BRIDGEPORT RESCUE MISSION, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2016

CAPINCROUSE LLP

BRIDGEPORT RESCUE MISSION, INC.

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CAPINCROUSE LLP

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 June 30, 2016, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridgeport Rescue Mission, Inc. as of June 30, 2016, 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.

Capin Crouse LLP

New York, New York
February 3, 2017

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BRIDGEPORT RESCUE MISSION, INC.

Statement of Financial Position

June 30, 2016

ASSETS:		
Cash and cash equivalents	$	405,916
Prepaid expenses and deposits		12,707
Gift-in-kind inventory		142,735
Beneficial interest in perpetual trust		182,848
Property and equipment, at cost–net		1,387,834
Total Assets	$	2,132,040
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$	104,732
Note and line of credit payable		20,000
Severance liability		34,000
Total liabilities		158,732
Net assets:		
Unrestricted:		
Undesignated		237,994
Net investment in property and equipment		1,387,834
		1,625,828
Temporarily restricted		164,632
Permanently restricted		182,848
Total net assets		1,973,308
Total Liabilities and Net Assets	$	2,132,040

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	$ 2,433,954	$ 114,543	$ -	$ 2,548,497
Gifts-in-kind	1,534,010	-	-	1,534,010
Contributed services	30,168	-	-	30,168
Special events–net	552,102	-	-	552,102
Perpetual trust distributions	9,052	-	-	9,052
Other income	5,284	-	-	5,284
	4,564,570	114,543	-	4,679,113
Net assets released from restriction by satisfaction of purpose restrictions	52,763	(52,763)	-	-
Total support, revenue and reclassifications	4,617,333	61,780	-	4,679,113
Expenses:				
Program services	3,133,177	-	-	3,133,177
Supporting activities:				
Management and general	384,193	-	-	384,193
Fund-raising and development	979,612	-	-	979,612
	1,363,805	-	-	1,363,805
Total expenses	4,496,982	-	-	4,496,982
Change in net assets before other changes	120,351	61,780	-	182,131
Other changes in net assets:				
Change in value of beneficial interest in perpetual trust	-	-	(11,286)	(11,286)
Change in Net Assets	120,351	61,780	(11,286)	170,845
Net Assets, Beginning of Year	1,505,477	102,852	194,134	1,802,463
Net Assets, End of Year	$ 1,625,828	$ 164,632	$ 182,848	$ 1,973,308

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statement of Cash Flows

Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	170,845
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		73,960
Change in beneficial interest in perpetual trust		11,286
Loss on disposal of assets		6,434
Changes in:		
Prepaid expenses and deposits		32,977
Gift-in-kind inventory		(142,735)
Accounts payable and accrued expenses		69,909
Severance liability		(26,000)
Net Cash Provided by Operating Activities		196,676
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment		(47,084)
Net Cash Used by Investing Activities		(47,084)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit payable		60,000
Payments on note and line of credit payable		(80,000)
Net Cash Used by Financing Activities		(20,000)
Change in Cash and Cash Equivalents		129,592
Cash and Cash Equivalents, Beginning of Year		276,324
Cash and Cash Equivalents, End of Year	$	405,916
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest - none capitalized	$	1,143

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Statement of Functional Expenses

Year Ended June 30, 2016

	Program Services	Management and General	Fund-raising and Development	Total
Salaries and benefits	$ 1,026,094	$ 257,304	$ 419,182	$ 1,702,580
Gift-in-kind expenses	1,421,443	-	-	1,421,443
Monthly mailings and advertising	-	-	242,777	242,777
Food	182,136	-	-	182,136
Professional fees	24,400	28,970	115,877	169,247
Utilities	113,811	6,119	2,448	122,378
Insurance	82,161	9,232	923	92,316
Supplies	62,156	4,914	6,784	73,854
Printing, postage and shipping	-	101	72,274	72,375
Maintenance and repairs	54,316	2,012	-	56,328
Vehicle expense	48,876	2,571	4,028	55,475
Indirect special events expenses	-	-	51,875	51,875
Occupancy	37,561	2,019	808	40,388
Bank and credit card fees	-	4,860	33,600	38,460
Hospitality and travel	1,634	12,412	8,721	22,767
Miscellaneous	8,938	7,319	2,945	19,202
Training and resource materials	7,901	5,470	2,585	15,956
Telephone	1,088	4,399	5,262	10,749
Information technology	5,267	1,041	2,127	8,435
Dues and memberships	50	8,167	-	8,217
Learning center	6,067	-	-	6,067
Equipment	4,902	361	-	5,263
Property taxes	-	4,734	-	4,734
Total expenses before depreciation	3,088,801	362,005	972,216	4,423,022
Depreciation	44,376	22,188	7,396	73,960
Total Expenses	$ 3,133,177	$ 384,193	$ 979,612	$ 4,496,982

See notes to financial statements

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2016

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.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

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

CASH, CASH EQUIVALENTS, AND CREDIT RISK

For purposes of the statement 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.

