



BRIDGEPORT RESCUE MISSION, INC.
AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2021 and 2020

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Bridgeport Rescue Mission, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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. and Subsidiary
Bridgeport, Connecticut

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bridgeport Rescue Mission, Inc. and Subsidiary as of June 30, 2021 and 2020, and the changes in its consolidated 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
October 26, 2021

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 955,891	\$ 629,282
Prepaid expenses and other assets	6,099	14,100
Gifts-in-kind inventory	383,549	407,964
Contributions receivable - net	1,435,694	1,613,099
Assets held for sale	-	235,445
Restricted cash	802,766	-
Note receivable	10,155,934	-
Property and equipment - net	15,359,869	9,267,008
Beneficial interest in perpetual trust	246,598	195,726
	<u>\$ 29,346,400</u>	<u>\$ 12,362,624</u>
Total Assets	\$ 29,346,400	\$ 12,362,624
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,061,373	\$ 1,197,492
Paycheck protection program loan	-	332,800
Debt - net	16,410,751	1,770,000
Note payable - recoverable subsidy	229,360	229,360
	<u>17,701,484</u>	<u>3,529,652</u>
Total liabilities	17,701,484	3,529,652
Net assets:		
Without donor restriction:		
Undesignated	9,772,624	2,620,042
Board designated reserve	150,000	150,000
	<u>9,922,624</u>	<u>2,770,042</u>
With donor restriction	<u>1,722,292</u>	<u>6,062,930</u>
Total net assets	11,644,916	8,832,972
Total Liabilities and Net Assets	\$ 29,346,400	\$ 12,362,624

See notes to consolidated financial statements

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Reclassifications:						
Contributions	\$ 5,000,799	\$ 1,672,925	\$ 6,673,724	\$ 4,299,453	\$ 3,190,880	\$ 7,490,333
Government grants	332,800	-	332,800	-	-	-
Gifts-in-kind	2,317,120	-	2,317,120	2,597,476	-	2,597,476
Special events (net of cost of direct benefit to donors of \$1,250 and \$85,689) (Note 10)	82,876	-	82,876	516,830	-	516,830
Interest income	53,780	-	53,780	2,175	-	2,175
Change in value of beneficial interest in perpetual trust	-	50,872	50,872	-	(2,993)	(2,993)
Gain on sale of assets	330,138	-	330,138	-	-	-
Other income	59,169	-	59,169	7,507	-	7,507
Total Support and Revenue	8,176,682	1,723,797	9,900,479	7,423,441	3,187,887	10,611,328
Net Assets Released From Restriction	6,064,435	(6,064,435)	-	-	-	-
Total Support, Revenue and Reclassifications	14,241,117	(4,340,638)	9,900,479	7,423,441	3,187,887	10,611,328
Expenses:						
Program services	5,063,280	-	5,063,280	4,845,471	-	4,845,471
Management and general	729,727	-	729,727	667,169	-	667,169
Fundraising	1,295,528	-	1,295,528	1,095,332	-	1,095,332
Total Expenses	7,088,535	-	7,088,535	6,607,972	-	6,607,972
Change in Net Assets	7,152,582	(4,340,638)	2,811,944	815,469	3,187,887	4,003,356
Net Assets, Beginning of Year	2,770,042	6,062,930	8,832,972	1,954,573	2,875,043	4,829,616
Net Assets, End of Year	\$ 9,922,624	\$ 1,722,292	\$ 11,644,916	\$ 2,770,042	\$ 6,062,930	\$ 8,832,972

See notes to consolidated financial statements

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries and benefits	\$ 1,997,931	\$ 425,338	\$ 455,054	\$ -	\$ 2,878,323
In-kind food, clothing, and other items utilized	2,185,244	-	-	-	2,185,244
Occupancy costs	316,374	57,702	60,575	-	434,651
Printing, postage and monthly mailings	151	390	536,219	-	536,760
Food and supplies	231,847	8,391	19,185	-	259,423
Professional fees	20,646	154,405	153,632	-	328,683
Depreciation	250,908	13,423	14,359	-	278,690
Other expenses	24,383	68,776	54,581	-	147,740
Fundraising events	-	-	-	1,250	1,250
Vehicle expense	35,083	-	-	-	35,083
Hospitality and travel	713	1,302	1,923	-	3,938
	5,063,280	729,727	1,295,528	1,250	7,089,785
Total expenses					
Less: cost of direct benefit to donors	-	-	-	(1,250)	(1,250)
Total Expenses on Consolidated Statements of Activities	\$ 5,063,280	\$ 729,727	\$ 1,295,528	\$ -	\$ 7,088,535

