

BRIDGEPORT RESCUE MISSION, INC.

Financial Statements
With Independent Auditors' Report

May 31, 2013 and 2012

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 statement of financial position as of May 31, 2013, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 May 31, 2013, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Bridgeport Rescue Mission, Inc. as of May 31, 2012, were audited by other auditors whose report dated December 21, 2012, expressed an unmodified opinion on those statements.

Capin Crouse LLP

New York, New York
February 10, 2014

BRIDGEPORT RESCUE MISSION, INC.

Statements of Financial Position

	May 31,	
	2013	2012
ASSETS:		
Cash and cash equivalents	\$ 231,693	\$ 423,167
Prepaid expenses and deposits	33,148	24,626
Beneficial interest in perpetual trust	193,654	182,685
Property and equipment, at cost-net	1,682,784	1,186,277
Total Assets	\$ 2,141,279	\$ 1,816,755
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 93,866	\$ 58,360
Note and line of credit payable	129,876	-
Severance liability	112,000	-
Total liabilities	335,742	58,360
Net assets:		
Unrestricted:		
Undesignated	(138,667)	310,259
Net investment in property and equipment	1,682,784	1,186,277
	1,544,117	1,496,536
Temporarily restricted	67,766	79,174
Permanently restricted	193,654	182,685
Total net assets	1,805,537	1,758,395
Total Liabilities and Net Assets	\$ 2,141,279	\$ 1,816,755

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Activities

	Year Ended May 31,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ 2,037,113	\$ 48,622	\$ -	\$ 2,085,735	\$ 1,672,762	\$ 60,081	\$ -	\$ 1,732,843
Gifts-in-kind	1,040,278	-	-	1,040,278	672,824	-	-	672,824
Contributed services	21,703	-	-	21,703	22,679	-	-	22,679
Special events–net	531,112	-	-	531,112	372,859	-	-	372,859
Perpetual trust distributions	3,235	-	-	3,235	6,400	-	-	6,400
Other income	45,685	-	-	45,685	4,246	-	-	4,246
	3,679,126	48,622	-	3,727,748	2,751,770	60,081	-	2,811,851
Net assets released from restriction by satisfaction of purpose restrictions	60,030	(60,030)	-	-	23,505	(23,505)	-	-
Total support, revenue and reclassifications	3,739,156	(11,408)	-	3,727,748	2,775,275	36,576	-	2,811,851

(continued)

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Activities (continued)

	Year Ended May 31,							
	2013			2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses:								
Program services	2,618,999	-	-	2,618,999	2,138,855	-	-	2,138,855
Supporting activities:								
Management and general	307,110	-	-	307,110	257,805	-	-	257,805
Fund-raising and development	765,466	-	-	765,466	683,476	-	-	683,476
	1,072,576	-	-	1,072,576	941,281	-	-	941,281
Total expenses	3,691,575	-	-	3,691,575	3,080,136	-	-	3,080,136
Change in net assets before other changes	47,581	(11,408)	-	36,173	(304,861)	36,576	-	(268,285)
Other changes in net assets:								
Change in value of beneficial interest in perpetual trust	-	-	10,969	10,969	-	-	(7,617)	(7,617)
Change in Net Assets	47,581	(11,408)	10,969	47,142	(304,861)	36,576	(7,617)	(275,902)
Net Assets, Beginning of Year	1,496,536	79,174	182,685	1,758,395	1,801,397	42,598	190,302	2,034,297
Net Assets, End of Year	\$ 1,544,117	\$ 67,766	\$ 193,654	\$ 1,805,537	\$ 1,496,536	\$ 79,174	\$ 182,685	\$ 1,758,395

