

BRIDGEPORT RESCUE MISSION, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2017 and 2016

BRIDGEPORT RESCUE MISSION, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bridgeport Rescue Mission, Inc.
Bridgeport, Connecticut

We have audited the accompanying financial statements of Bridgeport Rescue Mission, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridgeport Rescue Mission, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

New York, New York
February 15, 2018

BRIDGEPORT RESCUE MISSION, INC.

Statements of Financial Position

	June 30,	
	2017	2016
ASSETS:		
Cash and cash equivalents	\$ 317,612	\$ 405,916
Prepaid expenses and deposits	17,369	12,707
Gifts-in-kind inventory	232,435	142,735
Property and equipment, at cost–net	1,496,306	1,387,834
Beneficial interest in perpetual trust	194,286	182,848
	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,258,008</u>	<u>\$ 2,132,040</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 156,234	\$ 104,732
Note and line of credit payable	-	20,000
Severance liability	10,000	34,000
Total liabilities	<u>166,234</u>	<u>158,732</u>
Net assets:		
Unrestricted:		
Undesignated	316,709	237,994
Net investment in property and equipment	1,496,306	1,387,834
	<u>1,813,015</u>	<u>1,625,828</u>
Temporarily restricted	84,473	164,632
Permanently restricted	194,286	182,848
Total net assets	<u>2,091,774</u>	<u>1,973,308</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 2,258,008</u>	<u>\$ 2,132,040</u>

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Activities

	Year Ended June 30,							
	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ 3,007,529	\$ 98,100	\$ -	\$ 3,105,629	\$ 2,433,954	\$ 114,543	\$ -	\$ 2,548,497
Gifts-in-kind	1,403,658	-	-	1,403,658	1,534,010	-	-	1,534,010
Contributed services	-	-	-	-	30,168	-	-	30,168
Special events-net	403,619	-	-	403,619	552,102	-	-	552,102
Other income	24,282	-	-	24,282	14,336	-	-	14,336
	<u>4,839,088</u>	<u>98,100</u>	<u>-</u>	<u>4,937,188</u>	<u>4,564,570</u>	<u>114,543</u>	<u>-</u>	<u>4,679,113</u>
Net assets released from restriction	178,259	(178,259)	-	-	52,763	(52,763)	-	-
Total support, revenue and reclassifications	<u>5,017,347</u>	<u>(80,159)</u>	<u>-</u>	<u>4,937,188</u>	<u>4,617,333</u>	<u>61,780</u>	<u>-</u>	<u>4,679,113</u>
Expenses:								
Program services	3,263,867	-	-	3,263,867	3,133,177	-	-	3,133,177
Supporting activities:								
Management and general	515,440	-	-	515,440	384,193	-	-	384,193
Fund-raising and development	1,050,853	-	-	1,050,853	979,612	-	-	979,612
	<u>1,566,293</u>	<u>-</u>	<u>-</u>	<u>1,566,293</u>	<u>1,363,805</u>	<u>-</u>	<u>-</u>	<u>1,363,805</u>
Total expenses	<u>4,830,160</u>	<u>-</u>	<u>-</u>	<u>4,830,160</u>	<u>4,496,982</u>	<u>-</u>	<u>-</u>	<u>4,496,982</u>
Change in net assets before other changes	187,187	(80,159)	-	107,028	120,351	61,780	-	182,131
Other changes in net assets:								
Change in value of beneficial interest in perpetual trust	-	-	11,438	11,438	-	-	(11,286)	(11,286)
Change in Net Assets	187,187	(80,159)	11,438	118,466	120,351	61,780	(11,286)	170,845
Net Assets, Beginning of Year	<u>1,625,828</u>	<u>164,632</u>	<u>182,848</u>	<u>1,973,308</u>	<u>1,505,477</u>	<u>102,852</u>	<u>194,134</u>	<u>1,802,463</u>
Net Assets, End of Year	<u>\$ 1,813,015</u>	<u>\$ 84,473</u>	<u>\$ 194,286</u>	<u>\$ 2,091,774</u>	<u>\$ 1,625,828</u>	<u>\$ 164,632</u>	<u>\$ 182,848</u>	<u>\$ 1,973,308</u>

