



BRIDGEPORT RESCUE MISSION, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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
March 12, 2021

BRIDGEPORT RESCUE MISSION, INC.

Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 629,282	\$ 1,043,903
Contributions receivable - net	1,613,099	1,388,324
Prepaid expenses and deposits	14,100	14,100
Gifts-in-kind inventory	407,964	252,187
Assets held for sale	235,445	-
Property and equipment, at cost-net	9,267,008	4,228,004
Beneficial interest in perpetual trust	195,726	198,719
	\$ 12,362,624	\$ 7,125,237
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,197,492	\$ 296,261
Paycheck protection program loan	332,800	-
Mortgage payable	1,770,000	1,770,000
Note payable - recoverable subsidy	229,360	229,360
Total liabilities	3,529,652	2,295,621
Net assets:		
Without donor restriction:		
Undesignated	2,620,042	1,804,573
Board designated reserve	150,000	150,000
	2,770,042	1,954,573
With donor restriction	6,062,930	2,875,043
Total net assets	8,832,972	4,829,616
Total Liabilities and Net Assets	\$ 12,362,624	\$ 7,125,237

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Activities

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and reclassifications:						
Contributions	\$ 4,299,453	\$ 3,190,880	\$ 7,490,333	\$ 3,476,922	\$ 2,684,296	\$ 6,161,218
Gifts-in-kind	2,597,476	-	2,597,476	2,499,380	-	2,499,380
Special events (net of cost of direct benefit to donors of \$41,791 and \$85,689) (Note 10)	516,830	-	516,830	315,367	-	315,367
Change in value of beneficial interest in perpetual trust	-	(2,993)	(2,993)	-	(1,499)	(1,499)
Other income	9,682	-	9,682	36,599	-	36,599
Total support and revenue	7,423,441	3,187,887	10,611,328	6,328,268	2,682,797	9,011,065
Net assets released from restriction	-	-	-	147,754	(147,754)	-
Total support, revenue and reclassifications	7,423,441	3,187,887	10,611,328	6,476,022	2,535,043	9,011,065
Expenses:						
Program services	4,845,471	-	4,845,471	4,504,525	-	4,504,525
Supporting activities:						
Management and general	667,169	-	667,169	676,964	-	676,964
Fundraising	1,095,332	-	1,095,332	1,130,578	-	1,130,578
	1,762,501	-	1,762,501	1,807,542	-	1,807,542
Total expenses	6,607,972	-	6,607,972	6,312,067	-	6,312,067
Change in Net Assets	815,469	3,187,887	4,003,356	163,955	2,535,043	2,698,998
Net Assets, Beginning of Year	1,954,573	2,875,043	4,829,616	1,790,618	340,000	2,130,618
Net Assets, End of Year	\$ 2,770,042	\$ 6,062,930	\$ 8,832,972	\$ 1,954,573	\$ 2,875,043	\$ 4,829,616

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and benefits	\$ 1,667,483	\$ 427,381	\$ 495,140	\$ -	\$ 2,590,004
Donation of in-kind food, clothing, and other items	2,444,698	-	-	-	2,444,698
Occupancy costs	304,450	102,176	52,665	-	459,291
Printing, postage and monthly mailings	1,085	613	429,844	-	431,542
Food and supplies	261,938	3,595	11,597	-	277,130
Professional fees	51,838	80,598	39,726	-	172,162
Other expenses	27,029	30,620	22,161	-	79,810
Fundraising events	-	-	22,793	41,791	64,584
Vehicle expense	33,047	2,229	-	-	35,276
Hospitality and travel	1,406	6,502	5,818	-	13,726
Total expenses before depreciation	4,792,974	653,714	1,079,744	41,791	6,568,223
Depreciation	52,497	13,455	15,588	-	81,540
Total Expenses	\$ 4,845,471	\$ 667,169	\$ 1,095,332	\$ 41,791	\$ 6,649,763

