

BRIDGEPORT RESCUE MISSION, INC.

Financial Statements  
With Independent Auditors' Report

May 31, 2014 and 2013

# 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 May 31, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses 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.

### ***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, 2014 and 2013, 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  
October 24, 2014

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Financial Position

|  | May 31,             |                     |
|--|---------------------|---------------------|
|  | 2014                | 2013                |
| <b>ASSETS:</b>                           |                     |                     |
| Cash and cash equivalents                | \$ 92,201           | \$ 231,693          |
| Prepaid expenses and deposits            | 34,338              | 33,148              |
| Assets held for sale                     | 194,953             | -                   |
| Beneficial interest in perpetual trust   | 200,686             | 193,654             |
| Property and equipment, at cost-net      | 1,477,424           | 1,682,784           |
| <b>Total Assets</b>                      | <b>\$ 1,999,602</b> | <b>\$ 2,141,279</b> |
| <b>LIABILITIES AND NET ASSETS:</b>       |                     |                     |
| Liabilities:                             |                     |                     |
| Accounts payable and accrued expenses    | \$ 102,699          | \$ 93,866           |
| Note and line of credit payable          | 60,000              | 129,876             |
| Severance liability                      | 88,000              | 112,000             |
| <b>Total liabilities</b>                 | <b>250,699</b>      | <b>335,742</b>      |
| Net assets:                              |                     |                     |
| Unrestricted:                            |                     |                     |
| Undesignated                             | (2,600)             | (138,667)           |
| Net investment in property and equipment | 1,477,424           | 1,682,784           |
|  | 1,474,824           | 1,544,117           |
| Temporarily restricted                   | 73,393              | 67,766              |
| Permanently restricted                   | 200,686             | 193,654             |
| <b>Total net assets</b>                  | <b>1,748,903</b>    | <b>1,805,537</b>    |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 1,999,602</b> | <b>\$ 2,141,279</b> |

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Activities

|   | Year Ended May 31, |                           |                           |              |              |                           |                           |              |
|---|--------------------|---------------------------|---------------------------|--------------|--------------|---------------------------|---------------------------|--------------|
|   | 2014               |                           |                           |              | 2013         |                           |                           |              |
|   | Unrestricted       | Temporarily<br>Restricted | Permanently<br>Restricted | Total        | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
| Support and revenue:  |                    |                           |                           |              |              |                           |                           |              |
| Contributions   | \$ 2,405,001       | \$ 40,617                 | \$ -                      | \$ 2,445,618 | \$ 2,037,113 | \$ 48,622                 | \$ -                      | \$ 2,085,735 |
| Gifts-in-kind   | 1,335,925          | -                         | -                         | 1,335,925    | 1,040,278    | -                         | -                         | 1,040,278    |
| Contributed services  | 33,776             | -                         | -                         | 33,776       | 21,703       | -                         | -                         | 21,703       |
| Special events–net  | 436,933            | 20,000                    | -                         | 456,933      | 531,112      | -                         | -                         | 531,112      |
| Perpetual trust distributions   | 7,819              | -                         | -                         | 7,819        | 3,235        | -                         | -                         | 3,235        |
| Other income  | 60,740             | -                         | -                         | 60,740       | 45,685       | -                         | -                         | 45,685       |
|   | 4,280,194          | 60,617                    | -                         | 4,340,811    | 3,679,126    | 48,622                    | -                         | 3,727,748    |
| Net assets released from restriction by<br>satisfaction of purpose restrictions | 54,990             | (54,990)                  | -                         | -            | 60,030       | (60,030)                  | -                         | -            |
| Total support, revenue and<br>reclassifications                                 | 4,335,184          | 5,627                     | -                         | 4,340,811    | 3,739,156    | (11,408)                  | -                         | 3,727,748    |

(continued)

