

# BRIDGEPORT RESCUE MISSION, INC.

Financial Statements  
With Independent Auditors' Report

June 30, 2018 and 2017

# BRIDGEPORT RESCUE MISSION, INC.

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## **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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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.

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

***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, 2018 and 2017, 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.

***Emphasis of a Matter***

As described in Note 8 of the financial statements, a misstatement of previously reported liabilities and net assets of June 30, 2016, was identified during the current year. Accordingly, a retrospective adjustment has been made to liabilities and net assets. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

New York, New York  
March 22, 2019

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Financial Position

	June 30,	
	2018	2017 Restated
ASSETS:		
Cash and cash equivalents	\$ 686,231	\$ 317,612
Prepaid expenses and deposits	29,748	17,369
Gifts-in-kind inventory	174,055	232,435
Property and equipment, at cost-net	1,433,504	1,496,306
Beneficial interest in perpetual trust	200,218	194,286
Total Assets	<u>\$ 2,523,756</u>	<u>\$ 2,258,008</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 163,778	\$ 156,234
Severance liability	-	10,000
Note payable - recoverable subsidy	229,360	229,360
Total liabilities	<u>393,138</u>	<u>395,594</u>
Net assets:		
Unrestricted:		
Undesignated	357,114	87,349
Net investment in property and equipment	1,433,504	1,496,306
	<u>1,790,618</u>	<u>1,583,655</u>
Temporarily restricted	139,782	84,473
Permanently restricted	200,218	194,286
Total net assets	<u>2,130,618</u>	<u>1,862,414</u>
Total Liabilities and Net Assets	<u>\$ 2,523,756</u>	<u>\$ 2,258,008</u>

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Activities

	Year Ended June 30,							
	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue and reclassifications:								
Contributions	\$ 3,461,433	\$ 120,909	\$ -	\$ 3,582,342	\$ 3,007,529	\$ 98,100	\$ -	\$ 3,105,629
Gifts-in-kind	1,474,636	-	-	1,474,636	1,403,658	-	-	1,403,658
Other income (loss)	(2,126)	-	-	(2,126)	24,282	-	-	24,282
	4,933,943	120,909	-	5,054,852	4,435,469	98,100	-	4,533,569
Contributions and net revenue from special events:								
Contributions from special events	392,606	-	-	392,606	420,613	-	-	420,613
Revenue	24,440	-	-	24,440	41,034	-	-	41,034
Less: cost of direct benefit to donors	(53,721)	-	-	(53,721)	(58,028)	-	-	(58,028)
Net revenue from special events	(29,281)	-	-	(29,281)	(16,994)	-	-	(16,994)
Total contributions and net revenue from special events:	363,325	-	-	363,325	403,619	-	-	403,619
Total support and revenue	5,297,268	120,909	-	5,418,177	4,839,088	98,100	-	4,937,188
Net assets released from restriction	65,600	(65,600)	-	-	178,259	(178,259)	-	-
Total support, revenue and reclassifications	5,362,868	55,309	-	5,418,177	5,017,347	(80,159)	-	4,937,188

(continued)

See notes to financial statements

## BRIDGEPORT RESCUE MISSION, INC.

### Statements of Activities (continued)

	Year Ended June 30,							
	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses:								
Program services	3,541,787	-	-	3,541,787	3,263,867	-	-	3,263,867
Supporting activities:								
Management and general	557,814	-	-	557,814	515,440	-	-	515,440
Fundraising	1,056,304	-	-	1,056,304	1,050,853	-	-	1,050,853
	1,614,118	-	-	1,614,118	1,566,293	-	-	1,566,293
Total expenses	5,155,905	-	-	5,155,905	4,830,160	-	-	4,830,160
Change in net assets before other changes	206,963	55,309	-	262,272	187,187	(80,159)	-	107,028
Other changes in net assets:								
Change in value of beneficial interest in perpetual trust	-	-	5,932	5,932	-	-	11,438	11,438
Change in Net Assets	206,963	55,309	5,932	268,204	187,187	(80,159)	11,438	118,466
Net Assets, Beginning of Year								
As previously reported	1,583,655	84,473	194,286	1,862,414	1,625,828	164,632	182,848	1,973,308
Prior period adjustment (Note 8)	-	-	-	-	(229,360)	-	-	(229,360)
As restated	1,583,655	84,473	194,286	1,862,414	1,396,468	164,632	182,848	1,743,948
Net Assets, End of Year	\$ 1,790,618	\$ 139,782	\$ 200,218	\$ 2,130,618	\$ 1,583,655	\$ 84,473	\$ 194,286	\$ 1,862,414