See notes to consolidated financial statements

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated 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
In-kind food, clothing, and other items utilized	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
Depreciation	52,497	13,455	15,588	-	81,540
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	4,845,471	667,169	1,095,332	41,791	6,649,763
Less: cost of direct benefit to donors	-	-	-	(41,791)	(41,791)
Total Expenses on Consolidated Statements of Activities	\$ 4,845,471	\$ 667,169	\$ 1,095,332	\$ -	\$ 6,607,972

See notes to consolidated financial statements

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,811,944	\$ 4,003,356
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	278,690	81,540
Contributions restricted for property and equipment	(1,632,925)	(3,190,880)
Change in beneficial interest in perpetual trust	(50,872)	2,993
Gain on sale of assets	(330,138)	-
Forgiveness of paycheck protection program loan (Note 2)	(332,800)	-
Changes in:		
Prepaid expenses and other assets	8,001	-
Gifts-in-kind inventory	24,415	(155,777)
Accounts payable and accrued expenses	(25,140)	2,849
Net Cash Provided by Operating Activities	751,175	744,081
CASH FLOWS FROM INVESTING ACTIVITIES:		
Note receivable issued	(10,155,934)	-
Proceeds from sale of assets	565,583	-
Cash paid for acquisition of property and equipment	(6,482,530)	(4,457,607)
Net Cash Used by Investing Activities	(16,072,881)	(4,457,607)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions and collections on contributions receivable restricted for property and equipment	1,810,330	2,966,105
Proceeds from paycheck protection program loan (Note 2)	-	332,800
Proceeds from new debt	17,564,451	704,138
Principal payments on debt	(2,923,700)	(704,138)
Net Cash Provided by Financing Activities	16,451,081	3,298,905
Change in Cash, Cash Equivalents and Restricted Cash	1,129,375	(414,621)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	629,282	1,043,903
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 1,758,657	\$ 629,282

(continued)

See notes to consolidated financial statements

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30,	
	<u>2021</u>	<u>2020</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 114,232</u>	<u>\$ 96,543</u>
Non-cash investing and financing activities:		
Transfer of property and equipment to assets held for sale	<u>\$ -</u>	<u>\$ 235,445</u>
Property and equipment acquisitions in accounts payable	<u>\$ 897,911</u>	<u>\$ 1,008,889</u>
Paycheck protection program loan forgiveness recognized as government grants (Note 2)	<u>\$ 332,800</u>	<u>\$ -</u>

See notes to consolidated financial statements

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

Bridgeport Rescue Mission, Inc. is a Christian, nonprofit corporation founded in 1993 under the nonprofit corporation laws of the State of Connecticut. Bridgeport Rescue Mission, Inc. 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.

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

BRM Support Corporation is a nonprofit organization founded in 2020 with Bridgeport Rescue Mission, Inc. as the sole member. BRM Support Corporation was created for the exclusive purpose carrying out certain functions of Bridgeport Rescue Mission, Inc. BRM Support Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, BRM Support Corporation is subject to federal income tax on any unrelated business taxable income, if any. In addition, BRM Support Corporation 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 consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Bridgeport Rescue Mission, Inc. and BRM Support Corporation (collectively referred to as "the Mission"). Significant intercompany accounts and transactions have been eliminated in consolidation.

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND CREDIT RISK

For purposes of the consolidated statements of cash flows, the Mission considers cash, cash equivalents and restricted cash 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, 2021 and 2020, by approximately \$933,000 and \$345,000, respectively. BRM Support Corporation is required to maintain reserve funds related to certain debt. In addition, BRM Support Corporation is required to deposit loan proceeds to be used for construction costs into a construction disbursement account. The terms of the debt agreements contain significant limitations and restrictions on the flow of funds through these accounts. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 955,891	\$ 629,282
Restricted cash	802,766	-
	<u>\$ 1,758,657</u>	<u>\$ 629,282</u>

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.

