LAUREL HOUSE
DBA: HOPE HARBOR

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2025 AND 2024

LAUREL HOUSE DBA: HOPE HARBOR
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Laurel House dba: Hope Harbor
Tustin, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Laurel House dba: Hope Harbor (the Organization), which comprise the statements of financial position as of September 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the results of its operations 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 (GAAS). 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 the Organization 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.

Responsibility 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 the Organization's ability to continue as a going concern within one year after the date 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 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 Organization'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 Organization'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.

Related-Party Relationship

The accompanying financial statements are those of Laurel House dba: Hope Harbor, which is under common control with Orange County Rescue Mission and are not those of the primary reporting entity.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
February 6, 2026

LAUREL HOUSE DBA: HOPE HARBOR
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 691,220	$ 419,996
Receivables	95,000	-
Prepaid Expenses	300	-
Property and Equipment, Net	1,521,230	1,702,283
Total Assets	$ 2,307,750	$ 2,122,279
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ -	$ 4,778
Accrued Expenses	7,703	9,775
Due to Orange County Rescue Mission	387,750	999,554
Total Liabilities	395,453	1,014,107
NET ASSETS		
Without Donor Restrictions:		
Net Investment in Property and Equipment	1,521,230	1,702,283
Available for Program Services	391,067	(594,111)
Total Net Assets	1,912,297	1,108,172
Total Liabilities and Net Assets	$ 2,307,750	$ 2,122,279

See accompanying Notes to Financial Statements.

LAUREL HOUSE DBA: HOPE HARBOR
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions and Grants	$ 610,520	$ -	$ 610,520
Contributed Nonfinancial Assets	282,817	-	282,817
Total Revenue, Support, and Gains	893,337	-	893,337
EXPENSES			
Program Services	928,094	-	928,094
Supporting Services:			
General and Administrative	56,778	-	56,778
Fundraising	105,259	-	105,259
Total Supporting Services	162,037	-	162,037
Total Expenses	1,090,131	-	1,090,131
DECREASE IN NET ASSETS FROM OPERATIONS	(196,794)	-	(196,794)
NON-OPERATING INCOME			
Other Income	1,365	-	1,365
Intercompany Payable Forgiveness	999,554	-	999,554
Total Nonoperating Income	1,000,919	-	1,000,919
TOTAL DECREASE IN NET ASSETS	804,125	-	804,125
Net Assets - Beginning of Year	1,108,172	-	1,108,172
NET ASSETS - END OF YEAR	$ 1,912,297	$ -	$ 1,912,297

See accompanying Notes to Financial Statements.

LAUREL HOUSE DBA: HOPE HARBOR
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions and Grants	$ 581,561	$ -	$ 581,561
Contributed Nonfinancial Assets	242,120	-	242,120
Total Revenue, Support, and Gains	823,681	-	823,681
EXPENSES			
Program Services	945,553	-	945,553
Supporting Services:			
General and Administrative	53,096	-	53,096
Fundraising	109,532	-	109,532
Total Supporting Services	162,628	-	162,628
Total Expenses	1,108,181	-	1,108,181
DECREASE IN NET ASSETS FROM OPERATIONS	(284,500)	-	(284,500)
EQUITY TRANSFER - SERVICES PROVIDED BY ORANGE COUNTY RESCUE MISSION	84,047	-	84,047
TOTAL DECREASE IN NET ASSETS	(200,453)	-	(200,453)
Net Assets - Beginning of Year	1,308,625	-	1,308,625
NET ASSETS - END OF YEAR	$ 1,108,172	$ -	$ 1,108,172

See accompanying Notes to Financial Statements.

LAUREL HOUSE DBA: HOPE HARBOR
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2025

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total
Direct Assistance - Food, Clothing, Health-Care Education, Recreation, Childcare	$ 348,886	$ 42,058	$ -	$ 390,944
Direct Marketing	4,060	-	22,702	26,762
Compensation and Related Expenses	236,923	87	82,557	319,567
Professional Fees	68,825	14,633	-	83,458
Insurance	350	-	-	350
Occupancy, Utilities, and Maintenance	47,354	-	-	47,354
Depreciation	190,520	-	-	190,520
Dues, Subscriptions, and Training	646	-	-	646
Vehicles	15,119	-	-	15,119
Supplies	15,411	-	-	15,411
Total Expenses by Function	$ 928,094	$ 56,778	$ 105,259	$ 1,090,131

See accompanying Notes to Financial Statements.

LAUREL HOUSE DBA: HOPE HARBOR
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Direct Assistance - Food, Clothing, Health-Care Education, Recreation, Childcare	$ 402,410	$ 40,406	$ 11,957	$ 454,773
Direct Marketing	101	-	22,736	22,837
Compensation and Related Expenses	214,507	45	74,839	289,391
Insurance	47,438	12,645	-	60,083
Occupancy, Utilities, and Maintenance	50,815	-	-	50,815
Depreciation	202,596	-	-	202,596
Dues, Subscriptions, and Training	964	-	-	964
Vehicles	12,029	-	-	12,029
Supplies	14,393	-	-	14,393
Total Expenses by Function	$ 945,553	$ 53,096	$ 109,532	$ 1,108,181

See accompanying Notes to Financial Statements.