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and benefits	\$ 1,274,724	\$ 330,024	\$ 455,793	\$ -	\$ 2,060,541
Donation of In-kind food and clothing	1,529,516	-	-	-	1,529,516
Monthly mailings	-	-	318,748	-	318,748
Utilities	154,583	8,311	3,324	-	166,218
Professional fees	29,697	48,343	86,921	-	164,961
Food	138,894	-	-	-	138,894
Supplies	123,494	7,840	5,199	-	136,533
Insurance	103,577	11,638	1,164	-	116,379
Fundraising events	-	-	41,936	53,721	95,657
Occupancy	39,161	48,296	842	-	88,299
Printing, postage and shipping	-	120	83,094	-	83,214
Bank and credit card fees	-	30,062	19,894	-	49,956
Maintenance and repairs	43,483	-	-	-	43,483
Miscellaneous	26,094	14,606	718	-	41,418
Information technology	11,807	2,537	14,725	-	29,069
Vehicle expense	12,285	3,167	5,634	-	21,086
Hospitality and travel	1,848	9,865	3,086	-	14,799
Dues and memberships	50	10,140	-	-	10,190
Telephone	870	2,888	2,888	-	6,646
Training and resource materials	251	2,653	3,172	-	6,076
Equipment	571	1,319	732	-	2,622
Property taxes	-	703	-	-	703
Learning center	277	-	-	-	277
Total expenses before depreciation	<u>3,491,182</u>	<u>532,512</u>	<u>1,047,870</u>	<u>53,721</u>	<u>5,125,285</u>
Depreciation	<u>50,605</u>	<u>25,302</u>	<u>8,434</u>	<u>-</u>	<u>84,341</u>
Total Expenses	<u><u>\$ 3,541,787</u></u>	<u><u>\$ 557,814</u></u>	<u><u>\$ 1,056,304</u></u>	<u><u>\$ 53,721</u></u>	<u><u>\$ 5,209,626</u></u>

See notes to financial statements



# BRIDGEPORT RESCUE MISSION, INC.

## Statement of Functional Expenses Year Ended June 30, 2017 (Restated)

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and benefits	\$ 1,227,539	\$ 270,485	\$ 442,503	\$ -	\$ 1,940,527
Donation of In-kind food and clothing	1,313,958	-	-	-	1,313,958
Monthly mailings	-	-	247,457	-	247,457
Professional fees	35,090	48,815	123,213	-	207,118
Utilities	156,525	8,415	3,366	-	168,306
Food	141,862	-	-	-	141,862
Insurance	101,037	11,353	1,135	-	113,525
Fundraising events	-	-	50,897	58,028	108,925
Printing, postage and shipping	-	319	104,617	-	104,936
Occupancy	38,662	39,412	831	-	78,905
Supplies	62,866	10,780	2,901	-	76,547
Maintenance and repairs	57,713	3,351	-	-	61,064
Bank and credit card fees	-	24,778	29,105	-	53,883
Vehicle expense	29,226	8,532	9,463	-	47,221
Miscellaneous	14,981	13,192	128	-	28,301
Hospitality and travel	1,955	11,310	13,839	-	27,104
Information technology	12,237	2,442	4,473	-	19,152
Training and resource materials	1,701	14,812	1,910	-	18,423
Equipment	12,308	5,339	-	-	17,647
Telephone	1,010	5,845	5,845	-	12,700
Dues and memberships	-	8,736	-	-	8,736
Learning center	171	-	-	-	171
Property taxes	-	11	-	-	11
Total expenses before depreciation	<u>3,208,841</u>	<u>487,927</u>	<u>1,041,683</u>	<u>58,028</u>	<u>4,796,479</u>
Depreciation	<u>55,026</u>	<u>27,513</u>	<u>9,170</u>	<u>-</u>	<u>91,709</u>
Total Expenses	<u>\$ 3,263,867</u>	<u>\$ 515,440</u>	<u>\$ 1,050,853</u>	<u>\$ 58,028</u>	<u>\$ 4,888,188</u>