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Cash Flows

	Year Ended May 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 47,142	\$ (275,902)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	64,483	58,642
Change in beneficial interest in perpetual trust	(10,969)	7,617
Changes in:		
Prepaid expenses and deposits	(8,522)	(17,520)
Accounts payable and accrued expenses	35,506	(32,447)
Severance liability	(18,000)	-
Net Cash Provided (Used) by Operating Activities	109,640	(259,610)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(281,114)	(46,170)
Net Cash Used by Investing Activities	(281,114)	(46,170)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note and line of credit payable	(20,000)	-
Net Cash Used by Financing Activities	(20,000)	-
Change in Cash and Cash Equivalents	(191,474)	(305,780)
Cash and Cash Equivalents, Beginning of Year	423,167	728,947
Cash and Cash Equivalents, End of Year	\$ 231,693	\$ 423,167
SUPPLEMENTAL DISCLOSURES:		
Acquisition of Bethel Recovery Center, Inc. (see Note 8):		
Property and equipment acquired	\$ 279,876	
Note and line of credit payable assumed	(149,876)	
Severance liability assumed	(130,000)	
Cash paid for acquisition	\$ -	

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statements of Functional Expenses

	Year Ended May 31,							
	2013				2012			
	Program Services	Management and General	Fund-raising and Development	Total	Program Services	Management and General	Fund-raising and Development	Total
Salaries and benefits	\$ 859,103	\$ 182,067	\$ 331,838	\$ 1,373,008	\$ 803,624	\$ 149,898	\$ 299,231	\$ 1,252,753
Gift-in-kind expenses	1,061,981	-	-	1,061,981	690,658	-	-	690,658
Monthly mailings and advertising	-	-	244,647	244,647	-	-	218,425	218,425
Food	144,782	-	-	144,782	134,498	-	-	134,498
Utilities	129,437	6,962	2,785	139,184	121,693	6,588	2,635	130,916
Supplies	84,300	667	2,405	87,372	78,664	638	3,803	83,105
Insurance	76,873	8,637	864	86,374	47,481	5,335	533	53,349
Professional fees	5,534	26,884	53,119	85,537	3,771	28,388	38,908	71,067
Occupancy	60,077	17,501	711	78,289	67,579	4,232	679	72,490
Maintenance and repairs	73,347	-	-	73,347	52,497	-	-	52,497
Vehicle	48,939	3,295	2,462	54,696	50,139	2,764	869	53,772
Indirect special events expenses	-	-	46,621	46,621	-	-	25,668	25,668
Printing, postage and shipping	-	419	36,598	37,017	-	458	56,125	56,583
Miscellaneous	16,994	14,694	775	32,463	3,537	3,777	868	8,182
Training and resource materials	5,480	8,979	3,014	17,473	6,246	9,189	732	16,167
Bank and credit card fees	-	6,604	10,405	17,009	-	1,795	8,748	10,543
Information technology	-	120	13,745	13,865	-	630	8,188	8,818
Telephone	1,227	3,502	6,559	11,288	3,037	3,192	5,646	11,875
Learning center	8,432	-	-	8,432	24,173	-	-	24,173
Hospitality and travel	159	5,057	2,170	7,386	468	13,969	5,954	20,391
Equipment	3,284	-	300	3,584	15,155	531	600	16,286
Dues and memberships	360	2,377	-	2,737	450	8,828	-	9,278
Total expenses before depreciation	2,580,309	287,765	759,018	3,627,092	2,103,670	240,212	677,612	3,021,494
Depreciation	38,690	19,345	6,448	64,483	35,185	17,593	5,864	58,642
Total Expenses	\$ 2,618,999	\$ 307,110	\$ 765,466	\$ 3,691,575	\$ 2,138,855	\$ 257,805	\$ 683,476	\$ 3,080,136

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

1. NATURE OF ORGANIZATION:

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

The Mission is exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (code) and comparable state law. The Mission is also classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the code. Contributions to the Mission are deductible for income tax purposes.

The assets and liabilities of the Bethel Recovery Center, Inc. were acquired by the Mission during the year which provides expanded capacity to serve women and children in need (see Note 8).

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Mission have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH, CASH EQUIVALENTS, AND CREDIT RISK

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

BENEFICIAL INTEREST IN PERPETUAL TRUST

The Mission is the beneficiary of a permanently restricted trust. The principal must be held in perpetuity by the trustee, with a portion of the income distributed quarterly to the Mission. For the years ended May 31, 2013 and 2012, distributions totaled approximately \$3,200 and \$6,400, respectively, and were reported as perpetual trust distributions in the statements of activities.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

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.

