

BRIDGEPORT RESCUE MISSION, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

BRIDGEPORT RESCUE MISSION, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	10

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, 2019 and 2018, 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, 2019 and 2018, 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

Bridgeport Rescue Mission, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the June 30, 2019 and 2018, financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

New York, New York
November 6, 2019

BRIDGEPORT RESCUE MISSION, INC.

Statements of Financial Position

	June 30,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 1,043,903	\$ 686,231
Contributions receivable - net	1,388,324	-
Prepaid expenses and deposits	14,100	29,748
Gifts-in-kind inventory	252,187	174,055
Property and equipment, at cost-net	4,228,004	1,433,504
Beneficial interest in perpetual trust	198,719	200,218
	<u>\$ 7,125,237</u>	<u>\$ 2,523,756</u>
Total Assets	\$ 7,125,237	\$ 2,523,756
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 296,261	\$ 163,778
Mortgage payable	1,770,000	-
Note payable - recoverable subsidy	229,360	229,360
Total liabilities	<u>2,295,621</u>	<u>393,138</u>
Net assets:		
Without donor restriction:		
Undesignated	1,804,573	1,490,618
Board designated reserve	150,000	300,000
	<u>1,954,573</u>	<u>1,790,618</u>
With donor restriction	2,875,043	340,000
Total net assets	<u>4,829,616</u>	<u>2,130,618</u>
Total Liabilities and Net Assets	\$ 7,125,237	\$ 2,523,756

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Activities

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and reclassifications:						
Contributions	\$ 3,476,922	\$ 2,684,296	\$ 6,161,218	\$ 3,461,433	\$ 120,909	\$ 3,582,342
Gifts-in-kind	2,499,380	-	2,499,380	1,474,636	-	1,474,636
Other income (loss)	36,599	-	36,599	(2,126)	-	(2,126)
	6,012,901	2,684,296	8,697,197	4,933,943	120,909	5,054,852
Contributions and net revenue from special events:						
Contributions from special events	351,151	-	351,151	392,606	-	392,606
Revenue	49,905	-	49,905	24,440	-	24,440
Less: cost of direct benefit to donors	(85,689)	-	(85,689)	(53,721)	-	(53,721)
Net revenue from special events	(35,784)	-	(35,784)	(29,281)	-	(29,281)
Total contributions and net revenue from special events:	315,367	-	315,367	363,325	-	363,325
Total support and revenue	6,328,268	2,684,296	9,012,564	5,297,268	120,909	5,418,177
Net assets released from restriction	147,754	(147,754)	-	65,600	(65,600)	-
Total support, revenue and reclassifications	6,476,022	2,536,542	9,012,564	5,362,868	55,309	5,418,177

(continued)

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Activities (continued)

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services	4,504,525	-	4,504,525	3,541,787	-	3,541,787
Supporting activities:						
Management and general	676,964	-	676,964	557,814	-	557,814
Fundraising	1,130,578	-	1,130,578	1,056,304	-	1,056,304
	1,807,542	-	1,807,542	1,614,118	-	1,614,118
Total expenses	6,312,067	-	6,312,067	5,155,905	-	5,155,905
Change in net assets before other changes	163,955	2,536,542	2,700,497	206,963	55,309	262,272
Other changes in net assets:						
Change in value of beneficial interest in perpetual trust	-	(1,499)	(1,499)	-	5,932	5,932
Change in Net Assets	163,955	2,535,043	2,698,998	206,963	61,241	268,204
Net Assets, Beginning of Year	1,790,618	340,000	2,130,618	1,583,655	278,759	1,862,414
Net Assets, End of Year	\$ 1,954,573	\$ 2,875,043	\$ 4,829,616	\$ 1,790,618	\$ 340,000	\$ 2,130,618