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, 2021, the Mission closed on the sale of the building and related land that was classified as held for sale at June 30, 2020, resulting in a gain on sale of approximately \$326,000, which is reflected as a component of gain on sale of assets in the consolidated statements of activities.

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NOTE RECEIVABLE

Notes receivable are carried at unpaid principal balances. Interest on notes receivable are recognized over the term of the loan and is calculated based on principal amounts outstanding. The Mission evaluates notes receivable for impairment on an individual basis. The notes receivable are then given an allowance based on estimated net realizable value. Status for performing and nonperforming notes receivable is based on payment activity for the year. Payment activity is reviewed by management and notes receivable are considered to be nonperforming when payments are not received in accordance with the agreed upon schedule. The outstanding note receivable as of June 30, 2021 and 2020, is considered performing and no allowance nor impairment was recorded.

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	15-50 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, 2021 and 2020.

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.

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.

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

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, 2021:				
Beneficial interest in perpetual trust	<u>\$ 246,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,598</u>
June 30, 2020:				
Beneficial interest in perpetual trust	<u>\$ 195,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,726</u>

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. During the year ended June 30, 2021, the Mission received notification of full forgiveness from the SBA and recognized the forgiveness as government grants in the consolidated statements of activities. The Mission has adopted a policy with respect to these funds of reporting the grant revenue as a component of net assets without donor restrictions as the revenue recognized was received and expended within the same year.

RENT RECEIVABLE AND DEFERRED RENT LIABILITY

Rent income and expense are calculated ratably over the life of the leases and recognized on a straight-line basis. Rent receivable and deferred rent liability represents the difference between straight-line rent income and expense and the cash payments made as of the consolidated statements of financial position date.

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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 consolidated 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 consolidated 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 6), under similar terms as described above. Subsequent to year end, the Mission received the proceeds, which were applied against an outstanding loan (Note 7) that was obtained as bridge financing for the related building renovations the AHP direct subsidy award was obtained to fund.

CLASSES OF NET ASSETS

The consolidated 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. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 restrictions are reclassified to net assets without donor restrictions and reported in the consolidated 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. Interest and other income are reported in the period earned.

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, 2021 and 2020. Contributions receivable collectable beyond one year are discounted to present value. The discount rate used for the years ended June 30, 2021 and 2020, 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.

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 \$142,000 and \$123,000 for the years ended June 30, 2021 and 2020, respectively. The Mission incurred no joint costs for the years ended June 30, 2021 and 2020

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (topic 820 of the FASB Accounting Standards Codification (ASC)): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The Mission adopted the provisions of this new standard during the year ended June 30, 2021. The new standard applies to all entities that are required under the guidance to provide disclosures about recurring or nonrecurring fair value measurements. The standard has simplified and removed certain disclosures related to fair value measurements. Adoption of this standard had no effect on change in net assets or net assets in total for the year ending June 30, 2021.

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 consolidated 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,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 955,891	\$ 629,282
Contributions receivable - net	1,435,694	1,613,099
Restricted cash	802,766	-
Note receivable	10,155,934	-
Beneficial interest in perpetual trust	246,598	195,726
Financial assets, at year end	13,596,883	2,438,107
Less those unavailable for general expenditures within one year, due to:		
Board designated reserve	(150,000)	(150,000)
Cash restricted by third parties for debt related reserves and and construction	(802,766)	-
Note receivable collectible beyond one year	(10,155,934)	-
Donor restricted:		
Time and/or purpose	(1,475,694)	(1,703,771)
Restricted by donor in perpetuity	(246,598)	(195,726)
	(12,830,992)	(2,049,497)
Financial assets available to meet cash needs for general expenditures within one year	\$ 765,891	\$ 388,610

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

The Mission is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restrictions 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 \$750,000, with funds available of \$750,000 as of June 30, 2021, can be drawn upon in the event of an anticipated liquidity need. In addition, the board designated reserve of \$150,000 as of both June 30, 2021 and 2020, can be made available in the event of a liquidity need.