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 118,466	\$ 170,845
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	91,709	73,960
Change in beneficial interest in perpetual trust	(11,438)	11,286
Loss on disposal of assets	-	6,434
Contributions restricted for property and equipment	(95,000)	(106,138)
Changes in:		
Prepaid expenses and deposits	(4,662)	32,977
Gifts-in-kind inventory	(89,700)	(142,735)
Accounts payable and accrued expenses	51,502	69,909
Severance liability	(24,000)	(26,000)
Net Cash Provided by Operating Activities	36,877	90,538
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(200,181)	(47,084)
Net Cash Used by Investing Activities	(200,181)	(47,084)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for property and equipment	95,000	106,138
Proceeds from line of credit payable	150,000	60,000
Payments on note and line of credit payable	(170,000)	(80,000)
Net Cash Provided by Financing Activities	75,000	86,138
Change in Cash and Cash Equivalents	(88,304)	129,592
Cash and Cash Equivalents, Beginning of Year	405,916	276,324
Cash and Cash Equivalents, End of Year	\$ 317,612	\$ 405,916
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest - none capitalized	\$ 1,994	\$ 1,143

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Functional Expenses

	Year Ended June 30,							
	2017				2016			
	Program Services	Management and General	Fund-raising and Development	Total	Program Services	Management and General	Fund-raising and Development	Total
Salaries and benefits	\$ 1,227,539	\$ 270,485	\$ 442,503	\$ 1,940,527	\$ 1,026,094	\$ 257,304	\$ 419,182	\$ 1,702,580
Gifts-in-kind expenses	1,313,958	-	-	1,313,958	1,421,443	-	-	1,421,443
Monthly mailings and advertising	-	-	247,457	247,457	-	-	242,777	242,777
Professional fees	35,090	48,815	123,213	207,118	24,400	28,970	115,877	169,247
Utilities	156,525	8,415	3,366	168,306	113,811	6,119	2,448	122,378
Food	141,862	-	-	141,862	182,136	-	-	182,136
Insurance	101,037	11,353	1,135	113,525	82,161	9,232	923	92,316
Printing, postage and shipping	-	319	104,617	104,936	-	101	72,274	72,375
Occupancy	38,662	39,412	831	78,905	37,561	2,019	808	40,388
Supplies	62,866	10,780	2,901	76,547	62,156	4,914	6,784	73,854
Maintenance and repairs	57,713	3,351	-	61,064	54,316	2,012	-	56,328
Bank and credit card fees	-	24,778	29,105	53,883	-	4,860	33,600	38,460
Indirect special events expenses	-	-	50,897	50,897	-	-	51,875	51,875
Vehicle expense	29,226	8,532	9,463	47,221	48,876	2,571	4,028	55,475
Miscellaneous	14,981	13,192	128	28,301	8,938	7,319	2,945	19,202
Hospitality and travel	1,955	11,310	13,839	27,104	1,634	12,412	8,721	22,767
Information technology	12,237	2,442	4,473	19,152	5,267	1,041	2,127	8,435
Training and resource materials	1,701	14,812	1,910	18,423	7,901	5,470	2,585	15,956
Equipment	12,308	5,339	-	17,647	4,902	361	-	5,263
Telephone	1,010	5,845	5,845	12,700	1,088	4,399	5,262	10,749
Dues and memberships	-	8,736	-	8,736	50	8,167	-	8,217
Learning center	171	-	-	171	6,067	-	-	6,067
Property taxes	-	11	-	11	-	4,734	-	4,734
Total expenses before depreciation	3,208,841	487,927	1,041,683	4,738,451	3,088,801	362,005	972,216	4,423,022
Depreciation	55,026	27,513	9,170	91,709	44,376	22,188	7,396	73,960
Total Expenses	\$ 3,263,867	\$ 515,440	\$ 1,050,853	\$ 4,830,160	\$ 3,133,177	\$ 384,193	\$ 979,612	\$ 4,496,982

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

1. NATURE OF ORGANIZATION:

The Bridgeport Rescue Mission, Inc. (Mission) is a Christian, nonprofit corporation founded in 1993 under the nonprofit corporation laws of the State of Connecticut. The objective of the Mission is to promote and practice the life changing gospel of Jesus Christ through Christian service to the poor and disadvantaged, which it accomplishes through its New Life Program that includes the operation of adult shelters, a mobile food kitchen, and various outreach programs in Southwestern Connecticut. Revenues are derived primarily from support from the general public.

