

SPRINGFIELD RESCUE MISSION, INC.

FINANCIAL STATEMENTS

MAY 31, 2010 AND 2009

SPRINGFIELD RESUCE MISSION, INC.

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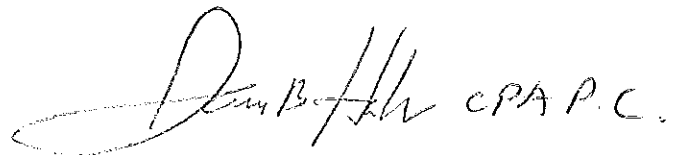
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Springfield Rescue Mission, Inc.

We have audited the accompanying statement of financial position of Springfield Rescue Mission, Inc. (a non-profit organization) as of May 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Springfield Rescue Mission, Inc. as of May 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



James B. Hawkes, CPA, P.C.

August 20, 2010

SPRINGFIELD RESCUE MISSION, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2010 AND 2009

ASSETS		
	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	\$ 47,652	\$ 24,054
Cash-certificate of deposit	8,948	8,948
Prepaid expenses	34,006	31,035
TOTAL CURRENT ASSETS	90,606	64,037
PROPERTY AND EQUIPMENT:		
Land	43,657	43,657
Buildings	149,746	149,746
Building improvements	373,533	373,533
Motor vehicles	68,863	78,290
Furniture and fixtures	296,333	254,083
TOTAL	932,132	899,309
Less - Accumulated depreciation	562,865	558,673
TOTAL PROPERTY AND EQUIPMENT	369,267	340,636
OTHER ASSETS:		
Deferred costs-Renovations	10,000	-
Investments	23,588	17,405
TOTAL OTHER ASSETS	33,588	17,405
TOTAL ASSETS	\$ 493,461	\$ 422,078
LIABILITIES AND NET ASSETS		
	2010	2009
CURRENT LIABILITIES:		
Accounts payable	\$ 44,311	\$ 35,967
Accrued expenses	27,924	21,289
TOTAL CURRENT LIABILITIES	72,235	57,256
NET ASSETS:		
Unrestricted:		
Designated	38,144	38,144
Undesignated	(4,844)	(34,173)
Equity in property and equipment	369,267	340,636
TOTAL UNRESTRICTED NET ASSETS	402,567	344,607
Temporarily restricted	18,659	20,215
TOTAL NET ASSETS	421,226	364,822
TOTAL LIABILITIES AND NET ASSETS	\$ 483,461	\$ 422,078

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS:		
Support:		
Churches	\$ 69,245	\$ 58,722
Donated services and supplies	1,339,714	1,384,812
Fund raising-contributions	784,769	748,350
Grants	51,858	47,267
Individuals	265,598	364,825
Memorials and legacies	75,538	80,134
Newsletter income	201,038	222,433
Fund raising activities-net	6,452	3,119
TOTAL SUPPORT	<u>2,794,212</u>	<u>2,909,662</u>
Proceeds on sale of assets	1,450	-
Investment income (loss)	4,551	(6,463)
Net Assets Released From Restrictions:		
Restrictions satisfied by payment	77,564	60,527
TOTAL INCOME	<u>2,877,777</u>	<u>2,963,726</u>
Functional Expenses:		
Program services expenses	2,084,408	2,097,853
Support Services:		
Fund raising expenses	375,065	379,477
General and administrative expenses	360,344	388,777
TOTAL FUNCTIONAL EXPENSES	<u>2,819,817</u>	<u>2,866,107</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>57,960</u>	<u>97,619</u>
 TEMPORARILY RESTRICTED NET ASSETS:		
Designated project support	76,008	47,419
Net assets released from restriction:		
Restriction satisfied by payments	(77,564)	(60,527)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(1,556)</u>	<u>(13,108)</u>
INCREASE (DECREASE) IN NET ASSETS	56,404	84,511
NET ASSETS, BEGINNING OF YEAR	<u>364,822</u>	<u>280,311</u>
NET ASSETS, END OF YEAR	<u>\$ 421,226</u>	<u>\$ 364,822</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2010

