

**SPRINGFIELD RESCUE MISSION, INC.**

**FINANCIAL STATEMENTS**

**MAY 31, 2009 AND 2008**

# BURNS & HAWKES, P.C.

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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, 2009 and 2008, 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, 2009 and 2008, 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.



BURNS & HAWKES P.C.

November 18, 2009

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF FINANCIAL POSITION  
MAY 31, 2009 AND 2008

ASSETS	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 24,054	\$ 20,924
Cash-certificate of deposit	8,948	7,899
Prepaid expenses	<u>31,035</u>	<u>32,069</u>
TOTAL CURRENT ASSETS	<u>64,037</u>	<u>60,892</u>
PROPERTY AND EQUIPMENT:		
Land	43,657	43,657
Buildings	149,746	149,746
Building improvements	373,533	373,533
Motor vehicles	78,290	78,290
Furniture and fixtures	<u>254,083</u>	<u>254,083</u>
TOTAL	899,309	899,309
Less - Accumulated depreciation	<u>558,673</u>	<u>526,914</u>
TOTAL PROPERTY AND EQUIPMENT	<u>340,636</u>	<u>372,395</u>
OTHER ASSETS:		
Investments	<u>17,405</u>	<u>17,058</u>
TOTAL OTHER ASSETS	<u>17,405</u>	<u>17,058</u>
TOTAL ASSETS	<u>\$ 422,078</u>	<u>\$ 450,345</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 35,967	\$ 133,741
Note Payable	-	15,000
Accrued expenses	<u>21,289</u>	<u>21,293</u>
TOTAL CURRENT LIABILITIES	<u>57,256</u>	<u>170,034</u>
NET ASSETS:		
Unrestricted:		
Designated	38,144	38,144
Undesignated	(34,173)	(163,551)
Equity in property and equipment	<u>340,636</u>	<u>372,395</u>
TOTAL UNRESTRICTED NET ASSETS	344,607	246,988
Temporarily restricted	<u>20,215</u>	<u>33,323</u>
TOTAL NET ASSETS	<u>364,822</u>	<u>280,311</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 422,078</u>	<u>\$ 450,345</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF ACTIVITIES  
YEARS ENDED MAY 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS:		
Support:		
Churches	\$ 58,722	\$ 60,375
Donated services and supplies	1,384,812	1,447,871
Fund raising-contributions	748,350	741,936
Grants	47,267	43,787
Individuals	364,825	298,269
Memorials and legacies	80,134	26,851
Newsletter income	222,433	147,075
Fund raising activities-net	<u>3,119</u>	<u>251</u>
TOTAL SUPPORT	2,909,662	2,766,415
Investment income (loss)	(6,463)	1,685
Net Assets Released From Restrictions:		
Restrictions satisfied by payment	<u>60,527</u>	<u>78,988</u>
TOTAL INCOME	<u>2,963,726</u>	<u>2,847,088</u>
Functional Expenses:		
Program services expenses	2,097,853	2,174,758
Support Services:		
Fund raising expenses	379,477	406,438
General and administrative expenses	<u>388,777</u>	<u>371,863</u>
TOTAL FUNCTIONAL EXPENSES	<u>2,866,107</u>	<u>2,953,059</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>97,619</u>	<u>(105,971)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Designated project support	47,419	83,815
Net assets released from restriction:		
Restriction satisfied by payments	<u>(60,527)</u>	<u>(78,988)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(13,108)</u>	<u>4,827</u>
INCREASE (DECREASE) IN NET ASSETS	84,511	(101,144)
NET ASSETS, BEGINNING OF YEAR	<u>280,311</u>	<u>381,455</u>
NET ASSETS, END OF YEAR	<u>\$ 364,822</u>	<u>\$ 280,311</u>

The accompanying notes are an integral part of this statement.

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

	PROGRAM SERVICE <u>EXPENSES</u>	FUND RAISING <u>EXPENSES</u>	GEN'L & ADM. <u>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 FUNCTIONAL EXPENSES  
YEAR ENDED MAY 31, 2008

