21,182	21,717
Licensing fees	2,346			2,346	973
Other	689			689	212
Meetings	39	39		78	521
Office		13,061		13,061	8,995
Postage		1,176	3,530	4,706	2,772
Marketing	14,134			14,134	3,604
Staff development	20,407			20,407	15,226
Telephone and internet	2,240	2,174	2,174	6,588	4,751
Volunteer costs	330			330	595
	<u>\$ 665,442</u>	<u>\$ 81,564</u>	<u>\$ 76,928</u>	<u>\$ 823,934</u>	<u>\$ 689,596</u>

The accompanying notes are an integral part of these financial statements

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 874,390	\$ 308,935
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	6,606	7,740
Unrealized losses(gains) on investments	197,946	(12,819)
Realized (gains) on investments	(27,819)	(8,255)
Forgiveness of Paycheck Protection Program	(96,938)	(105,800)
Changes in operating assets and liabilities		
Accounts payable	(10,127)	13,601
Accrued salaries, wages and related payroll liabilities	328	27
Accrued vacation	(3,914)	2,199
Net cash provided by operating activities	940,472	205,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in progress	(70,187)	
Purchase of investment held by Long Beach Community Foundation	(750,000)	(454,066)
Withdraws from Long Beach Community Foundation	57,882	(1,199)
Net cash (used) by investing activities	(762,305)	(455,265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits	(7,143)	
Proceeds from PPP forgivable loan		96,938
Net cash (used)provided by financing activities	(7,143)	96,938
INCREASE(DECREASE) IN CASH EQUIVALENTS	171,024	(152,699)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	325,122	477,821
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 496,146	\$ 325,122
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	NONE	NONE
Income tax paid	NONE	NONE

The accompanying notes are an integral part of these financial statements

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 1 – THE ORGANIZATION

Precious Lamb Preschool, Inc. (The “Organization”) is a California non-profit religious corporation incorporated in the State of California on November 29, 1999. The specific purpose of the Organization is to provide child care and preschool education in a Christian environment, through the application of Biblical principles, for children of homeless and low-income families in the greater Long Beach area. Precious Lamb Preschool, Inc. is a tax exempt religious corporation organized and operated exclusively for religious purposes under section 501(c)(3) of the Internal Revenue Code. The Organization’s office and facilities are located in Long Beach, California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Recently Adopted Accounting Pronouncement

Effective July 1, 2021, the Organization adopted FASB ASU 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. The adoption of FASB ASU 2020-07 did not have a material impact on the Organization’s financial statements.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Also, information as of and for the year ended June 30, 2021, has been presented in certain notes for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2022 from which the summarized financial information and notes were derived.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Net Asset Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions

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

Net assets released from donor restrictions

Net assets are released by incurring expenses satisfying the restriction or occurrence of the other events specified by donors.

Revenue Recognition

The Organization applies the five-step model to contracts when it is probable that the Organization will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, "Revenue from Contracts with Customers" ("ASC Topic 606"), the Organization performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Organization then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. A summary of significant revenue streams are below.

Government Grants and Contracts

The Organization received grant and contract funding based primarily on services performed, expenses incurred, and as programs and service activities take place based on specific requirements in the agreements. The revenue is reported with support and revenue in the statement of activities and changes in net assets.

Contributions

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in net assets with or without restrictions depending on the nature of the restriction. When a restriction has been satisfied, net assets with restrictions are reclassified to net assets without restrictions. Contributions that are unrestricted are reported as part of net assets without restrictions. The Organization has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discount to present value is included in contribution revenue. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises, which are received by the Organization prior to fulfilling these conditions are recorded as a liability until the conditions are substantially met.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributed Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Although many volunteer service hours were provided for several programs and support services during the current year, no amounts met the criteria for recording donated services in the current year's financial statements.

Special Events

Special events include some events with both an exchange element, in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received, and a contribution element for the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles (GAAP). Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Significant estimates include the timing of income recognition from grants and contracts and methodologies of allocating expenses by function that could vary from the estimates that were assumed in preparing the financial statements.

Fair Value Measurements

The Organization follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input of assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Grants and Contracts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the receivable account. No allowance for doubtful accounts has been established as management believes all receivables will be collectible.

Property and Equipment

Purchased property and equipment are stated at cost at the date of acquisition. Donated property and equipment are stated at fair market value at the date of the gift. Depreciation is calculated using straight-line method over the estimated useful lives of the assets which range from five to seven years. When assets are disposed, the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations.

Investments

Investments purchased by the Organization are stated at market value. Fair values of investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Contributed securities are stated at their market value on the date of donation. Realized gains and losses on sale of investments are determined based on the cost of the individual investment and the sale price at the date of sale. Unrealized gains and losses on marketable securities are calculated as the difference between the cost and market value of all investments on hand from one year to the next based on market value at June 30 and reported in the statement of activities and changes in net assets.

Accrued Vacation

Accruals for vacation are made on a monthly basis as such benefits become payable to employees. Pay rate increases are applied to the hours earned in prior periods, if any, and are reported in salaries and wages in the statement of functional expenses.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among their various programs and supporting services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Salaries and wages, payroll taxes and employee benefits are based on time and effort. Certain costs such as postage and delivery, contract services, bank service charges, meetings and conferences, insurance, supplies, and other costs are allocated based on estimated usage for programs and support services. Costs related to space include occupancy, telephone and depreciation are allocated based on estimated square footage.

Exempt Organization Status and Income Taxes

The Organization is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Tax Code. Contributions to the Organization are deductible for tax purposes under Section 170(c)(2) of the Internal Revenue Code. The Organization is involved in no activities that are subject to unrelated business tax. As a result, no provision for income taxes has been made.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021 including interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements, if any.