	<u>PROGRAM SERVICE EXPENSES</u>	<u>FUND RAISING EXPENSES</u>	<u>GENERAL & ADMIN EXPENSES</u>	<u>TOTAL</u>
Advertising	\$ 730	\$ -	\$ -	\$ 730
Conferences and meetings	892	-	892	1,784
Contributions	3,335	-	-	3,335
Depreciation	30,242	-	2,276	32,518
Dues and subscriptions	2,366	-	2,365	4,731
Donor solicitation and administration	-	33,342	-	33,342
Equipment rental	1,611	-	1,610	3,221
Food and clothing	1,157,665	-	-	1,157,665
Fund raising - printing & postage	-	311,984	-	311,984
Fund raising - other	-	20,000	-	20,000
Employee benefits	112,899	1,523	49,723	164,145
Insurance	23,097	-	5,168	28,265
Interest expense	-	-	232	232
Literature	-	-	-	-
Miscellaneous	3,465	-	5,123	8,588
Newsletter - printing & postage	41,258	-	41,257	82,515
Payroll taxes	23,941	323	10,544	34,808
Pension plan contributions	23,711	320	10,442	34,473
Postage and printing	3,020	2,641	45,286	50,947
Professional services	-	-	14,768	14,768
Radio ministry	23,658	-	-	23,658
Repairs and maintenance	50,626	-	10,733	61,359
Supplies	192,690	421	6,865	199,976
Salaries and wages	334,314	4,511	147,237	486,062
Telephone	6,553	-	2,185	8,738
Utilities	48,335	-	3,638	51,973
TOTAL FUNCTIONAL EXPENSES	<u>\$2,084,408</u>	<u>\$ 375,065</u>	<u>\$ 360,344</u>	<u>\$2,819,817</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2009

	<u>PROGRAM SERVICE EXPENSES</u>	<u>FUND RAISING EXPENSES</u>	<u>GENERAL & ADMIN EXPENSES</u>	<u>TOTAL</u>
Advertising	\$ -	\$ -	\$ -	\$ -
Conferences and meetings	2,325	-	2,325	4,650
Contributions	2,300	-	-	2,300
Depreciation	29,536	-	2,223	31,759
Dues and subscriptions	2,585	-	2,586	5,171
Donor solicitation and administration	-	27,250	-	27,250
Equipment rental	4,087	-	4,087	8,174
Food and clothing	1,091,169	-	-	1,091,169
Fund raising - printing & postage	-	298,788	-	298,788
Fund raising - other	-	20,275	-	20,275
Employee benefits	103,926	1,352	43,749	149,027
Insurance	18,205	-	10,201	28,406
Interest expense	-	-	1,461	1,461
Literature	-	-	-	-
Miscellaneous	3,537	5,000	2,180	10,717
Newsletter - printing & postage	21,161	21,161	42,321	84,643
Payroll taxes	25,759	335	10,844	36,938
Pension plan contributions	17,871	232	7,523	25,626
Postage and printing	646	215	43,394	44,255
Professional services	-	-	17,991	17,991
Radio ministry	19,296	-	-	19,296
Repairs and maintenance	48,625	-	29,142	77,767
Supplies	266,929	-	4,735	271,664
Salaries and wages	374,413	4,869	157,614	536,896
Telephone	5,706	-	1,902	7,608
Utilities	59,777	-	4,499	64,276
TOTAL FUNCTIONAL EXPENSES	<u>\$2,097,853</u>	<u>\$ 379,477</u>	<u>\$ 388,777</u>	<u>\$2,866,107</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 56,404	\$ 84,511
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,518	31,759
Donation of securities	(1,633)	(7,057)
(Increase) decrease in market value investments	(4,121)	7,023
Changes in assets and liabilities:		
Prepaid expenses	(2,971)	1,034
Accounts payable	8,344	(97,774)
Accrued expenses	6,635	(5)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>95,176</u>	<u>19,491</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(429)	(312)
Purchase - certificate of deposit	-	(1,049)
Increase in deferred costs-renovations	(10,000)	-
Purchases of property and equipment	(61,149)	-
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(71,578)</u>	<u>(1,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	15,000	55,000
Repayment on note payable	(15,000)	(70,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>-</u>	<u>(15,000)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,598	3,130
CASH AND CASH EQUIVALENTS, BEGINNING	<u>24,054</u>	<u>20,924</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>47,652</u>	<u>\$ 24,054</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest expense	\$ <u>232</u>	\$ <u>1,461</u>
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The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2010 AND 2009