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	\$ 1,498,529	\$ 415,797	\$ 473,517	\$ -	\$ 2,387,843
Donation of in-kind food, clothing, and other items	2,261,249	-	-	-	2,261,249
Occupancy costs	357,547	82,850	32,239	-	472,636
Printing, postage and monthly mailings	-	3,042	436,100	-	439,142
Food and supplies	230,227	27,443	11,004	-	268,674
Professional fees	48,920	76,429	98,760	-	224,109
Other expenses	23,225	19,026	22,927	-	65,178
Fundraising events	-	-	41,248	85,689	126,937
Vehicle expense	30,981	4,297	1,350	-	36,628
Hospitality and travel	3,748	23,031	5,083	-	31,862
Total expenses before depreciation	4,454,426	651,915	1,122,228	85,689	6,314,258
Depreciation	50,099	25,049	8,350	-	83,498
Total Expenses	\$ 4,504,525	\$ 676,964	\$ 1,130,578	\$ 85,689	\$ 6,397,756

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,003,356	\$ 2,698,998
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	81,540	83,498
Change in beneficial interest in perpetual trust	2,993	1,499
Gifts-in-kind capitalized as property and equipment	-	(160,000)
Contributions restricted for property and equipment	(3,190,880)	(2,678,542)
Changes in:		
Prepaid expenses and deposits	-	15,648
Gifts-in-kind inventory	(155,777)	(78,132)
Accounts payable and accrued expenses	901,231	132,483
Net Cash Provided by Operating Activities	1,642,463	15,452
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisition of property and equipment	(5,355,989)	(947,998)
Net Cash Used by Investing Activities	(5,355,989)	(947,998)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions and collections on contributions receivable restricted for property and equipment	2,966,105	1,290,218
Proceeds from paycheck protection program loan (Note 2)	332,800	-
Proceeds from line of credit payable	704,138	270,000
Payments on line of credit payable	(704,138)	(270,000)
Net Cash Provided by Financing Activities	3,298,905	1,290,218
Change in Cash and Cash Equivalents	(414,621)	357,672
Cash and Cash Equivalents, Beginning of Year	1,043,903	686,231
Cash and Cash Equivalents, End of Year	\$ 629,282	\$ 1,043,903

(continued)

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Cash Flows (continued)

	Year Ended June 30,	
	<u>2020</u>	<u>2019</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 2,069</u>	<u>\$ 3,800</u>
Non-cash investing and financing activities:		
Transfer of property and equipment to assets held for sale	<u>\$ 235,445</u>	<u>\$ -</u>
Additions to property and equipment	\$ 5,355,989	\$ 2,877,998
Less property and equipment additions funded by:		
Gifts-in-kind	-	(160,000)
Mortgage	-	(1,770,000)
Cash paid for property and equipment	<u>\$ 5,355,989</u>	<u>\$ 947,998</u>

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

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 exclusively 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, 2020 and 2019, by approximately \$345,000 and \$542,000, 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, 2020 and 2019

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. The trust is valued at Level 3 in the fair value hierarchy because the trust itself is not readily marketable.

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, 2020:				
Beneficial interest in perpetual trust	<u>\$ 195,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,726</u>
June 30, 2019:				
Beneficial interest in perpetual trust	<u>\$ 198,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,719</u>

ASSETS HELD FOR SALE

Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as being met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets designated as held for sale are recorded at the lower of carrying amount at the time the classification as held for sale was made or fair value less costs to sell. Depreciation is not charged against property and equipment classified as held for sale.

During the year ended June 30, 2020, the Mission made the decision to sell a building and related land. As of June 30, 2020, this building and related land had a net book value of \$235,445. Subsequent to year end, in February 2021, the Mission closed on the sale of the building and related land for \$580,000.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2020 and 2019.