4. CONTRIBUTIONS RECEIVABLE - NET:

Contributions receivable - net consist of the following:

	June 30,	
	2021	2020
Due within one year	\$ 1,028,500	\$ 892,500
Due beyond in one to two years	430,000	841,000
	<u>1,458,500</u>	<u>1,733,500</u>
Less: unamortized discount	(22,806)	(120,401)
	<u>\$ 1,435,694</u>	<u>\$ 1,613,099</u>

5. NEW MARKET TAX CREDIT TRANSACTIONS:

In December 2020, the Mission entered into a financial arrangement to help fund the cost of building renovations (Note 6) through the use of the New Markets Tax Credit (NMTC) program. The Mission receives this funding through qualified low income community investment (QLICI) loans. Under this arrangement, BRM Support Corporation received two loans totaling \$6,790,000 from PCG Sub CDE 11, LLC and two loans totaling \$6,894,032 from MHIC NE CDE II Subsidiary 63, LLC. See Note 7 for terms of loan agreements.

In conjunction with this financing arrangement, Bridgeport Rescue Mission, Inc. provided a loan of \$10,155,934 to NMTC Fund 725 Park Avenue, LLC. (an unaffiliated investment structure). This note receivable matures on September 30, 2049, and bears interest at 1% per year. Payments of interest only are due quarterly through March 2028, after which principal and interest payments totaling \$131,389 are due quarterly through the maturity date. The loan is secured by membership interests of NMTC Fund 725 Park Avenue, LLC, in the two lenders of BRM Support Corporation mentioned in the first paragraph of this note. Interest earned on the note totaled \$53,015 and \$-0- for the years ended June 30, 2021 and 2020, respectively

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

5. NEW MARKET TAX CREDIT TRANSACTIONS, continued:

In December 2027, the bank that owns NMTC Fund 725 Park Avenue, LLC. may sell its membership interest in the investment structure to Bridgeport Rescue Mission, Inc. for a put price of \$1,000. If the bank does not exercise its put right, Bridgeport Rescue Mission, Inc. may call the bank's membership interest in the investment structure for a call price equal to the fair value of the membership interest. Exercise of the put or the call will provide Bridgeport Rescue Mission, Inc. with ownership of the investment structure.

6. PROPERTY AND EQUIPMENT - NET:

Property and equipment - net consists of:

	June 30,	
	2021	2020
Land	\$ 634,585	\$ 235,405
Buildings and improvements	8,282,706	1,559,783
Furniture, fixtures, and equipment	487,948	155,641
Vehicles	115,811	101,719
	9,521,050	2,052,548
Less accumulated depreciation	(1,176,381)	(951,053)
	8,344,669	1,101,495
Construction in progress	7,015,200	8,165,513
	\$ 15,359,869	\$ 9,267,008

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 \$12 million on renovations through June 30, 2021. As of June 30, 2021, the Mission has approximately \$1 million left to pay on outstanding construction contracts. During the year ended June 30, 2021, the Mission placed the first phase of the Building renovation in to service totaling approximately \$7.4 million. The Mission expects to receive the final certificate of occupancy and place the remaining phases in to service before the end of calendar 2021.

As of June 30, 2021, the Mission has received approximately \$7.6 million in contributions for Building renovations, of which approximately \$1.4 million is in the form of outstanding contributions receivable. 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 were disbursed subsequent to June 30, 2021, on August 27, 2021. In addition, during the year ended June 30, 2021, the Mission entered in to a series of NMTC transactions to provide additional funding for the project (Note 5).