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

a. Statement of purpose:

The Springfield Rescue Mission (the Mission) is incorporated to meet the physical and spiritual needs of the hungry, homeless, addicted, and poor by introducing them to Christ and helping them to apply the Word of God to every area of their lives. This is accomplished through the holding of chapel services; the distribution of Christian literature; training in basic life skills through a discipleship program; the provision of food, clothing, lodging, medical attention, and other aid; solicitation of employment opportunities for unfortunate persons. The Mission has the power to maintain appropriate buildings and to receive and disburse funds for these purposes. The Mission is committed to carrying out the above ministries in faith in accordance with and adherence to Biblical truth and doctrine. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, no provision for income taxes is made.

b. Classes of Net Assets:

The financial statements of the Mission report amounts separated by class of funds or net assets.

1. Unrestricted amounts are those currently available at the discretion of the board for use in the Mission's operations and those resources invested in property and equipment.
2. Temporarily restricted amounts are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment.
3. Permanently restricted amounts are those that represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as per endowment agreements. The Mission currently does not have any permanently restricted funds.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Continued

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (continued)

c. Cash and Cash Equivalents:

Cash includes checking, savings, and money market accounts. Certificates of deposit with an original maturity of three months or less when purchased are considered to be cash equivalents.

d. Property and Equipment:

Property and equipment are recorded at cost when purchased or, if donated, at estimated fair market value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Building	40
Building improvements	20-40
Motor vehicle	5
Furniture and fixtures	10

The Mission reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long-lived assets must be maintained, the Mission reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

e. Investments:

Investments are composed of common stock of publicly traded companies and are carried at fair market value.

f. Gifts-in-Kind:

Donation income is recorded when cash is received or ownership of donated assets is transferred to the Mission. Gifts-in-kind, including clothing, food, toiletries, supplies and miscellaneous household items are recorded at their estimated retail cost if new, or their estimated fair market value if used. Donated property and equipment are recorded at appraised value. Services are valued based on the type of services provided. Professional donated services are recorded and valued based on the going rate or salary that the individual would command in the market place provided the Mission would otherwise have purchased the services. Non-professional donated services which create or enhance a nonfinancial asset are valued at approximately minimum wage or a rate appropriate for the type of work the individual is performing

Continued

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (continued)

g. Functional Allocation of Expenses:

The costs of providing various programs and supporting services have been summarized on the statement of activities and net assets. Accordingly, certain costs, such as depreciation, payroll, utilities, etc, have been allocated among the programs and supporting services benefited.

During the fiscal year ended May 31, 2010, the Mission incurred joint costs for postage and printing of \$82,515 for informational materials and activities that included fund raising appeals. These materials were for the preparation and distribution of the Mission newsletters. Of those costs, \$-0- was allocated to fundraising, \$41,257 was allocated to administration, and \$41,258 was allocated to program services.

During the fiscal year ended May 31, 2009, the Mission incurred joint costs for postage and printing of \$84,643 for informational materials and activities that included fund raising appeals. These materials were for the preparation and distribution of the Mission newsletters. Of those costs, \$21,161 was allocated to fundraising and \$42,321 was allocated to administration, and \$21,161 was allocated to program services.

h. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

i. Uncertain Tax Positions:

The Mission accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense.

Continued

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES: (continued)

(i) Uncertain Tax Positions: (continued)

The Mission has identified its tax status as a corporation; exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Mission has determined that such tax position does not result in an uncertainty required recognition.

In 2009, the Mission adopted these new rules. The Mission assessed all of its tax positions in accordance with the related guidance and based on such assessment, it was determined that these new rules had no impact on the Mission and, as such, no adjustment was needed to the opening balance of net assets.

Going forward, should an uncertain position arise, the Mission will recognize interest and penalties related to uncertain tax positions in income tax expense.

The Mission files Return of Organization Exempt From Income Tax for U.S Federal reporting and also file related Massachusetts and Connecticut reporting forms. The Mission does not have any unrelated business taxable income and as such does not file these forms in any jurisdiction. The Mission is not under audit in any jurisdiction for any period, and its tax returns are current. Generally, tax years are open for IRS audit for up to three years.