PAYCHECK PROTECTION PROGRAM LOAN

The Mission obtained a Paycheck Protection Program loan of \$332,800 on April 16, 2020, through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA). The loan accrues interest at 1.00% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if requirements set by the SBA are met. Should the Mission not qualify for full loan forgiveness, payments will be required on any unforgiven portion of the loan. Subsequent to year end, the Mission received forgiveness of the loan and recognized the forgiveness as government grant revenue.

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.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NOTE PAYABLE - RECOVERABLE SUBSIDY, continued

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.

The Mission received notification on October 3, 2019, that it has received an additional AHP direct subsidy award from the FHLB-NY in the amount of \$2.5 million for building renovations (Note 5), under similar terms as described above. As of the date of these financial statements, the Mission had not yet received disbursement of the funding. The Mission anticipates receiving the funding during March or April 2021.

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.

SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

Revenue is recognized in the period 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 management's judgement. Management has determined that all pledges are fully collectable, therefore no allowance has been recorded as of June 30, 2020 and 2019. Contributions receivable collectable beyond one year are discounted to present value. The discount rate used for the years ended June 30, 2020 and 2019, was 5%.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES, continued

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, 2020 and 2019, 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 \$123,000 and \$99,000 for the years ended June 30, 2020 and 2019, respectively. The Mission incurred no joint costs for the years ended June 30, 2020 and 2019.

RECLASSIFICATIONS

Certain amounts from prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications were made on the statement of functional expenses for the year ended June 30, 2019, between natural classifications and the totals for program services, management and general and fundraising expenses did not change. The former categories of monthly mailings and printing, postage and shipping were combined to one category titled printing, postage and monthly mailings. The former categories of food, supplies and equipment were combined to one category titled supplies. The former categories of utilities, insurance, occupancy, maintenance and repairs, information technology and telephone were combined to one category titled occupancy costs. The former categories of miscellaneous, bank and credit card fees and dues and memberships were combined to one category titled other expenses.

ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Mission adopted the provisions of this new standard during the year ended June 30, 2020, and has implemented the guidance on a modified retrospective approach, meaning, changes are only applied to the portion of revenue that has not yet been recognized before the adoption of this ASU. The new standard clarifies and improved current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. Adoption of this standard had no effect on change in net assets or net assets in total as of June 30, 2020 and 2019.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS, continued

In 2014, the FASB issued ASU No. 2014-19, *Revenue from Contracts with Customers (topic 606 of the FASB Accounting Standards Codification)*. The Mission adopted the provisions of this new standard during the year ended June 30, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total as of June 30, 2020 and 2019.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Mission's financial assets, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year from the statements 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,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 629,282	\$ 1,043,903
Contributions receivable - net	1,613,099	1,388,324
Beneficial interest in perpetual trust	195,726	198,719
Financial assets, at year end	2,438,107	2,630,946
Less those unavailable for general expenditures within one year, due to:		
Board designated reserve	(150,000)	(150,000)
Donor restricted:		
Time and purpose	(1,613,099)	(1,388,324)
Purpose (note approximately \$4,163,000 and \$532,000 as of June 30, 2020 and 2019, respectively, has been spent and will be released from restriction upon project completion)	(90,672)	(755,549)
Restricted by donor in perpetuity	(195,726)	(198,719)
	(2,049,497)	(2,492,592)
Financial assets available to meet cash needs for general expenditures within one year	\$ 388,610	\$ 138,354

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

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 \$1,000,000, with funds available of \$1,000,000 as of June 30, 2020, can be drawn upon in the event of an anticipated liquidity need. Subsequent to year end in February 2021, as a result of the sale of a property that collateralized the revolving line of credit, the limit was reduced to \$750,000 (Note 7). In addition, the board designated reserve of \$150,000 as of both June 30, 2020 and 2019, can be made available in the event of a liquidity need.

4. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist of the following:

	June 30,	
	2020	2019
Due within one year	\$ 892,500	\$ 1,325,000
Due beyond in one to two years	841,000	75,000
	<u>1,733,500</u>	<u>1,400,000</u>
Less: unamortized discount	<u>(120,401)</u>	<u>(11,676)</u>
	.	.
Contributions receivable - net	<u>\$ 1,613,099</u>	<u>\$ 1,388,324</u>

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	June 30,	
	2020	2019
Land	\$ 235,405	\$ 287,884
Buildings and improvements	1,559,783	1,742,749
Furniture, fixtures, and equipment	155,641	158,691
Vehicles	101,719	94,219
	<u>2,052,548</u>	<u>2,283,543</u>
Less accumulated depreciation	<u>(951,053)</u>	<u>(869,513)</u>
	1,101,495	1,414,030
Construction in progress	8,165,513	2,813,974
	<u>\$ 9,267,008</u>	<u>\$ 4,228,004</u>

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

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 is renovating the Building from 2019 - 2021. In August 2019, the City of Bridgeport issued a building permit to the Mission, and the Mission entered into a contract for building renovations. The Mission has spent approximately \$5 million through June 30, 2020. Additionally, during the year ended June 30, 2020, the Mission entered into a follow on contract for additional building renovations for approximately \$6 million, of which approximately \$840,000 was incurred through June 30, 2020.

As of June 30, 2020, the Mission has received approximately \$5.9 million in contributions for Building renovations, of which approximately \$1.6 million is in the form of outstanding contributions receivable. The Mission purchased the Building on March 5, 2019, using donations, an allocation of \$150,000 in board reserves, and a bank loan of approximately \$1.77 million secured by the Building. The Mission received notification on October 3, 2019, that it had been awarded an AHP grant from the FHLB-NY in the amount of \$2.5 million for Building renovations, which had not yet been disbursed as of the date of these financial statements. In addition, subsequent to year end, the Mission entered in to a series of New Markets Tax Credit transactions to provide additional funding for the project (Note 15).

6. MORTGAGE PAYABLE:

Mortgage payable consists of:

June 30,	
2020	2019
Mortgage payable secured by real estate. The mortgage has a variable interest rate initially set at 5.25% (5.25% as of June 30, 2020). 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. Subsequent to year end, the mortgage was repaid in full as part of the New Market Tax Credit transactions (Note 15).	
<u>\$ 1,770,000</u>	<u>\$ 1,770,000</u>

Interest expense amounted to \$2,069 and \$3,800, net of interest capitalized of \$94,474 and \$30,459, respectively, for the years ended June 30, 2020 and 2019. The Mission is in compliance with debt covenant requirements as of June 30, 2020.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

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7. LINE OF CREDIT:

The Mission has a revolving line of credit available from People's United Bank, up to \$1,000,000, 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, 2020 and 2019. Subsequent to year end in February 2021, the property at 1037 Sylvan Avenue was sold (Note 2). As a result of this sale, the line of credit was reduced to \$750,000.

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2020	2019
Net assets subject to purpose and/or time restrictions:		
Care Center building fund	\$ 5,867,204	\$ 2,676,324
Net assets restricted in perpetuity:		
Beneficial interest in perpetual trust	195,726	198,719
Total net assets with donor restrictions	<u>\$ 6,062,930</u>	<u>\$ 2,875,043</u>

9. GIFTS-IN-KIND:

Gifts-in-kind received consists of:

	Year Ended June 30,	
	2020	2019
Food	\$ 1,193,383	\$ 943,752
Clothing	1,037,023	1,114,598
Other items	367,070	441,030
	<u>\$ 2,597,476</u>	<u>\$ 2,499,380</u>

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2020 and 2019

10. SPECIAL EVENTS-NET:

Special events-net consists of:

	<u>Year Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Contributions from special events	\$ 530,541	\$ 351,151
Revenue	28,080	49,905
Less: cost of direct benefit to donors	<u>(41,791)</u>	<u>(85,689)</u>
	<u>\$ 516,830</u>	<u>\$ 315,367</u>

11. OPERATING LEASES:

The Mission leases office space, a warehouse, a vehicle, and equipment under operating leases maturing in 2021 through 2022. Total lease expenses were approximately \$96,000 and \$98,000 for the years ended June 30, 2020 and 2019, respectively. The annual future minimum lease payments under these operating leases are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 14,878
2022	<u>1,978</u>
	<u>\$ 16,856</u>

12. DONOR CONCENTRATION:

The Mission received approximately 29% and 40% of total contributions and 22% and 29% of total support and revenue from three and two donors during the years ended June 30, 2020 and 2019, respectively.

13. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2020 and 2019, members of the board of directors made contributions to the Mission totaling approximately \$2,323,000 and \$756,000, respectively. These contributions represent 29% and 12% of total contributions and 22% and 8% of total support and revenue for the years ended June 30, 2020 and 2019, respectively.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

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14. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a worldwide pandemic which continues to spread throughout the United States and has caused disruption through mandated and voluntary closings and/or transitions to remote work for numerous businesses and nonprofits, including the Mission. While the disruptions are currently expected to be temporary, there is considerable uncertainty around the duration of these disruptions. Therefore, the Mission anticipates that this could have a continued effect on its operations. Further, the Mission also anticipates this could impact contributions as well. However, the final extent to which the COVID-19 outbreak will financially impact the Mission's operations or financial results cannot be reasonably estimated at this time. In response to the COVID-19 outbreak, on April 16, 2020, the Mission received a Paycheck Protection Program loan through the SBA (see Note 2).

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 12, 2021, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In December 2020, the Mission entered into a New Markets Tax Credit (NMTC) transaction involving M&T Bank and a company created by the bank for purposes of this transaction, NMTC Fund 725 Park Avenue, LLC. NMTCs are tax credits created by the federal government in 2000 and renewed periodically thereafter to encourage sustained investment in low-income communities. The purpose is to provide investors with a financial incentive (a tax credit) to invest in projects being built in, or businesses operating in, low-income communities. Investors receive a 39% federal tax credit earned over a 7-year period. The NMTC transactions provide a mechanism for the Mission to receive funding to improve or build certain properties (Note 5), build infrastructure or acquire land in low-income communities. The Mission receives this funding through qualified low income community investment (QLICI) loans. Such loans are forgiven when the transaction is unwound 7 years after closing, thus providing permanent funding.

The Mission will borrow, through a wholly owned subsidiary created for the purposes of this transaction, a total of approximately \$13,684,000 from two special purpose entities created by each of the Partners for the Common Good, Inc. and the Massachusetts Housing Investment Corporation, and, in turn, will make a leveraged loan to NMTC Fund 725 Park Avenue, LLC. totaling \$10,155,934. This note receivable is due September 2049, and bears interest at 1% per year, payable in quarterly payments through March 2028. From and after June 2028, principal and interest payments totaling \$131,389 are due quarterly. The remaining principal balance and any accrued interest are due on September 2049.

In December 2027, M&T Bank has indicated it will sell its membership interest in NMTC Fund 725 Park Avenue, LLC., to the Mission for a put price of \$1,000. If M&T Bank does not exercise its put right, the Mission may call M&T Bank's membership interest for a call price equal to the fair value of the membership interest. Exercise of the put or call will provide the Mission with ownership of NMTC Fund 725 Park Avenue, LLC.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

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15. SUBSEQUENT EVENTS, continued:

In conjunction with the NMTC transactions, subsequent to year end an existing mortgage payable (Note 6) of \$1,770,000 was repaid in full by the Mission, with funds coming in part from a \$2,500,000 revolving line of credit provided by M&T Bank with an outstanding balance of \$1,270,000 as of the date of these financial statements. The revolving line of credit bears interest at 3.5% above the one-month LIBOR rate, adjusted monthly, with monthly payments of interest only. The line of credit is payable in full on the maturity date in August 2022. The Mission anticipates repaying the outstanding borrowing on the revolving line of credit utilizing uncollected capital campaign proceeds.