GIFT-IN-KIND INVENTORY

Inventory consists of donated goods used in the operation of the Mission's programs. Inventory is recorded at fair value at the date of donation. A physical count of items on hand at the end of the fiscal year is performed to determine the inventory reported on the statement of financial position.

BENEFICIAL INTEREST IN PERPETUAL TRUST

The Mission is a 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 year ended June 30, 2016, distributions totaled approximately $9,000, and were reported as perpetual trust distributions in the statement of activities.

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 which are unobservable inputs and have the lowest priority.

The fair value of beneficial interest in perpetual trust (Level 3) is calculated based on the Mission's percentage interest in the fair market value of the underlying assets in the trust as determined by quoted market prices.

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

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in perpetual trust	$ 182,848	$ -	$ -	$ 182,848

The following provides further details of the Level 3 fair value measurements at June 30, 2016:

	Beneficial Interest in Perpetual Trust
Balance, July 1, 2015	$ 194,134
Change in value	(11,286)
Balance, June 30, 2016	$ 182,848

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

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 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 by the Mission, unconditional promises are made, or ownership of other assets is transferred to the Mission. The Mission had no outstanding unconditional promises receivable at June 30, 2016. 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 statement 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 efforts of many volunteers. Other than the video production and printing 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 video production and printing services of approximately $30,000 for the year ended June 30, 2016, that met current accounting standards.

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 statement of activities. The Mission incurred no joint costs for the year ended June 30, 2016.

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 statement of activities. As of June 30, 2016, 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 Connecticut. The Mission is generally no longer subject to U.S. federal or state examinations by tax authorities for years before 2011.

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

Land	$ 287,884
Buildings and improvements	1,564,013
Furniture, fixtures, and equipment	186,729
Vehicles	63,781
	2,102,407
Less accumulated depreciation	(714,573)
	$ 1,387,834

4. NET ASSETS:

Temporarily restricted net assets consist of:

	July 1, 2015	Support and Revenue	Releases	June 30, 2016
Kitchen remodel	$ 32,000	$ 51,000	$ (2,627)	$ 80,373
Reserve fund	40,393	-	-	40,393
Adopt-a-room	7,641	7,755	-	15,396
Generator	13,001	-	-	13,001
Furnace	-	55,138	(49,519)	5,619
Women's education fund	2,566	-	-	2,566
Preschool room	2,400	-	-	2,400
Pardon fund	2,330	-	(317)	2,013
Computer center	1,521	-	-	1,521
Women's Center	1,000	-	-	1,000
Client fund	-	650	(300)	350
	$ 102,852	$ 114,543	$ (52,763)	$ 164,632

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2016

4. NET ASSETS, continued:

Permanently restricted net assets consist of:

Beneficial interest in perpetual trust	$ 182,848

5. GIFTS-IN-KIND:

Gifts-in-kind received consists of:

Clothing, equipment and household items	$ 831,729
Food	683,683
Other items	18,598
	$ 1,534,010

6. SPECIAL EVENTS–NET:

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

Contributions	$ 556,929
Revenues	28,920
Related direct expenses	(33,747)
	$ 552,102

7. OPERATING LEASES:

The Mission leases a warehouse and two vehicles under operating leases maturing in 2017 through 2018. Total lease expenses were approximately $49,000 for the year ended June 30, 2016.

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

Year Ending June 30,	
2017	$ 48,663
2018	33,024
	$ 81,687

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2016

8. NOTE AND LINE OF CREDIT PAYABLE:

Note and line of credit payable consists of:

Note payable to an individual, without interest, maturing on February 1, 2017. Payments of principal are made annually on February 1 of each year.	$ 20,000

The remaining balance of the loan is expected to be repaid during the year ended June 30, 2017.

The Mission also has a line of credit available from People's United Bank, up to $250,000, secured by property, with interest at the People's United Bank (PUB) Prime Rate plus 1%. Outstanding borrowings are due upon demand and the line of credit is annually renewable on September 15th. There were no borrowings outstanding as of June 30, 2016.

9. SEVERANCE LIABILITY:

As part of an acquisition during the year ended May 31, 2013, the former executive director of the organization acquired by the Mission 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 $34,000 as of June 30, 2016.

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

Year Ending June 30,	
2017	$ 24,000
2018	10,000
	$ 34,000

BRIDGEPORT RESCUE MISSION, INC.

Notes to Financial Statements

June 30, 2016

10. 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 operating lease for office space. The lease term commenced on October 1, 2016 and ends on October 31, 2020. The future minimum payments under this lease agreement are as follows:

Year Ending June 30,		
2017	$	36,000
2018		48,900
2019		50,100
2020		51,300
2021		12,900
	$	199,200