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Cash Flows

	Year Ended June 30,	
	2018	2017 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 268,204	\$ 118,466
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	84,341	91,709
Change in beneficial interest in perpetual trust	(5,932)	(11,438)
Loss on disposal of assets	4,523	-
Contributions restricted for property and equipment	(101,584)	(95,000)
Changes in:		
Prepaid expenses and deposits	(12,379)	(4,662)
Gifts-in-kind inventory	58,380	(89,700)
Accounts payable and accrued expenses	7,544	51,502
Severance liability	(10,000)	(24,000)
Net Cash Provided by Operating Activities	293,097	36,877
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(26,062)	(200,181)
Net Cash Used by Investing Activities	(26,062)	(200,181)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property and equipment	101,584	95,000
Proceeds from line of credit payable	198,178	150,000
Payments on line of credit payable	(198,178)	(170,000)
Net Cash Provided by Financing Activities	101,584	75,000
Change in Cash and Cash Equivalents	368,619	(88,304)
Cash and Cash Equivalents, Beginning of Year	317,612	405,916
Cash and Cash Equivalents, End of Year	\$ 686,231	\$ 317,612
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	\$ 3,178	\$ 1,994

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

### 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 RISKS

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 federal deposit insurance (FDIC) limits. However, the Mission has not experienced any losses on these accounts and does not believe it is exposed to any significant risk. The Mission's cash balances exceeded FDIC limits for the years ending June 30, 2018 and 2017, by approximately \$64,000 and \$-0-, respectively.

#### 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 initially recorded at their estimated fair market value at the date of donation and reported at lower of cost or net realizable value.

#### 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.

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

### 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 fair market value of the underlying assets in the trust.

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

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
June 30, 2018:				
Beneficial interest in perpetual trust	<u>\$ 200,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,218</u>
June 30, 2017:				
Beneficial interest in perpetual trust	<u>\$ 194,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,286</u>

#### 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, 2018 and 2017 (Restated)

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY, EQUIPMENT, AND DEPRECIATION, continued

The Mission reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by comparing the carrying amount of the property and equipment to the future net undiscounted cash flows expected to be generated by the assets and any estimated proceeds from the eventual disposition. If the property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There were no impairment losses recognized in the years ended June 30, 2018 and 2017.

#### NOTE PAYALBE - RECOVERABLE SUBSIDY

During 2008, the Mission received a \$229,360 subsidy from the Federal Home Loan Bank of New York (FHLB-NY) under the Affordable Housing Program (AHP) relating to a renovation project at its 385 Barnum Avenue, Bridgeport, CT facility (the Facility). The subsidy is conditional, including a 15 year retention period (retention period) during which FHLB-NY can recover a portion or all of the funds should the Mission not comply with various programmatic and reporting conditions. Additionally, should the Mission sell the facility prior to the expiration of the retention period, it would be required to repay the subsidy in full to FHLB-NY.

FHLB-NY'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-NY are reported as note payable - recoverable subsidy in the statements of financial position. At the end of the retention period, the subsidy will no longer be recoverable by the FHLB-NY, the note payable will be cancelled, and the Mission will recognize the subsidy as revenue in the statements of activities. The retention period expires during the year ended June 30, 2023.

#### 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.

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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. These contributed services are not reported as they do not meet the "specialized skills" requirements under current accounting standards. The Mission received an immaterial amount of donated services for both years ending June 30, 2018 and 2017, that met current accounting standards for recognition in the financial statements.

Directly identifiable expenses are charged to program services and supporting activities which include management and general and fundraising. 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. Advertising costs amounted to approximately \$80,000 and \$76,000 for the years ended June 30, 2018 and 2017, respectively. The Mission incurred no joint costs for the years ended June 30, 2018 and 2017.

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In July 2015, the Financial Accounting Standards Board (FASB) issued Accountings Standards Update (ASU) No. 2015-11 *Simplifying the Measurement of Inventory*. ASU 2015-11 requires inventory to be valued at the lower of cost or net realizable value. The impact of the adoption of this ASU was insignificant to the Mission's financial statements.

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of:

	June 30,	
	2018	2017
Land	\$ 287,884	\$ 287,884
Buildings and improvements	1,704,649	1,697,417
Furniture, fixtures, and equipment	168,882	153,451
Vehicles	58,105	94,080
	2,219,520	2,232,832
Less accumulated depreciation	(786,016)	(736,526)
	\$ 1,433,504	\$ 1,496,306

Depreciation expense amounted to \$84,341 and \$91,709 for the years ended June 30, 2018 and 2017, respectively.