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. DEBT - NET:

Debt - net consists of:

	June 30,	
	2021	2020
Bridgeport Rescue Mission, Inc.:		
Note payable to a bank utilized as bridge financing for a construction project (Note 6), secured by all non-real estate assets, with interest at 2.75% above the one-month LIBOR rate, adjusted monthly (2.875% at June 30, 2021). Payments of interest only are due monthly with the principal balance due on the maturity date of August 1, 2021. Subsequent to year end, the note was repaid in full from the proceeds of the AHP direct subsidy award (Note 2).	\$ 2,500,000	\$ -
Revolving line of credit (up to \$2,500,000) utilized as bridge financing for a construction project (Note 6), secured by all non-real estate assets, with interest at 3.5% above the one-month LIBOR rate, adjusted monthly (3.625% at June 30, 2021). Payments of interest are due monthly with payments of principal due periodically such that the outstanding balance does not exceed allowable thresholds based on outstanding capital contributions receivable. Any remaining principal balance is due on the maturity date of August 1, 2022.	818,300	-
Mortgage payable secured by real estate. The mortgage has a variable interest rate initially set at 5.25%. 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. The mortgage was repaid in full during the year ended June 30, 2021.	-	1,770,000
BRM Support Corporation:		
QLICI loan payable to MHIC NE CDE II Subsidiary 63, LLC (Loan A), secured by real estate, with interest at a fixed rate of 1.09%. Payments of interest are quarterly until March 1, 2028, followed by quarterly principal and interest payments of \$55,381. Unpaid principal and interest is due December 2054. This is part of the NMTC program described in Note 5.	5,121,534	-

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. DEBT - NET, continued:

	June 30,	
	2021	2020
BRM Support Corporation, continued:		
QLICI loan payable to MHIC NE CDE II Subsidiary 63, LLC (Loan B), secured by real estate, with interest at a fixed rate of 1.09%. Payments of interest are quarterly until March 1, 2028, followed by quarterly principal and interest payments of \$19,167. Unpaid principal and interest is due December 2054. This is part of the NMTC program described in Note 5.	1,772,498	-
QLICI loan payable to PCG Sub CDE 11, LLC (Loan A), secured by real estate, with interest at a fixed rate of 1.09%. Payments of interest are quarterly until March 1, 2028, followed by quarterly principal and interest payments of \$54,439. Unpaid principal and interest is due December 2054. This is part of the NMTC program described in Note 5.	5,034,400	-
QLICI loan payable to PCG Sub CDE 11, LLC (Loan B), secured by real estate, with interest at a fixed rate of 1.09%. Payments of interest are quarterly until March 1, 2028, followed by quarterly principal and interest payments of \$18,984. Unpaid principal and interest is due December 2054. This is part of the NMTC program described in Note 5.	1,755,600	-
	17,002,332	1,770,000
Less unamortized debt issuance costs	(591,581)	-
	\$ 16,410,751	\$ 1,770,000

The Mission also has a revolving line of credit available from People's United Bank, up to \$750,000, secured by property at 1088 Fairfield 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, 2021 and 2020.

Interest expense amounted to \$5,074 and \$2,069, net of interest capitalized of \$109,158 and \$94,474, respectively, for the years ended June 30, 2021 and 2020. The Mission is in compliance with debt covenant requirements as of June 30, 2021 and 2020.

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. DEBT - NET, continued:

Debt matures as follows:

Year Ending June 30,		
2022	\$	2,500,000
2023		818,300
2024		-
2025		-
2026		-
Thereafter		13,684,032
		\$ 17,002,332

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2021	2020
Net assets subject to purpose and/or time restrictions:		
Care Center building fund	\$ 1,435,694	\$ 5,867,204
Other restricted purposes	40,000	-
	1,475,694	5,867,204
Net assets restricted in perpetuity:		
Beneficial interest in perpetual trust	246,598	195,726
Total net assets with donor restrictions	\$ 1,722,292	\$ 6,062,930

9. GIFTS-IN-KIND:

Gifts-in-kind received consists of:

	Year Ended June 30,	
	2021	2020
Food	\$ 1,049,805	\$ 1,193,383
Clothing	834,549	1,037,023
Other items	276,476	245,820
Donated professional and other services	156,290	121,250
	\$ 2,317,120	\$ 2,597,476

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

10. SPECIAL EVENTS-NET:

Special events-net consists of:

	Year Ended June 30,	
	2021	2020
Contributions from special events	\$ 84,126	\$ 530,541
Revenue	-	28,080
Less: cost of direct benefit to donors	(1,250)	(41,791)
	<u>\$ 82,876</u>	<u>\$ 516,830</u>

11. OPERATING LEASES:

The Mission leases office space, a warehouse, a vehicle, and equipment under operating leases maturing in 2022. Total lease expenses were approximately \$82,000 and \$96,000 for the years ended June 30, 2021 and 2020, respectively. The annual future minimum lease payments under these operating leases are as follows:

<u>Year Ending June 30,</u>	
2022	<u>\$ 1,978</u>

12. DONOR CONCENTRATION:

The Mission received approximately 22% and 29% of total contributions and 15% and 22% of total support and revenue from three donors during each of the years ended June 30, 2021 and 2020, respectively.

13. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2021 and 2020, members of the board of directors made contributions to the Mission totaling approximately \$468,000 and \$2,323,000, respectively. These contributions represent 7% and 29% of total contributions and 5% and 22% of total support and revenue for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, the Mission made payments to a law firm of which a member of the board of directors is a partner of approximately \$135,000, related to various loan transactions and a property sale. Of the approximately \$135,000 in payments, approximately \$53,000 was for legal fees and the remainder were closing costs passed through the law firm.

Bridgeport Rescue Mission, Inc. leases facilities from BRM Support Corporation under an operating lease expiring in December 2057. The lease provides for minimum quarterly lease payments. Rental income and expense are being recognized on the straight-line basis over the life of the lease. Rental income and expense recognized under the agreement totaled \$279,414 and \$-0- for the years ended June 30, 2021 and 2020, respectively. The rental income and expense, as well as the related rent receivable and deferred rent liability resulting from the difference between cash rental payments made and received and rental income and expense recognized, have been eliminated in consolidation.

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 26, 2021, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the consolidated financial statements of Bridgeport Rescue Mission Inc. and Subsidiary as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated October 26, 2021, which contained an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities and cash flows are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

New York, New York
October 26, 2021

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidating Statement of Financial Position

June 30, 2021

	Bridgeport Rescue Mission, Inc.	BRM Support Corporation	Elimination Entry	Totals
ASSETS:				
Cash and cash equivalents	\$ 896,234	\$ 59,657	\$ -	\$ 955,891
Prepaid expenses and other assets	6,099	10,889	(10,889)	6,099
Gifts-in-kind inventory	383,549	-	-	383,549
Contributions receivable - net	1,435,694	-	-	1,435,694
Restricted cash	-	802,766	-	802,766
Rent receivable	-	268,525	(268,525)	-
Note receivable	10,155,934	-	-	10,155,934
Property and equipment - net	1,106,703	14,253,166	-	15,359,869
Beneficial interest in perpetual trust	246,598	-	-	246,598
	<u>\$ 14,230,811</u>	<u>\$ 15,395,003</u>	<u>\$ (279,414)</u>	<u>\$ 29,346,400</u>
Total Assets	\$ 14,230,811	\$ 15,395,003	\$ (279,414)	\$ 29,346,400
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	\$ 239,127	\$ 833,135	\$ (10,889)	\$ 1,061,373
Deferred rent liability	268,525	-	(268,525)	-
Debt - net	3,318,300	13,092,451	-	16,410,751
Note payable - recoverable subsidy	229,360	-	-	229,360
	<u>4,055,312</u>	<u>13,925,586</u>	<u>(279,414)</u>	<u>17,701,484</u>
Total liabilities	4,055,312	13,925,586	(279,414)	17,701,484
Net Assets:				
Without donor restrictions:				
Undesignated	8,303,207	1,469,417	-	9,772,624
Board designated reserve	150,000	-	-	150,000
	<u>8,453,207</u>	<u>1,469,417</u>	<u>-</u>	<u>9,922,624</u>
With donor restrictions	1,722,292	-	-	1,722,292
	<u>10,175,499</u>	<u>1,469,417</u>	<u>-</u>	<u>11,644,916</u>
Total net assets	10,175,499	1,469,417	-	11,644,916
Total Liabilities and Net Assets	\$ 14,230,811	\$ 15,395,003	\$ (279,414)	\$ 29,346,400