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Activities (continued)

|  | Year Ended May 31, |                           |                           |              |              |                           |                           |              |
|--|--------------------|---------------------------|---------------------------|--------------|--------------|---------------------------|---------------------------|--------------|
|  | 2014               |                           |                           | 2013         |              |                           |                           |              |
|  | Unrestricted       | Temporarily<br>Restricted | Permanently<br>Restricted | Total        | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
| Expenses:  |                    |                           |                           |              |              |                           |                           |              |
| Program services   | 3,205,758          | -                         | -                         | 3,205,758    | 2,618,999    | -                         | -                         | 2,618,999    |
| Supporting activities:                                       |                    |                           |                           |              |              |                           |                           |              |
| Management and general                                       | 376,637            | -                         | -                         | 376,637      | 307,110      | -                         | -                         | 307,110      |
| Fund-raising and development                                 | 822,082            | -                         | -                         | 822,082      | 765,466      | -                         | -                         | 765,466      |
|  | 1,198,719          | -                         | -                         | 1,198,719    | 1,072,576    | -                         | -                         | 1,072,576    |
| Total expenses   | 4,404,477          | -                         | -                         | 4,404,477    | 3,691,575    | -                         | -                         | 3,691,575    |
| Change in net assets before<br>other changes                 | (69,293)           | 5,627                     | -                         | (63,666)     | 47,581       | (11,408)                  | -                         | 36,173       |
| Other changes in net assets:                                 |                    |                           |                           |              |              |                           |                           |              |
| Change in value of beneficial interest<br>in perpetual trust | -                  | -                         | 7,032                     | 7,032        | -            | -                         | 10,969                    | 10,969       |
| Change in Net Assets   | (69,293)           | 5,627                     | 7,032                     | (56,634)     | 47,581       | (11,408)                  | 10,969                    | 47,142       |
| Net Assets, Beginning of Year                                | 1,544,117          | 67,766                    | 193,654                   | 1,805,537    | 1,496,536    | 79,174                    | 182,685                   | 1,758,395    |
| Net Assets, End of Year                                      | \$ 1,474,824       | \$ 73,393                 | \$ 200,686                | \$ 1,748,903 | \$ 1,544,117 | \$ 67,766                 | \$ 193,654                | \$ 1,805,537 |

See notes to financial statements

# BRIDGEPORT RESCUE MISSION, INC.

## Statements of Cash Flows

|  | Year Ended May 31, |            |
|--|--------------------|------------|
|  | 2014               | 2013       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                    |            |
| Change in net assets   | \$ (56,634)        | \$ 47,142  |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                    |            |
| Depreciation   | 78,403             | 64,483     |
| Change in beneficial interest in perpetual trust   | (7,032)            | (10,969)   |
| Changes in:  |                    |            |
| Prepaid expenses and deposits  | (1,190)            | (8,522)    |
| Accounts payable and accrued expenses  | 8,833              | 35,506     |
| Severance liability  | (24,000)           | (18,000)   |
| Net Cash Provided (Used) by Operating Activities   | (1,620)            | 109,640    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                    |            |
| Acquisition of property and equipment  | (67,996)           | (281,114)  |
| Net Cash Used by Investing Activities  | (67,996)           | (281,114)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                    |            |
| Proceeds from note payable and line of credit payable  | 65,000             | -          |
| Payments on note and line of credit payable  | (134,876)          | (20,000)   |
| Net Cash Used by Financing Activities  | (69,876)           | (20,000)   |
| Change in Cash and Cash Equivalents  | (139,492)          | (191,474)  |
| Cash and Cash Equivalents, Beginning of Year   | 231,693            | 423,167    |
| Cash and Cash Equivalents, End of Year   | \$ 92,201          | \$ 231,693 |
| <b>SUPPLEMENTAL DISCLOSURES:</b>   |                    |            |
| Cash paid for interest - none capitalized  | \$ 1,164           | \$ 720     |
| Noncash investing and financing transactions:  |                    |            |
| 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  | \$ -               | \$ -       |
| Transfer of land and building to assets held for sale  | \$ 194,953         | \$ -       |