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>
As of May 31, 2013:				
Assets:				
Beneficial interest in perpetual trust	<u>\$ 193,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,654</u>

The following provides further details of the Level 3 fair value measurements at May 31, 2013:

	<u>Beneficial Interest in Perpetual Trust</u>
Balance, May 31, 2012	\$ 182,685
Change in value	<u>10,969</u>
Balance, May 31, 2013	<u>\$ 193,654</u>

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

	Fair Value	(Level 1)	(Level 2)	(Level 3)
As of May 31, 2012:				
Assets:				
Beneficial interest in perpetual trust	\$ 182,685	\$ -	\$ -	\$ 182,685

The following provides further details of the Level 3 fair value measurements at May 31, 2012:

	Beneficial Interest in Perpetual Trust
Balance, May 31, 2011	\$ 190,302
Change in value	(7,617)
Balance, May 31, 2012	\$ 182,685

PROPERTY, EQUIPMENT, AND DEPRECIATION

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

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

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The statements report amounts separately by class of net assets:

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

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

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

SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

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

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

The Mission's services could not be fully achieved without the dedicated efforts of many volunteers. Other than the legal, financial and video production services reported below, these contributed services are not reported as they do not meet the "specialized skills" requirements under current accounting standards. The Mission reported contributed legal, financial and video production services of approximately \$22,000 and \$23,000 for the years ended May 31, 2013 and 2012, respectively, that met current accounting standards.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES, continued

Directly identifiable expenses are charged to program services and supporting activities which include management and general and fundraising and development. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Supporting services expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Mission. All advertising costs are expensed when incurred and are reported in the statements of activities. The Mission incurred no joint costs for the years ended May 31, 2013 and 2012.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of May 31, 2013 and 2012, the Mission had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Mission files information tax returns in the U.S. and certain states. The Mission is generally no longer subject to U.S. federal or state examinations by tax authorities for years before 2010.

RECLASSIFICATIONS

Certain reclassifications were made to the 2012 financial statements in order to conform to the 2013 presentation. These reclassifications had no effect on the change in net assets.

BUSINESS COMBINATIONS

On June 1, 2012, the Mission adopted the provisions of the *Business Combinations* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) to account for the acquisition of the Bethel Recovery Center, Inc. These provisions require the acquiring organization to disclose information that enables users to evaluate the nature and financial effect of an acquisition that occurs during the reporting period or after the reporting date but before the financial statements are available to be issued (see Note 8).

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	May 31,	
	2013	2012
Land	\$ 371,404	\$ 235,405
Buildings and improvements	1,625,446	1,208,786
Furniture, fixtures, and equipment	180,216	178,273
Vehicles	53,797	56,983
	2,230,863	1,679,447
Less accumulated depreciation	(548,079)	(493,170)
	\$ 1,682,784	\$ 1,186,277

4. NET ASSETS:

Temporarily restricted net assets consist of:

	May 31, 2012	Support and Revenue	Releases	May 31, 2013
Reserve fund	\$ 40,393	\$ -	\$ -	\$ 40,393
Generator	-	13,001	-	13,001
Men's adopt-a-room	-	9,400	(2,221)	7,179
Pardon fund	5,000	-	-	5,000
Computer center	-	1,521	-	1,521
Building renovations	33,781	4,700	(37,809)	672
Bethel Recovery Center, Inc. acquisition	-	20,000	(20,000)	-
	\$ 79,174	\$ 48,622	\$ (60,030)	\$ 67,766

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

4. NET ASSETS, continued:

	May 31, 2011	Support and Revenue	Releases	May 31, 2012
Mobile soup kitchen	\$ -	\$ 2,300	\$ (2,300)	\$ -
Reserve fund	40,393	-	-	40,393
Men's adopt-a-room	1,065	16,000	(17,065)	-
Building renovations	-	33,781	-	33,781
Men's program equipment	-	1,000	(1,000)	-
South Norwalk	-	2,000	(2,000)	-
Pardon fund	-	5,000	-	5,000
Sunroom project	1,140	-	(1,140)	-
	<u>\$ 42,598</u>	<u>\$ 60,081</u>	<u>\$ (23,505)</u>	<u>\$ 79,174</u>

Permanently restricted net assets consist of:

	May 31,	
	2013	2012
Beneficial interest in perpetual trust	<u>\$ 193,654</u>	<u>\$ 182,685</u>

5. GIFTS-IN-KIND:

Gifts-in-kind received consists of:

	Year Ended May 31,	
	2013	2012
Food	\$ 472,992	\$ 257,233
Clothing, equipment and household items	553,746	367,630
Other	13,540	47,961
	<u>\$ 1,040,278</u>	<u>\$ 672,824</u>

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

6. SPECIAL EVENTS–NET:

Special events–net are comprised primarily of the Restoring Hope Banquet and the Hearts of Hope event and consist of:

	Year Ended May 31,	
	2013	2012
Contributions	\$ 552,457	\$ 389,611
Revenues	50,120	52,959
Related direct expenses	(71,465)	(69,711)
	<u>\$ 531,112</u>	<u>\$ 372,859</u>

7. OPERATING LEASES:

The Mission leases a warehouse and a vehicle under operating leases maturing in 2015. Total lease expense was \$42,546 and \$42,806 for the years ended May 31, 2013 and 2012, respectively.

The annual future minimum lease payments under these operating leases are as follows:

Year Ending May 31,	
2014	\$ 40,392
2015	32,280
	<u>\$ 72,672</u>

8. BETHEL RECOVERY CENTER, INC. ACQUISITION:

Effective January 28, 2013, the Mission completed the acquisition of 100 percent of the net assets of the Bethel Recovery Center, Inc. (Bethel), a local nonprofit corporation exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law that conducted a recovery program for women. As part of the acquisition, the separate corporate entity of Bethel was terminated. The purpose of this acquisition is to expand the Missions capacity to serve women and children in need. The facility and program will be brought under the Missions name. Under the terms of the agreement, the Mission acquired the existing assets of Bethel in exchange for the assumption of liabilities. Assets acquired at fair value include land and a building totaling approximately \$280,000. Liabilities assumed include an outstanding line of credit of approximately \$50,000, a note payable to the former executive director of Bethel of \$100,000 relating to amounts loaned to Bethel and unpaid salary, a severance liability to be paid to the former executive director of Bethel of \$120,000, and severance payments to certain former employees of Bethel totaling \$10,000. The total liabilities assumed amount to approximately \$280,000. Because the fair value of the assets acquired approximate the liabilities assumed, no other consideration was exchanged as a result of this acquisition.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

8. BETHEL RECOVERY CENTER, INC. ACQUISITION, continued:

The fair value of assets acquired is approximately as follows:

Land	\$ 52,500
Building and equipment	<u>227,500</u>
	<u>\$ 280,000</u>

The remaining balance of debt and liabilities assumed in the acquisition as of May 31, 2013, are as follows:

Note and line of credit payable:

Line of credit payable to a bank bearing an interest rate of 5.75%, maturing in August 2013.	\$ 49,876
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Note payable to the former executive director of Bethel relating to loans of funds to Bethel and unpaid salary, without interest, maturing on February 1, 2017. Payments of principal are made annually on February 1 of each year.	<u>80,000</u>
	<u>\$ 129,876</u>

The annual future minimum principal payments are as follows:

<u>Year Ending May 31,</u>	
2014	\$ 69,876
2015	20,000
2016	20,000
2017	<u>20,000</u>
	<u>\$ 129,876</u>

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

May 31, 2013 and 2012

8. BETHEL RECOVERY CENTER, INC. ACQUISITION, continued:

As part of the acquisition, the former executive director of Bethel agreed to retire. As part of that retirement agreement, the Mission agreed to make severance payments under a retirement and separation agreement totaling \$120,000, payable over 60 monthly installments of \$2,000 beginning on the date of the acquisition. The balance of the severance liability at May 31, 2013, is \$112,000.

The annual future minimum payments under this agreement are as follows:

<u>Year Ending May 31,</u>	
2014	\$ 24,000
2015	24,000
2016	24,000
2017	24,000
2018	<u>16,000</u>
	<u>\$ 112,000</u>

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end, the Mission entered into an agreement for a line of credit with a bank up to the amount of \$150,000 with interest at 1% above the *People's United Bank Prime Rate*, renewable annually on August 15th. The line of credit is collateralized by Mission property.