LAUREL HOUSE DBA: HOPE HARBOR
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 804,125	$ (200,453)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	190,520	202,596
Forgiveness of Intercompany Payable	(999,554)	-
Increase (Decrease) in Assets:		
Receivables	(95,000)	-
Prepaid Expenses	(300)	300
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,778)	4,438
Accrued Expenses	(2,072)	(301)
Due to Orange County Rescue Mission	387,750	249,551
Net Cash Provided by Operating Activities	280,691	256,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(9,467)	-
Net Cash Used by Investing Activities	(9,467)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	271,224	256,131
Cash and Cash Equivalents - Beginning of Year	419,996	163,865
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 691,220	$ 419,996

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Laurel House dba: Hope Harbor (the Organization), is a charitable nonprofit organization incorporated on January 23, 1985, in the state of California. The specific objective and purpose of the Organization is to prevent homelessness among teenage girls (housed at SeaGlass) and teenage boys (housed at RipTide) in Orange County, California, by providing temporary shelter and care, ongoing counseling, increased access to mental health resources, and enhanced academic support to teen girls and boys between the ages of 12 and 17 who are at risk of homelessness or who are runaways. It is the goal of the Organization to reunify these teen girls and boys with their families or move them into positive living situations when reunification is not possible.

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the "ASC" hereafter refer to the *Accounting Standards Codification* established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization's financial statements are presented in conformity with FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Descriptions of the two net asset categories are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions, including the carrying value of all unrestricted physical properties (land, building, and equipment). Items that affect (i.e., increase or decrease) this net asset category include revenue and contributions related to expenses associated with core programs.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions – Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity but permit an organization to use or expend part or all the income derived from the contribution. Donor-imposed restrictions are released when a restriction expires (that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both).

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Deposits with banks may, at times, exceed federally insured limits.

Property and Equipment

Property and equipment are carried at cost if purchased or fair market value if contributed. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for building and improvements and from five to seven years for furniture and equipment, computer equipment, and automobiles.

Long-lived assets, such as property and equipment, are reviewed on an ongoing basis for impairment based on a comparison of carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value.

Contributions and Grants

Contributions and grants are recognized when a donor makes a promise to give to an organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Conditional contributions and grants are recognized when the conditions for which they depend on are substantially met. There were no conditional contributions or grants during the years ended September 30, 2025 and 2024.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

Donated materials and contributed services are reflected in the accompanying financial statements at their estimated fair market value at the date of receipt. The fair value for contributed services are based on current rates for similar services at the time services are provided. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by a donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements.

For the years ended September 30, donated services and product recognized within the statements of activities included:

	2025	2024
Services	$ 276,234	$ 234,653
Goods	6,583	7,467
Total	$ 282,817	$ 242,120

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the years ended September 30, 2025 and 2024, were $26,762 and $22,838, respectively.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services based on direct costs. Expenses are allocated using direct costs: salaries and fringe benefits.

Income Taxes

The Organization is subject to income tax examinations for the current year and certain prior years based on applicable laws and regulations. The Organization is a California nonprofit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and the State Revenue and Tax Code Section 23701(d). Accordingly, no provision of income taxes has been made in the accompanying financial statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Allowance for Credit Losses

The Organization adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective October 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Receivables are recorded at net realizable value which includes an estimate of the allowance for credit losses. The allowance for credit losses is based on historical experience, current and future economic conditions, and other relevant factors. Under the CECL accounting standard, we have evaluated our accounting policies related to the direct write off method and have determined that it is currently appropriate for us to continue using this method for short-term receivables with insignificant credit risk. As of September 30, 2025 and 2024, the Organization did not have any allowance for credit losses.

Subsequent Events

Subsequent events were evaluated through February 6, 2026, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

The Organization's 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, are as follows as of September 30, 2025 and 2024:

	2025	2024
Cash and Cash Equivalents	$ 691,220	$ 419,996
Receivables	95,000	-
Total Financial Assets Available to Meet General Expenditures Within One Year	$ 786,220	$ 419,996

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2025 and 2024:

	2025	2024
Land	$ 426,707	$ 426,707
Buildings	989,881	989,881
Building Improvements	1,276,032	1,266,565
Vehicles	94,501	94,501
Furniture and Fixtures	123,084	123,084
Total	2,910,205	2,900,738
Less: Accumulated Depreciation	(1,388,975)	(1,198,455)
Property and Equipment, Net	$ 1,521,230	$ 1,702,283

NOTE 4 AFFILIATED ENTITIES AND RELATED-PARTY TRANSACTIONS

Consolidation of entities is required when a reporting entity controls other organizations by having a majority voting interest and economic control. Orange County Rescue Mission (OCRM) has a majority voting interest in the Organization. For the years ended September 30, 2025 and 2024, it has been determined that an economic interest does exist for OCRM in the Organization. Consequently, the financial statements of the Organization are consolidated with the financial statements of OCRM.

At September 30, 2025 and 2024, the Organization has a payable to OCRM of $387,750 and $999,554, respectively, for related to construction costs to remodel RipTide. The payable has no set repayment terms. During the year ended September 30, 2025, the Organization received $999,554 of intercompany payable forgiveness from OCRM. For the years ended September 30, 2025 and 2024, the Organization received billings from OCRM of $412,891 and $332,571, respectively.

The Organization also received $42,043 and $84,047 of in-kind services from OCRM during the years ended September 30, 2025 and 2024, respectively. The services provided by OCRM are presented as an equity transfer as there is no expectation or requirement of repayment and the Organization and OCRM are under common control.