2. INVESTMENTS:

Investments as of May 31, 2010 and 2009, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
2010:			
Marketable Securities	<u>\$ 21,102</u>	<u>\$ 23,588</u>	<u>\$ 23,588</u>
2009:			
Marketable Securities	<u>\$ 19,387</u>	<u>\$ 17,405</u>	<u>\$ 17,405</u>

Continued

2. INVESTMENTS: (continued)

Investment return is summarized as follows:	<u>2010</u>	<u>2009</u>
Dividend income, investments	\$ 430	\$ 307
Interest income, savings and CD's	1	303
Realized gain (loss) on investments	-	-
Unrealized gain (loss) in investments	4,120	(7,073)
TOTAL	<u>\$ 4,551</u>	<u>\$ (6,463)</u>

3. FUND RAISING ACTIVITIES:

The Mission held an online auction selling various items, from sports memorabilia to vacation packages and various retail household items. The Mission purchased these items at a discounted rate or was donated various items and then auctioned them to the highest bidder.

	<u>2010</u>	<u>2009</u>
Gross proceeds	\$ 7,219	\$ 3,510
Cost of purchased auctioned items	<u>767</u>	<u>391</u>
Net Fund Raising Activities proceeds	<u>\$ 6,452</u>	<u>\$ 3,119</u>

4. RETIREMENT PLAN:

The Mission sponsors a Simplified Employee Pension (SEP) Retirement Plan covering all eligible employees. The Board of Directors of the Mission can authorize contributions to a maximum of 15% of compensation of eligible participants. For the years ended May 31, 2010 and 2009 contributions to the plan were \$34,473 and \$25,626, respectively.

5. NET ASSETS:

a. Unrestricted/designated

The board of directors has designated a portion of the operating fund balance to be reserved for special projects or emergencies. The working capital reserve was established to provide approximately 2 months of operating capital should operating results fall below a specified level.

	<u>2010</u>	<u>2009</u>
Working capital reserve	<u>\$ 38,144</u>	<u>\$ 38,144</u>

Continued

5. NET ASSETS: (continued)

b. Temporarily restricted

The Mission has received contributions from various individuals or organizations, which have been restricted as to use. The types of use include architectural services, mission expansion, kitchen equipment, and other capital assets; the Mission has also received funds for literacy programs, outreach programs, utilities and miscellaneous other operating expenses items. Temporarily restricted funds consisted of the following at May 31, 2010 and 2009:

	2010	2009
Capital Assets	\$ 9,500	\$ 5,847
Operating	9,159	14,368
	<u>\$ 18,659</u>	<u>\$ 20,215</u>

6. COMMITMENTS:

The Mission has a \$100,000 working capital line of credit, secured by all the business assets of the Mission and is subject to monthly interest payments at the prime rate plus 1.00% per annum. The line must be paid in full for at least 30 days during the fiscal year. The balance at May 31, 2010 and 2009 was \$-0- and \$-0-, respectively.

7. DONATED MATERIALS AND SERVICES:

The value of donated materials and services included in the financial statements and the corresponding expenditures for the year ended May 31, 2010 and 2009 is as follows:

	2010	2009
Food and clothing	\$ 1,148,410	\$ 1,079,830
Supplies and miscellaneous	162,450	250,611
Salaries and wages	28,854	54,371
	<u>\$ 1,339,714</u>	<u>\$ 1,384,812</u>

The salaries and wages that have been included in the financial statements as indicated above are for professional services provided by nurses, clergy, barbers, and computer programmers. The above services were all used in the main program of operating the mission for the benefit of the individuals who are housed and or pass through its doors.

Continued

7. DONATED MATERIALS AND SERVICES: (continued)

Additionally, donated services were provided to the Mission which do not meet the criteria for recording under Generally Accepted Accounting Principal SFAS No. 116, however, these donated services are an important part of operating and maintaining the Mission. These services include, but are not limited to, repair and maintenance, pick-up and delivery drivers, food preparation, counseling and tutoring, and a host of other miscellaneous activities that help the Mission to operate to its fullest potential. The Mission received approximately 27,273 hours or \$189,839 for 2010 and 31,468 hours or \$267,244 for 2009 worth of additional donated services, which are not recorded in the financial statements.

8. EVALUATION OF SUBSEQUENT EVENTS:

The Missions has evaluated subsequent events through August 16, 2010, the date the financial statements were available to be issued.