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statement of Functional Expenses Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and benefits	\$ 1,497,450	\$ 407,984	\$ 469,690	\$ -	\$ 2,375,124
Donation of in-kind food, clothing, and other items	2,261,249	-	-	-	2,261,249
Monthly mailings	-	-	362,694	-	362,694
Professional fees	48,920	76,429	98,760	-	224,109
Utilities	161,080	8,660	3,464	-	173,204
Fundraising events	-	-	41,248	85,689	126,937
Food	135,337	-	-	-	135,337
Supplies	85,783	21,456	10,609	-	117,848
Insurance	104,757	11,770	1,177	-	117,704
Occupancy	39,099	53,121	841	-	93,061
Printing, postage and shipping	-	3,042	73,406	-	76,448
Maintenance and repairs	38,763	640	-	-	39,403
Vehicle expense	30,981	4,297	1,350	-	36,628
Information technology	10,603	2,536	20,634	-	33,773
Hospitality and travel	3,748	23,031	5,083	-	31,862
Miscellaneous	23,225	1,415	4,548	-	29,188
Bank and credit card fees	-	7,496	18,379	-	25,875
Telephone	3,245	6,123	6,123	-	15,491
Equipment	9,107	5,987	395	-	15,489
Training and resource materials	1,079	7,813	3,827	-	12,719
Dues and memberships	-	10,115	-	-	10,115
Total expenses before depreciation	<u>4,454,426</u>	<u>651,915</u>	<u>1,122,228</u>	<u>85,689</u>	<u>6,314,258</u>
Depreciation	<u>50,099</u>	<u>25,049</u>	<u>8,350</u>	<u>-</u>	<u>83,498</u>
Total Expenses	<u><u>\$ 4,504,525</u></u>	<u><u>\$ 676,964</u></u>	<u><u>\$ 1,130,578</u></u>	<u><u>\$ 85,689</u></u>	<u><u>\$ 6,397,756</u></u>

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, clothing, and other items	1,529,516	-	-	-	1,529,516
Monthly mailings	-	-	318,748	-	318,748
Professional fees	29,697	48,343	86,921	-	164,961
Utilities	154,583	8,311	3,324	-	166,218
Fundraising events	-	-	41,936	53,721	95,657
Food	138,894	-	-	-	138,894
Supplies	123,494	7,840	5,199	-	136,533
Insurance	103,577	11,638	1,164	-	116,379
Occupancy	39,161	48,296	842	-	88,299
Printing, postage and shipping	-	120	83,094	-	83,214
Maintenance and repairs	43,483	-	-	-	43,483
Vehicle expense	12,285	3,167	5,634	-	21,086
Information technology	11,807	2,537	14,725	-	29,069
Hospitality and travel	1,848	9,865	3,086	-	14,799
Miscellaneous	26,371	15,309	718	-	42,398
Bank and credit card fees	-	30,062	19,894	-	49,956
Telephone	870	2,888	2,888	-	6,646
Equipment	571	1,319	732	-	2,622
Training and resource materials	251	2,653	3,172	-	6,076
Dues and memberships	50	10,140	-	-	10,190
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>\$ 3,541,787</u>	<u>\$ 557,814</u>	<u>\$ 1,056,304</u>	<u>\$ 53,721</u>	<u>\$ 5,209,626</u>

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,698,998	\$ 268,204
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	83,498	84,341
Change in beneficial interest in perpetual trust	1,499	(5,932)
Loss on disposal of assets	-	4,523
Gifts-in-kind capitalized as property and equipment	(160,000)	-
Contributions restricted for property and equipment	(2,678,542)	(101,584)
Changes in:		
Prepaid expenses and deposits	15,648	(12,379)
Gifts-in-kind inventory	(78,132)	58,380
Accounts payable and accrued expenses	132,483	7,544
Severance liability	-	(10,000)
Net Cash Provided by Operating Activities	15,452	293,097
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisition of property and equipment	(947,998)	(26,062)
Net Cash Used by Investing Activities	(947,998)	(26,062)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions and collections on contributions receivable restricted for property and equipment	1,290,218	101,584
Proceeds from line of credit payable	270,000	197,178
Payments on line of credit payable	(270,000)	(197,178)
Net Cash Provided by Financing Activities	1,290,218	101,584
Change in Cash and Cash Equivalents	357,672	368,619
Cash and Cash Equivalents, Beginning of Year	686,231	317,612
Cash and Cash Equivalents, End of Year	\$ 1,043,903	\$ 686,231

(continued)

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Cash Flows (continued)

	Year Ended June 30,	
	<u>2019</u>	<u>2018</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 3,800</u>	<u>\$ 3,178</u>
Non-cash financing activities:		
Additions to property and equipment	\$ 2,877,998	\$ -
Less property and equipment additions funded by:		
Gifts-in-kind	(160,000)	-
Mortgage	<u>(1,770,000)</u>	<u>-</u>
Cash paid for property and equipment	<u>\$ 947,998</u>	<u>\$ -</u>

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

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 Mission promotes the life changing gospel of Jesus Christ by providing services to the poor and disadvantaged. Such services include overnight shelter services, residential addiction recovery programming, supportive and transitional housing, on-site and mobile food services in various neighborhoods, clothing support and related outreach programs for men, women and children in Bridgeport and other parts of Fairfield County, 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, 2019 and 2018, by approximately \$542,000 and \$183,000, 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 perpetual 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, 2019 and 2018

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, 2019:				
Beneficial interest in perpetual trust	<u>\$ 198,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,719</u>
June 30, 2018:				
Beneficial interest in perpetual trust	<u>\$ 200,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,218</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 capitalizes purchases greater than \$5,000. 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

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, 2019 and 2018.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NOTE PAYABLE - 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 ending June 30, 2023.

CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets:

Net assets without donor restrictions are those currently available for general use, those designated for specific use by the board and those resources invested in property and equipment.

Net assets with donor restrictions are those subject to donor restrictions. Some donor-imposed restrictions will either expire by passage of time or can be fulfilled and removed by actions of the Mission pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature where the donor stipulates the gift to be held in perpetuity.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

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, including gifts of property and equipment, 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, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For donations of property and equipment, absent explicit donor stipulations about how those long-lived assets must be maintained, the Mission reports expirations of restrictions when the assets are placed in service.

An allowance for uncollectable contributions receivable is provided based upon managements judgement. Management has determined that all pledges are fully collectable, therefore no allowance has been recorded as of June 30, 2019 and 2018. Contributions receivable collectable beyond one year are discounted to present value. The discount rate used for the years ended June 30, 2019 and 2018, was 5%.

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, 2019 and 2018, 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. The categories of expenses that are allocated include salaries and benefits, occupancy, utilities, hospitality and travel, vehicle expense, insurance, supplies, depreciation, and information technology. All advertising costs are expensed when incurred. Advertising costs amounted to approximately \$80,000 and \$76,000 for the years ended June 30, 2019 and 2018, respectively. The Mission incurred no joint costs for the years ended June 30, 2019 and 2018.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Mission adopted the provisions of this new standard during the year ended June 30, 2019. Significant changes to the financial statements as of June 30, 2019 and 2018, include:

- Temporarily restricted and permanently restricted net asset classes are now referred to as net assets with donor restrictions. Unrestricted net asset class is now referred to as net assets without donor restrictions.
- Disclosures related to functional allocation of expenses were expanded.
- The financial statements include a new disclosure regarding liquidity and the availability of resources.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Mission's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year from the statement of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The following table represents liquidity as of June 30, 2019:

Financial assets:

Cash and cash equivalents	\$ 1,043,903
Contributions receivable - net	1,388,324
Beneficial interest in perpetual trust	198,719
Financial assets, at year end	<u>2,630,946</u>
Less those unavailable for general expenditures within one year, due to:	
Board designated reserve	(150,000)
Donor restricted:	
Time	(1,388,324)
Purpose (note \$532,451 has been spent and will be released from restriction upon project completion)	(755,549)
Restricted by donor in perpetuity	(198,719)
	<u>(2,492,592)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 138,354</u>

The Mission is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. The Mission must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Mission's liquidity management, they have established guidelines for making decisions related to managing short term cash reserves in a prudent manner. A revolving line of credit of \$300,000, with funds available of \$300,000 as of June 30, 2019, can be drawn upon in the event of an anticipated liquidity need. Subsequent to year end, the revolving line of credit was increased to \$1 million (Note 7).

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

4. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist of the following:

	June 30,	
	2019	2018
Due within one year	\$ 1,325,000	\$ -
Due beyond one year	75,000	-
	<u>1,400,000</u>	<u>-</u>
Less: unamortized discount	(11,676)	-
	<u>\$ 1,388,324</u>	<u>\$ -</u>

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	June 30,	
	2019	2018
Land	\$ 287,884	\$ 287,884
Buildings and improvements	1,742,749	1,704,649
Furniture, fixtures, and equipment	194,805	168,882
Vehicles	58,105	58,105
	<u>2,283,543</u>	<u>2,219,520</u>
Less accumulated depreciation	(869,513)	(786,016)
	<u>1,414,030</u>	<u>1,433,504</u>
Construction in progress	2,813,974	-
	<u>\$ 4,228,004</u>	<u>\$ 1,433,504</u>

Depreciation expense amounted to \$83,498 and \$84,341 for the years ended June 30, 2019 and 2018, respectively.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

5. PROPERTY AND EQUIPMENT, continued:

On August 14, 2018, the Mission entered into a contract to purchase a former nursing home, located at 725 Park Avenue, Bridgeport (the Building), for \$2,300,000, to significantly increase the Mission's 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 \$10.5 to \$11 million. Subsequent to year end, in August 2019, the City of Bridgeport issued a building permit to the Mission for Phase 1 of the building renovations, and the Mission entered into a guaranteed maximum price contract with the construction manager for Phase 1 renovations. The Mission projects total Phase 1 costs will be \$3.6 to \$3.9 million. Upon completion of Phase 1, and upon confirmation that the Mission has qualified for certain community development funds, the Mission plans to enter into an additional guaranteed maximum price contract to complete Phase 2 of the building renovations. The Mission projects that total Phase 2 costs will be \$4.3 to \$4.5 million. If total funds raised are sufficient, the Mission plans to enter into an additional guaranteed maximum price contract to complete Phase 3 of the building renovations at a projected cost of \$2.0 to \$2.5 million. The Mission will be required to obtain additional building permits from the City of Bridgeport for each of Phase 2 and Phase 3 renovation work.