See notes to financial statements

## BRIDGEPORT RESCUE MISSION, INC.

### Statements of Functional Expenses

|   | Year Ended May 31,  |                           |                                 |                     |                     |                           |                                 |                     |
|---|---------------------|---------------------------|---------------------------------|---------------------|---------------------|---------------------------|---------------------------------|---------------------|
|   | 2014                |                           |                                 |                     | 2013                |                           |                                 |                     |
|   | Program<br>Services | Management<br>and General | Fund-raising and<br>Development | Total               | Program<br>Services | Management<br>and General | Fund-raising and<br>Development | Total               |
| Salaries and benefits                     | \$ 1,035,472        | \$ 228,027                | \$ 351,057                      | \$ 1,614,556        | \$ 859,103          | \$ 182,067                | \$ 331,838                      | \$ 1,373,008        |
| Gift-in-kind expenses                     | 1,369,701           | -                         | -                               | 1,369,701           | 1,061,981           | -                         | -                               | 1,061,981           |
| Monthly mailings and advertising          | -                   | -                         | 228,494                         | 228,494             | -                   | -                         | 244,647                         | 244,647             |
| Food                                      | 198,252             | -                         | -                               | 198,252             | 144,782             | -                         | -                               | 144,782             |
| Utilities                                 | 172,094             | 9,252                     | 3,701                           | 185,047             | 129,437             | 6,962                     | 2,785                           | 139,184             |
| Insurance                                 | 101,716             | 11,429                    | 1,143                           | 114,288             | 76,873              | 8,637                     | 864                             | 86,374              |
| Professional fees                         | 15,886              | 29,596                    | 65,915                          | 111,397             | 5,534               | 26,884                    | 53,119                          | 85,537              |
| Maintenance and repairs                   | 79,381              | -                         | -                               | 79,381              | 73,347              | -                         | -                               | 73,347              |
| Supplies                                  | 74,152              | 691                       | 2,642                           | 77,485              | 84,300              | 667                       | 2,405                           | 87,372              |
| Vehicle                                   | 55,704              | 4,416                     | 5,496                           | 65,616              | 48,939              | 3,295                     | 2,462                           | 54,696              |
| Printing, postage and shipping            | -                   | 689                       | 61,139                          | 61,828              | -                   | 419                       | 36,598                          | 37,017              |
| Indirect special events expenses          | -                   | -                         | 46,671                          | 46,671              | -                   | -                         | 46,621                          | 46,621              |
| Occupancy                                 | 35,479              | 1,907                     | 763                             | 38,149              | 60,077              | 1,778                     | 711                             | 62,566              |
| Training and resource materials           | 3,795               | 16,580                    | 45                              | 20,420              | 5,480               | 8,979                     | 3,014                           | 17,473              |
| Information technology                    | -                   | 1,611                     | 17,335                          | 18,946              | -                   | 120                       | 13,745                          | 13,865              |
| Bank and credit card fees                 | -                   | 4,933                     | 13,729                          | 18,662              | -                   | 6,604                     | 10,405                          | 17,009              |
| Property taxes                            | -                   | 17,059                    | -                               | 17,059              | -                   | 15,723                    | -                               | 15,723              |
| Miscellaneous                             | 5,660               | 7,342                     | 2,059                           | 15,061              | 16,994              | 14,694                    | 775                             | 32,463              |
| Telephone                                 | 1,405               | 3,721                     | 6,506                           | 11,632              | 1,227               | 3,502                     | 6,559                           | 11,288              |
| Hospitality and travel                    | 647                 | 5,689                     | 4,347                           | 10,683              | 159                 | 5,057                     | 2,170                           | 7,386               |
| Dues and memberships                      | 568                 | 8,937                     | -                               | 9,505               | 360                 | 2,377                     | -                               | 2,737               |
| Equipment                                 | 4,192               | 1,237                     | 3,200                           | 8,629               | 3,284               | -                         | 300                             | 3,584               |
| Learning center                           | 4,612               | -                         | -                               | 4,612               | 8,432               | -                         | -                               | 8,432               |
| <b>Total expenses before depreciation</b> | <b>3,158,716</b>    | <b>353,116</b>            | <b>814,242</b>                  | <b>4,326,074</b>    | <b>2,580,309</b>    | <b>287,765</b>            | <b>759,018</b>                  | <b>3,627,092</b>    |
| Depreciation                              | 47,042              | 23,521                    | 7,840                           | 78,403              | 38,690              | 19,345                    | 6,448                           | 64,483              |
| <b>Total Expenses</b>                     | <b>\$ 3,205,758</b> | <b>\$ 376,637</b>         | <b>\$ 822,082</b>               | <b>\$ 4,404,477</b> | <b>\$ 2,618,999</b> | <b>\$ 307,110</b>         | <b>\$ 765,466</b>               | <b>\$ 3,691,575</b> |