The Mission is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, the Mission is subject to federal income tax on any unrelated business taxable income, if any. In addition, the Mission is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Mission have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

CASH, CASH EQUIVALENTS, AND CREDIT RISK

For purposes of the statements of cash flows, the Mission considers cash and cash equivalents to be amounts in checking accounts, savings accounts and cash on hand. From time to time, these accounts exceed federally insured limits; however, the Mission has not experienced any losses on these accounts and does not believe it is exposed to any significant risk.

GIFTS-IN-KIND INVENTORY

Gifts-in-kind inventory consists of items donated to the Mission by donors such as food, clothing, equipment and household items. These items are recorded at their estimated fair market value at the date of donation and reported at their carrying amount thereafter.

BENEFICIAL INTEREST IN PERPETUAL TRUST

The Mission is the beneficiary of a permanently restricted trust. The principal must be held in perpetuity by the trustee, with a portion of the income distributed quarterly to the Mission. For the years ended June 30, 2017 and 2016, distributions totaled approximately \$9,000, and were reported as other income in the statements of activities.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS

The Mission uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets. When available, the Mission measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The fair value of beneficial interest in perpetual trust is calculated based on the Mission's percentage interest in the underlying assets in the trust.

Fair values of assets measured on a recurring basis are as follows:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
June 30, 2017:				
Beneficial interest in perpetual trust	\$ 194,286	\$ -	\$ -	\$ 194,286
June 30, 2016:				
Beneficial interest in perpetual trust	\$ 182,848	\$ -	\$ -	\$ 182,848

The following provides further details of the Level 3 fair value measurements:

	Beneficial Interest in Perpetual Trust	
	2017	2016
Beginning balance	\$ 182,848	\$ 194,134
Change in value	11,438	(11,286)
Ending balance	\$ 194,286	\$ 182,848

PROPERTY, EQUIPMENT, AND DEPRECIATION

Items capitalized as property and equipment are reported at cost or, if donated, at fair market value on the date of donation. The Mission reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Mission capitalizes purchases greater than \$1,000. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Property and equipment are depreciated using the straight-line method over their estimated useful lives:

Buildings and improvements	15-40 years
Furniture, fixtures and equipment	5-10 years
Vehicles	5 years

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The statements report amounts separately by class of net assets:

Unrestricted net assets are currently available for Mission purposes under the direction of the board and resources invested in property and equipment, net of related debt and liabilities.

Temporarily restricted net assets are stipulated by donors for specific operating purposes, subject to a time restriction or not currently available for use until commitments regarding their use have been fulfilled.

Permanently restricted net assets are contributed with donor restrictions requiring they be held in perpetuity, with use of income for unrestricted, temporarily restricted or permanently restricted purposes.

SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Mission. The Mission reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Mission receives contributions of food, clothing, equipment and other household items which it uses and distributes in the operation of its program. These donated goods, which are used in the operations of the Mission, are recorded at their estimated fair market value on the date of the gift.

The Mission's services could not be fully achieved without the efforts of many volunteers. Other than the video production and printing services reported below, these contributed services are not reported as they do not meet the "specialized skills" requirements under current accounting standards. The Mission reported contributed video production and printing services of approximately \$0- and \$30,000 for the years ended June 30, 2017 and 2016, respectively, that met current accounting standards.