During the year ended June 30, 2018, the Mission received gifts of \$70,000 for the Building. During the year ended June 30, 2019, the Mission received written pledge commitments for \$2,500,000, and actual cash gifts, pursuant to the pledge commitments and otherwise, of \$1,218,000. The Mission purchased the Building on March 5, 2019, using gift donations, an allocation of \$150,000 in board reserves, and a bank loan of approximately \$1.77 million that is secured by the Building. The Mission received notification on October 3, 2019, that it has received an AHP direct subsidy award from the FHLB-NY in the amount of \$2.5 million for Building renovations. The Mission is seeking an additional \$1.5 million in community development funds, and began a capital campaign to raise an additional \$4.4 to \$6 million for planned renovations and operating costs.

6. MORTGAGE PAYABLE:

Mortgage payable consists of:

June 30,	
2019	2018
\$ 1,770,000	\$ -

Mortgage payable secured by real estate. The mortgage has a variable interest rate initially set at 5.25% (5.25% as of June 30, 2019). The interest rate resets every 5 years and the first three years of the loan require payments of interest only. Beginning April 2022, monthly interest and principal payments of \$11,319 are due until the maturity date in March 2044.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

6. MORTGAGE PAYABLE, continued:

Future minimum principal payments for the succeeding five years and thereafter are as follows:

<u>Year Ending June 30,</u>	
2020	\$ -
2021	-
2022	10,772
2023	44,528
2024	46,923
Thereafter	<u>1,667,777</u>
	<u>\$ 1,770,000</u>

Interest expense amounted to \$3,800 and \$3,178, net of interest capitalized of \$30,459 and \$0, respectively, for the years ended June 30, 2019 and 2018. The Mission is in compliance with debt covenant requirements as of June 30, 2019.

7. LINE OF CREDIT:

The Mission has a revolving line of credit available from People's United Bank, up to \$300,000, secured by property at 1088 Fairfield Avenue and 1037 Sylvan Avenue, Bridgeport, CT, with interest at the People's United Bank Prime Rate plus 1%. Outstanding borrowings are due upon demand. There were no borrowings outstanding as of June 30, 2019 and 2018.

Subsequent to year end, the Mission obtained an increase to the line of credit from \$300,000 to \$1 million, to increase the Mission's capacity to meet cash flow demands during the building renovation period (Note 5).

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2019	2018
Net assets subject to purpose and/or time restrictions:		
Care Center building fund	\$ 2,676,324	\$ 70,000
Building fund	-	23,178
Adopt-a-room	-	19,705
Other restricted purposes	-	13,898
Generator	-	13,001
	2,676,324	139,782
Net assets restricted in perpetuity:		
Beneficial interest in perpetual trust	198,719	200,218
Total net assets with donor restrictions	\$ 2,875,043	\$ 340,000

	June 30,	
	2019	2018
Net assets released from restrictions are as follows:		
Building fund	\$ 41,536	\$ 8,406
Adopt-a-room	22,705	12,705
Other restricted purposes	70,512	4,096
Generator	13,001	-
Reserve fund	-	40,393
	\$ 147,754	\$ 65,600

9. GIFTS-IN-KIND:

Gifts-in-kind received consists of:

	Year Ended June 30,	
	2019	2018
Clothing, equipment and household items	\$ 1,114,598	\$ 964,888
Food	943,752	497,615
Other items	441,030	12,133
	\$ 2,499,380	\$ 1,474,636

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

10. OPERATING LEASES:

The Mission leases office space, a warehouse, a vehicle, and equipment under operating leases maturing in 2020 through 2022. Total lease expenses were approximately \$98,000 for both years ended June 30, 2019 and 2018. The annual future minimum lease payments under these operating leases are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 55,028
2021	14,878
2022	<u>1,978</u>
	<u>\$ 71,884</u>

11. DONOR CONCENTRATION:

The Mission received approximately 40% and 13% of total contributions and 29% and 9% of total support and revenue from two and one donors during the years ended June 30, 2019 and 2018, respectively.

12. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2019 and 2018, members of the board of directors made contributions to the Mission totaling approximately \$756,000 and \$753,000, respectively. These contributions represent 12% and 19% of total contributions and 8% and 14% of total support and revenue for the years ended June 30, 2019 and 2018, respectively.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 6, 2019, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.