	<u>PROGRAM SERVICE EXPENSES</u>	<u>FUND RAISING EXPENSES</u>	<u>GEN'L &amp; ADM. EXPENSES</u>	<u>TOTAL</u>
Advertising	\$ -	\$ -	\$ -	\$ -
Conferences and meetings	4,002	-	4,001	8,003
Contributions	2,628	-	-	2,628
Depreciation	35,771	-	2,692	38,463
Dues and subscriptions	2,380	-	2,381	4,761
Donor solicitation and administration	-	27,000	-	27,000
Equipment rental	4,840	-	4,839	9,679
Food and clothing	1,250,806	-	-	1,250,806
Fund raising-printing & postage	-	336,155	-	336,155
Fund raising-other	-	16,190	-	16,190
Employee benefits	90,051	1,130	35,413	126,594
Insurance	20,175	-	10,900	31,075
Interest expense	-	-	329	329
Literature	137	-	-	137
Miscellaneous	3,883	-	5,786	9,669
Newsletter-printing & postage	19,724	19,723	39,446	78,893
Payroll taxes	27,132	341	10,670	38,143
Pension plan contributions	19,088	240	7,507	26,835
Postage and printing	14	4	42,555	42,573
Professional services	-	-	8,726	8,726
Radio ministry	22,878	-	-	22,878
Repairs and maintenance	46,191	-	27,791	73,982
Supplies	171,330	621	4,713	176,664
Salaries and wages	393,779	5,034	157,738	556,551
Telephone	7,226	-	2,408	9,634
Utilities	52,723	-	3,968	56,691
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,174,758</u>	<u>\$ 406,438</u>	<u>\$ 371,863</u>	<u>\$ 2,953,059</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF CASH FLOWS  
YEARS ENDED MAY 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 84,511	\$(101,144)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	31,759	38,463
Donation of securities	(7,057)	(3,257)
(Increase) decrease in market value investments	7,023	(730)
Changes in assets and liabilities:		
Prepaid expenses	1,034	(4,030)
Accounts payable	(97,774)	20,642
Accrued expenses	(5)	4,426
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>19,491</u>	<u>(45,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	( 312)	(130)
Purchase - certificate of deposit	(1,049)	(57)
Purchases of property and equipment	-	-
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(1,361)</u>	<u>(187)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	55,000	25,000
Repayment on note payable	(70,000)	(10,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(15,000)</u>	<u>15,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,130	(30,817)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>20,924</u>	<u>51,741</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 24,054</u>	<u>\$ 20,924</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest expense	<u>\$ 1,461</u>	<u>\$ 329</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, 2009 AND 2008

(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 which are stipulated by donors for specific operating purposes or for the acquisition of property and equipment.

3. Permanently restricted amounts are those which 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.

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(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
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.

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(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 benefitted.

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 fund raising, \$42,321 was allocated to administration, and \$21,161 was allocated to program services.

During the fiscal year ended May 31, 2008, the Mission incurred joint costs for postage and printing of \$78,893 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, \$19,724 was allocated to fund raising and \$39,446 was allocated to administration, and \$19,723 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.

(2) INVESTMENTS:

Investments as of May 31, 2009 and 2008, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
2009:			
Marketable Securities	<u>\$ 19,387</u>	<u>\$ 17,405</u>	<u>\$ 17,405</u>
2008:			
Marketable Securities	<u>\$ 16,243</u>	<u>\$ 17,058</u>	<u>\$ 17,058</u>

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(2) INVESTMENTS: (continued)

	<u>2009</u>	<u>2008</u>
Investment return is summarized as follows:		
Dividend income, investments	\$ 307	\$ 76
Interest income, savings and CD's	303	879
Realized gain (loss) on investments	-	-
Unrealized gain (loss) in investments	<u>(7,073)</u>	<u>730</u>
TOTAL	<u>\$ (6,463)</u>	<u>\$ 1,685</u>

(3) FUND RAISING ACTIVITIES:

The Mission held an online auctions 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>2009</u>	<u>2008</u>
Gross proceeds	\$ 3,510	\$ 1,080
Cost of purchased auctioned items	<u>391</u>	<u>829</u>
Net Fund Raising Activities proceeds	<u>\$ 3,119</u>	<u>\$ 251</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, 2009 and 2008 contributions to the plan were \$25,626 and \$26,835, 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>2009</u>	<u>2008</u>
Working capital reserve	<u>\$ 38,144</u>	<u>\$ 38,144</u>

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(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, literacy, mission expansion, kitchen equipment, floor, and miscellaneous other items.

(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, 2009 and 2008 was \$-0- and \$15,000, 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, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Food and clothing	\$ 1,079,830	\$ 1,239,437
Supplies and miscellaneous	250,611	153,117
Salaries and wages	<u>54,371</u>	<u>55,317</u>
	<u>\$ 1,384,812</u>	<u>\$ 1,447,871</u>

The salaries and wages which 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 it's doors.

Additional, 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 31,468 hours or \$267,244 for 2009 and 29,635 hours or \$206,989 for 2008 worth of additional donated services, which are not recorded in the financial statements.