Directly identifiable expenses are charged to program services and supporting activities which include management and general and fund-raising and development. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Supporting services expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Mission. All advertising costs are expensed when incurred and are reported in the statements of activities. The Mission incurred no joint costs for the years ended June 30, 2017 and 2016.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of:

	June 30,	
	2017	2016
Land	\$ 287,884	\$ 287,884
Buildings and improvements	1,697,417	1,564,013
Furniture, fixtures, and equipment	153,451	186,729
Vehicles	94,080	63,781
	2,232,832	2,102,407
Less accumulated depreciation	(736,526)	(714,573)
	\$ 1,496,306	\$ 1,387,834

4. NET ASSETS:

Temporarily restricted net assets consisted of:

	July 1, 2016	Support and Revenue	Releases	June 30, 2017
Reserve fund	\$ 40,393	\$ -	\$ -	\$ 40,393
Adopt-a-room	15,396	3,100	(2,886)	15,610
Generator	13,001	-	-	13,001
Furnace	5,619	-	-	5,619
Women's education fund	2,566	-	-	2,566
Preschool room	2,400	-	-	2,400
Pardon fund	2,013	-	-	2,013
Computer center	1,521	-	-	1,521
Women's center	1,000	-	-	1,000
Client fund	350	-	-	350
Kitchen remodel	80,373	45,000	(125,373)	-
Building fund	-	50,000	(50,000)	-
	\$ 164,632	\$ 98,100	\$ (178,259)	\$ 84,473

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

4. NET ASSETS, continued:

	July 1, 2015	Support and Revenue	Releases	June 30, 2016
Kitchen remodel	\$ 32,000	\$ 51,000	\$ (2,627)	\$ 80,373
Reserve fund	40,393	-	-	40,393
Adopt-a-room	7,641	7,755	-	15,396
Generator	13,001	-	-	13,001
Furnace	-	55,138	(49,519)	5,619
Women's education fund	2,566	-	-	2,566
Preschool room	2,400	-	-	2,400
Pardon fund	2,330	-	(317)	2,013
Computer center	1,521	-	-	1,521
Women's center	1,000	-	-	1,000
Client fund	-	650	(300)	350
	<u>\$ 102,852</u>	<u>\$ 114,543</u>	<u>\$ (52,763)</u>	<u>\$ 164,632</u>

Permanently restricted net assets consisted of:

	June 30,	
	2017	2016
Beneficial interest in perpetual trust	<u>\$ 194,286</u>	<u>\$ 182,848</u>

5. GIFTS-IN-KIND:

Gifts-in-kind received consisted of:

	Year Ended June 30,	
	2017	2016
Clothing, equipment and household items	\$ 830,531	\$ 831,729
Food	506,832	683,683
Other items	66,295	18,598
	<u>\$ 1,403,658</u>	<u>\$ 1,534,010</u>

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

6. SPECIAL EVENTS–NET:
Special events consisted of:

	Year Ended June 30,	
	2017	2016
Contributions	\$ 420,613	\$ 556,929
Revenues	41,034	28,920
Related direct expenses	(58,028)	(33,747)
	\$ 403,619	\$ 552,102

7. OPERATING LEASES:

The Mission leases office space, a warehouse and three vehicles under operating leases maturing in 2017 through 2020. Total lease expenses were approximately \$87,000 and \$49,000 for the years ended June 30, 2017 and 2016, respectively.

Year Ending June 30,	
2018	\$ 86,124
2019	54,300
2020	53,050
2021	12,900
	\$ 206,374

8. NOTE AND LINE OF CREDIT PAYABLE:

Note and line of credit payable consists of:

	June 30,	
	2017	2016
Note payable to an individual, without interest, which matured on February 1, 2017.	\$ -	\$ 20,000
	\$ -	\$ 20,000

The Mission also has a line of credit available from People's United Bank, up to \$250,000, secured by property, with interest at the People's United Bank Prime Rate plus 1%. Outstanding borrowings are due upon demand and the line of credit is annually renewable on September 15. There were no borrowings outstanding as of June 30, 2017 and 2016.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

9. SEVERANCE LIABILITY:

As part of an acquisition during the year ended May 31, 2013, the former executive director of the organization acquired by the Mission agreed to retire. As part of that retirement and separation agreement, the Mission agreed to make severance payments totaling \$120,000, payable over 60 monthly installments of \$2,000, beginning on the date of the acquisition. The balance of the severance liability was \$10,000 and \$34,000 as of June 30, 2017 and 2016, respectively. The severance liability is scheduled to be paid in full during the year ended June 30, 2018.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 15, 2018, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.