4. NET ASSETS:

Temporarily restricted net assets consisted of:

	Year Ended June 30, 2018			
	Beginning of Year	Support and Revenue	Releases	End of Year
Care Center building fund	\$ -	\$ 70,000	\$ -	\$ 70,000
Building fund	-	31,584	(8,406)	23,178
Adopt-a-room	15,610	16,800	(12,705)	19,705
Other restricted purposes	15,469	2,525	(4,096)	13,898
Generator	13,001	-	-	13,001
Reserve fund	40,393	-	(40,393)	-
	\$ 84,473	\$ 120,909	\$ (65,600)	\$ 139,782

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

4. NET ASSETS, continued:

	Year Ended June 30, 2017			End of Year
	Beginning of Year	Support and Revenue	Releases	
Reserve fund	\$ 40,393	\$ -	\$ -	\$ 40,393
Adopt-a-room	15,396	3,100	(2,886)	15,610
Other restricted purposes	15,469	-	-	15,469
Generator	13,001	-	-	13,001
Kitchen Remodel	80,373	45,000	(125,373)	-
Building fund	-	50,000	(50,000)	-
	\$ 164,632	\$ 98,100	\$ (178,259)	\$ 84,473

Permanently restricted net assets consisted of:

	June 30,	
	2018	2017
Beneficial interest in perpetual trust	\$ 200,218	\$ 194,286

5. GIFTS-IN-KIND:

Gifts-in-kind received consisted of:

	Year Ended June 30,	
	2018	2017
Clothing, equipment and household items	\$ 964,888	\$ 830,531
Food	497,615	506,832
Other items	12,133	66,295
	\$ 1,474,636	\$ 1,403,658



# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

6. OPERATING LEASES:

The Mission leases office space, a warehouse and three vehicles under operating leases maturing in 2019 through 2020. Total lease expenses were approximately \$98,000 and \$87,000 for the years ended June 30, 2018 and 2017, respectively. The annual future minimum lease payments under these operating leases are as follows:

Year Ending June 30,		
2019	\$	54,300
2020		53,050
2021		12,900
	\$	120,250

7. LINE OF CREDIT:

The Mission has a line of credit available from People's United Bank, up to \$300,000, secured by property at 1037 Sylvan Avenue, Bridgeport, CT, with interest at the People's United Bank Prime Rate plus 1% (6% at June 30, 2018). Outstanding borrowings are due upon demand. There were no borrowings outstanding as of June 30, 2018 and 2017.

8. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2018, the Mission identified errors in the reporting of liabilities and net assets. The prior period adjustment resulted from errors in accounting for a recoverable subsidy received in March 2008, from the Federal Home Loan Bank of New York (FHLB-NY) Affordable Housing Program (AHP). The funds received were originally recognized as grant revenue and an increase to change in net assets for the year ended June 30, 2008. Due to the nature of the funds being considered a conditional grant along with a mortgage lien placed on the Mission's facility funded by this grant by FHLB-NY (see Note 2), the funds received are required to be carried as a note payable liability on the Mission's statements of financial position until the conditions of the funds are met. As a result, the following summarizes the prior period adjustments made:

	As Previously Stated	Adjustment	Restated
Statement of financial position, June 30, 2017:			
Unrestricted net assets	\$ 1,625,828	\$ (229,360)	\$ 1,396,468
Total net assets	\$ 1,973,308	\$ (229,360)	\$ 1,743,948
Statement of activities, June 30, 2017:			
Net assets, beginning of year, unrestricted	\$ 1,625,828	\$ (229,360)	\$ 1,396,468
Net assets, beginning year, total	\$ 1,973,308	\$ (229,360)	\$ 1,743,948

Additionally, had these adjustments been previously reflected in the financial statements for the year ended June 30, 2017, they would not have had an affect on change in net assets for the year then ended.

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

June 30, 2018 and 2017 (Restated)

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 22, 2019, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end, the Mission entered into a contract to purchase a former nursing home, located at 725 Park Avenue, Bridgeport (the building), for \$2,300,000. On March 5, 2019, the Mission purchased the building, which will be used to significantly increase its residential and day programming activities. The Mission will renovate the building over a 12-18 month period, at a cost currently estimated to be in a range of \$6.9-9.4 million. Additionally, prior to year end the Mission received gifts of \$70,000 and, subsequent to year end, a lead pledge gift of \$2,000,000 from a donor, an additional gift of \$100,000, and a loan of \$1.77 million to purchase the building and to begin building renovations. The Mission is seeking an additional \$3.8-4.0 million in community development funds for building renovations, and has begun a capital campaign to raise an additional \$2.0-4.0 million for building renovations and operating costs.