See notes to financial statements



# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

### 1. NATURE OF ORGANIZATION:

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

The Mission is exempt from 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 ended May 31, 2013, 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.

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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. Assets held for sale amounting to approximately \$195,000 at May 31, 2014, relate to surplus property that is no longer used in operations.

#### 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, 2014 and 2013, distributions totaled approximately \$7,800 and \$3,200, respectively, and were reported as perpetual trust distributions in the statements of activities.

#### 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 underlying assets in the trust.

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

|  | <u>Fair Value</u> | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u>  |
|--|-------------------|------------------|------------------|-------------------|
| As of May 31, 2014:                    |                   |                  |                  |                   |
| Beneficial interest in perpetual trust | <u>\$ 200,686</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 200,686</u> |

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

The following provides further details of the Level 3 fair value measurements at May 31, 2014:

|                       | Beneficial<br>Interest in<br>Perpetual<br>Trust |
|-----------------------|---|
| Balance, May 31, 2013 | \$ 193,654                                      |
| Change in value       | 7,032   |
| Balance, May 31, 2014 | \$ 200,686                                      |

|   | Fair Value | (Level 1) | (Level 2) | (Level 3)  |
|---|------------|-----------|-----------|------------|
| As of May 31, 2013:                       |            |           |           |            |
| Beneficial interest in<br>perpetual trust | \$ 193,654 | \$ -      | \$ -      | \$ 193,654 |

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

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

### 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, 2014 and 2013

### 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 financial, advertising and video production services of approximately \$34,000 and \$22,000 for the years ended May 31, 2014 and 2013, respectively, that met current accounting standards.

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

### 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 fund-raising 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, 2014 and 2013.

#### 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, 2014 and 2013, 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 2011.

#### 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).

### 3. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

|                                    | May 31,             |                     |
|------------------------------------|---------------------|---------------------|
|                                    | 2014                | 2013                |
| Land                               | \$ 287,884          | \$ 371,404          |
| Buildings and improvements         | 1,515,709           | 1,625,446           |
| Furniture, fixtures, and equipment | 184,209             | 180,216             |
| Vehicles                           | 53,301              | 53,797              |
|                                    | <u>2,041,103</u>    | <u>2,230,863</u>    |
| Less accumulated depreciation      | (563,679)           | (548,079)           |
|                                    | <u>\$ 1,477,424</u> | <u>\$ 1,682,784</u> |

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

4. NET ASSETS:

Temporarily restricted net assets consist of:

|   | May 31,<br>2013  | Support and<br>Revenue | Releases           | May 31,<br>2014  |
|---|------------------|------------------------|--------------------|------------------|
| Reserve fund                                | \$ 40,393        | \$ -                   | \$ -               | \$ 40,393        |
| Generator                                   | 13,001           | -                      | -                  | 13,001           |
| Adopt-a-room                                | 7,179            | 5,000                  | (3,940)            | 8,239            |
| Pardon fund                                 | 5,000            | 2,000                  | -                  | 7,000            |
| Women's education fund                      | -                | 5,000                  | (1,855)            | 3,145            |
| Computer center                             | 1,521            | -                      | -                  | 1,521            |
| Tuition                                     | -                | 1,500                  | (1,406)            | 94               |
| Son of Man                                  | -                | 20,000                 | (20,000)           | -                |
| Capital improvements                        | 672              | 27,117                 | (27,789)           | -                |
|   | <u>\$ 67,766</u> | <u>\$ 60,617</u>       | <u>\$ (54,990)</u> | <u>\$ 73,393</u> |
|   | May 31,<br>2012  | Support and<br>Revenue | Releases           | May 31,<br>2013  |
| Reserve fund                                | 40,393           | -                      | -                  | \$ 40,393        |
| Generator                                   | -                | 13,001                 | -                  | 13,001           |
| Adopt-a-room                                | -                | 9,400                  | (2,221)            | 7,179            |
| Pardon fund                                 | 5,000            | -                      | -                  | 5,000            |
| Computer center                             | -                | 1,521                  | -                  | 1,521            |
| Capital improvements                        | 33,781           | 4,700                  | (37,809)           | 672              |
| Bethel Recovery Center, Inc.<br>acquisition | -                | 20,000                 | (20,000)           | -                |
|   | <u>\$ 79,174</u> | <u>\$ 48,622</u>       | <u>\$ (60,030)</u> | <u>\$ 67,766</u> |