Evaluation of Subsequent Events by Management

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2023, the date the financial statements were available to issue.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment is summarized as follows:

	June 30,	
	2022	2021
Furniture and fixtures	\$ 52,847	\$ 52,847
Machinery and equipment	18,957	18,957
	71,804	71,804
Less: accumulated depreciation	(48,936)	(42,330)
Property and equipment, Net	\$ 22,868	\$ 29,474

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$6,606 and \$7,740, respectively.

NOTE 4 – INVESTMENT HELD BY LONG BEACH COMMUNITY FOUNDATION

The Organization invested funds with the Long Beach Community Foundation (the Foundation). In connection with the investment, the Foundation holds and manages the funds. The invested funds remain the Organization’s assets but are invested in a pooled fund managed by the Foundation. The Organization is entitled to a distribution of income on an annual basis subject to the Foundation’s spending policy as established by the board of directors of the Foundation. Any distribution of income or principal in excess of the Foundation’s spending policy may be made, however, the Foundation has sole and absolute discretion of all distributions.

A summary of the Investment Held by Long Beach Community Foundation is as follows:

	June 30,	
	2022	2021
Market Value	\$ 1,326,982	\$ 804,991
Cost	1,537,747	792,172
Cumulative Unrealized Gain(Loss)	\$ (210,765)	\$ 12,819

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 4 – INVESTMENT HELD BY LONG BEACH COMMUNITY FOUNDATION
(Continued)

A summary of investment income, net is as follows:

	June 30,	
	2022	2021
Dividends and interest	\$ 18,962	\$ 4,886
Net unrealized gain(loss)	(197,946)	12,819
Net realized gain	27,819	8,255
Investment advisory fee	(13,529)	(3,605)
 Investment income(loss), net	 \$(164,694)	 \$ 22,355

As of June 30, 2022, fair market values of assets measured on a recurring basis are as follows:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investment Held By Long Beach Community Foundation		\$1,326,982		\$1,326,982

As of June 30, 2021, fair market values of assets measured on a recurring basis are as follows:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investment Held By Long Beach Community Foundation		\$ 804,991		\$ 804,991

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 5 – NET ASSETS, WITH DONOR RESTRICTIONS

The following is a summary of the Organization's net assets with restrictions:

	June 30, 2021	Additions	Transfers	Subtractions	June 30, 2022
New home		\$ 600,000	\$ 39,499	\$ 83,015	\$ 556,484
On-site family resource center	\$ 60,000	60,000		67,204	52,796
Playground	8,838			1,236	7,602
Parenting classes	8,638			3,631	5,007
Scholarships		40,000		33,948	6,052
Other educational support	13,314	1,500		2,636	12,178
Classroom expansion	79,499		(39,499)	40,000	
	<u>\$ 170,289</u>	<u>\$ 701,500</u>	<u>\$</u>	<u>\$ 231,670</u>	<u>\$ 640,119</u>

NOTE 6 – PAYCHECK PROTECTION PROGRAM GRANT

The Paycheck Protection Program (PPP) allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP loan with the same general loan terms as their First Draw PPP loan. In February 2021, the Organization received loan proceeds of \$96,938 from a local bank under the PPP administered by the SBA as part of the Second Draw PPP loan. The first draw of the PPP loan of \$105,800 was forgiven during the year ended June 30, 2021.

Since the Organization used all of the Second Draw PPP loan of \$96,938 during the year for purposes consistent with the PPP agreement and was forgiven by the SBA in August 2021, it is recognized as revenue on the statement of activities and changes in net assets for the year ended June 30, 2022.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 7 – LEASE COMMITMENTS

In January 2015, the Organization entered into an annual lease agreement with First Lutheran Church of Long Beach, California, to provide classroom space and office space under a 5 year operating lease agreement with an option to renew. The initial agreement calls for annual increases of 2% per year. On June 1, 2021, an addendum to the lease was signed to extend the expiration of the operating lease to June 30, 2022. Beginning July 1, 2022 the lease shall be considered month-to-month. The extended lease requires monthly payments \$4,000 until June 30, 2023.

On January 6, 2022 the Organization entered into a 10 year noncancellable lease agreement for a new home. The property is located at 757 Pacific Avenue in Long Beach, California and consists of two buildings totaling about 3,772 square feet with an adjacent parking lot. Upon execution, the lease required a security deposit of \$7,143 and the first months rent of \$5,685. The monthly rent commences August 10, 2023 at a reduced rate of \$4,081 for 24 months. Commencing August 1, 2025 the rent increases to \$6,284 per month with increases every 24 months thereafter.

The agreement provides for a tenant improvement allowance of \$225,000. Currently, the Organization anticipates its share of construction costs may exceed the allowance. At this time, the Organization has not entered into any significant construction contracts for tenant improvements.

The annual rent expense for the years ended June 30, 2022 and 2021 totaled \$50,685 and \$42,010, respectively.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

Credit Risk

The Organization maintains interest and noninterest bearing cash accounts at a financial institution located in Southern California. The Federal Deposit Insurance Corporation (FDIC) insurance limit is \$250,000 per depositor per institution. The Organization's uninsured cash balances did not exceed the insurance limit for the year ended June 30, 2022. As of June 30, 2021 uninsured cash balances totaled \$70,704. Cash equivalent balances deposited and maintained by financial institutions differ from cash equivalents presented in the statement of financial position due to timing differences. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to significant credit risks.

PRECIOUS LAMB PRESCHOOL, INC.
(A California Non-Profit Religious Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022
(with summarized comparative totals at June 30, 2021)

NOTE 9 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and cash equivalents	<u>\$ 496,146</u>
Total Financial Assets Available to Management for General Expenditures Within One Year	<u>\$ 496,146</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.