See independent auditors' report on supplementary information

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended June 30, 2021

	Bridgeport Rescue Mission, Inc.	BRM Support Corporation	Elimination Entry	Totals
Support and Revenue:				
Contributions	\$ 6,673,724	\$ -	\$ -	\$ 6,673,724
Government grants	332,800	-	-	332,800
Gifts-in-kind	2,317,120	-	-	2,317,120
Special events-net (Note 10)	82,876	-	-	82,876
Interest income	53,295	485	-	53,780
Change in value of beneficial interest in perpetual trust	50,872	-	-	50,872
Gain on sale of assets	330,138	-	-	330,138
Other income	59,169	279,414	(279,414)	59,169
Total Support and Revenue	9,899,994	279,899	(279,414)	9,900,479
Expenses:				
Program services	5,141,862	200,832	(279,414)	5,063,280
Management and general	691,563	38,164	-	729,727
Fundraising	1,295,528	-	-	1,295,528
Total Expenses	7,128,953	238,996	(279,414)	7,088,535
Change in Net Assets Before Equity Transfer	2,771,041	40,903	-	2,811,944
Equity Transfer	(1,428,514)	1,428,514	-	-
Change in Net Assets	1,342,527	1,469,417	-	2,811,944
Net Assets, Beginning of Year	8,832,972	-	-	8,832,972
Net Assets, End of Year	\$ 10,175,499	\$ 1,469,417	\$ -	\$ 11,644,916

See independent auditors' report on supplementary information

BRIDGEPORT RESCUE MISSION, INC. AND SUBSIDIARY

Consolidating Statement of Cash Flows

Year Ended June 30, 2021

	Bridgeport Rescue Mission, Inc.	BRM Support Corporation	Elimination Entry	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 1,342,527	\$ 1,469,417	\$ -	\$ 2,811,944
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	90,827	187,863	-	278,690
Contributions restricted for property and equipment	(1,632,925)	-	-	(1,632,925)
Change in beneficial interest in perpetual trust	(50,872)	-	-	(50,872)
Gain on sale of assets	(330,138)	-	-	(330,138)
Forgiveness of paycheck protection program loan (Note 2)	(332,800)	-	-	(332,800)
Equity transfer	1,428,514	(1,428,514)	-	-
Changes in:				
Prepaid expenses and other assets	8,001	(10,889)	10,889	8,001
Gifts-in-kind inventory	24,415	-	-	24,415
Rent receivable	-	(268,525)	268,525	-
Accounts payable and accrued expenses	(14,251)	-	(10,889)	(25,140)
Deferred rent liability	268,525	-	(268,525)	-
Net Cash Provided (Used) by Operating Activities	<u>801,823</u>	<u>(50,648)</u>	<u>-</u>	<u>751,175</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Note receivable issued	(10,155,934)	-	-	(10,155,934)
Proceeds from sale of assets	10,087,083	-	(9,521,500)	565,583
Cash paid for acquisition of property and equipment	(3,824,650)	(12,179,380)	9,521,500	(6,482,530)
Net Cash Used by Investing Activities	<u>(3,893,501)</u>	<u>(12,179,380)</u>	<u>-</u>	<u>(16,072,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from contributions and collections on contributions receivable restricted for property and equipment	1,810,330	-	-	1,810,330
Proceeds from new debt	4,472,000	13,092,451	-	17,564,451
Principal payments on debt	(2,923,700)	-	-	(2,923,700)
Net Cash Provided by Financing Activities	<u>3,358,630</u>	<u>13,092,451</u>	<u>-</u>	<u>16,451,081</u>
Change in Cash, Cash Equivalents and Restricted Cash	266,952	862,423	-	1,129,375
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	629,282	-	-	629,282
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 896,234</u>	<u>\$ 862,423</u>	<u>\$ -</u>	<u>\$ 1,758,657</u>
SUPPLEMENTAL DISCLOSURES:				
Cash paid for interest	<u>\$ 52,806</u>	<u>\$ 61,426</u>	<u>\$ -</u>	<u>\$ 114,232</u>
Non-cash investing and financing activities:				
Property and equipment acquisitions in accounts payable	<u>\$ 64,776</u>	<u>\$ 833,135</u>	<u>\$ -</u>	<u>\$ 897,911</u>
Paycheck protection program loan forgiveness recognized as government grants (Note 2)	<u>\$ 332,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,800</u>

See independent auditors' report on supplementary information