Permanently restricted net assets consist of:

|  | May 31,           |                   |
|--|-------------------|-------------------|
|  | 2014              | 2013              |
| Beneficial interest in perpetual trust | <u>\$ 200,686</u> | <u>\$ 193,654</u> |

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

5. GIFTS-IN-KIND:

Gifts-in-kind received consists of:

|   | Year Ended May 31, |              |
|---|--------------------|--------------|
|   | 2014               | 2013         |
| Food                                    | \$ 703,828         | \$ 472,992   |
| Clothing, equipment and household items | 604,671            | 553,746      |
| Other                                   | 27,426             | 13,540       |
|   | \$ 1,335,925       | \$ 1,040,278 |

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, |            |
|-------------------------|--------------------|------------|
|                         | 2014               | 2013       |
| Contributions           | \$ 484,866         | \$ 552,457 |
| Revenues                | 76,375             | 50,120     |
| Related direct expenses | (104,308)          | (71,465)   |
|                         | \$ 456,933         | \$ 531,112 |

7. OPERATING LEASES:

The Mission leases a warehouse and a vehicle under operating leases maturing in 2015. Total lease expense was approximately \$46,000 and \$43,000 for the years ended May 31, 2014 and 2013, respectively.

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

| Year Ending May 31, |           |
|---------------------|-----------|
| 2015                | \$ 39,924 |
| 2016                | 6,292     |
| 2017                | 2,990     |
|                     | \$ 49,206 |

# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

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 Mission's capacity to serve women and children in need. The facility and program will be brought under the Mission's 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.

The fair value of assets acquired is approximately as follows:

|                        |            |
|------------------------|------------|
| Land                   | \$ 52,500  |
| Building and equipment | 227,500    |
|                        | \$ 280,000 |

The remaining balance of the note and line of credit assumed in the acquisition are as follows:

|   | May 31,   |            |
|---|-----------|------------|
|   | 2014      | 2013       |
| Line of credit payable to a bank, secured by property, with interest at the People's United Bank (PUB) Prime Rate plus 1% (4.25% at May 31, 2014). Outstanding borrowings are due upon demand and the line of credit is annually renewable (next renewal date is September 15, 2015). | \$ -      | \$ 49,876  |
| 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.   | 60,000    | 80,000     |
|   | \$ 60,000 | \$ 129,876 |



# BRIDGEPORT RESCUE MISSION, INC.

## Notes to Financial Statements

May 31, 2014 and 2013

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

The annual future minimum principal payments are as follows:

| <u>Year Ending May 31,</u> |                  |
|----------------------------|------------------|
| 2015                       | \$ 20,000        |
| 2016                       | 20,000           |
| 2017                       | <u>20,000</u>    |
|                            | <u>\$ 60,000</u> |

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 was \$88,000 and \$112,000, on May 31, 2014 and 2013, respectively.

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

| <u>Year Ending May 31,</u> |                  |
|----------------------------|------------------|
| 2015                       | \$ 24,000        |
| 2016                       | 24,000           |
| 2017                       | 24,000           |
| 2018                       | <u>16,000</u>    |
|                            | <u>\$ 88,000</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.