

SPRINGFIELD RESCUE MISSION, INC.

FINANCIAL STATEMENTS

MAY 31, 2012 AND 2011

James B. Hawkes, CPA, P.C.



**SPRINGFIELD RESCUE MISSION, INC.**

Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-15

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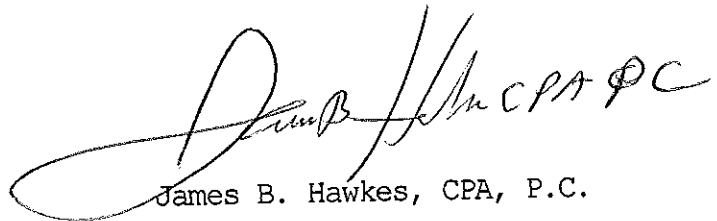
## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of Springfield Rescue Mission, Inc. (a non-profit organization) as of May 31, 2012 and 2011, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2012 and 2011, 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.

September 13, 2012

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF FINANCIAL POSITION  
MAY 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 59,605	\$ 83,495
Cash - certificate of deposit	9,055	9,024
Prepaid expenses	33,903	22,548
TOTAL CURRENT ASSETS	<u>102,563</u>	<u>115,067</u>
PROPERTY AND EQUIPMENT	1,485,249	1,135,818
Less - accumulated depreciation	642,441	599,565
TOTAL PROPERTY AND EQUIPMENT	<u>842,808</u>	<u>536,253</u>
OTHER ASSETS:		
Investments	33,590	30,015
TOTAL OTHER ASSETS	<u>33,590</u>	<u>30,015</u>
TOTAL ASSETS	<u>\$ 978,961</u>	<u>\$ 681,335</u>

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 33,458	\$ 29,599
Accrued expenses	34,728	27,703
TOTAL CURRENT LIABILITIES	<u>68,186</u>	<u>57,302</u>
NOTE PAYABLE	<u>26,432</u>	<u>-</u>
NET ASSETS:		
Unrestricted:		
Designated	38,144	38,144
Undesignated	2,791	48,475
Equity in property and equipment	842,808	536,253
TOTAL UNRESTRICTED NET ASSETS	<u>883,743</u>	<u>622,872</u>
Temporarily restricted	600	1,161
TOTAL NET ASSETS	<u>884,343</u>	<u>624,033</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 978,961</u>	<u>\$ 681,335</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF ACTIVITIES  
YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS:		
Support:		
Churches	\$ 86,564	\$ 74,351
Donated services and supplies	1,852,438	1,415,813
Fund raising - contributions	975,809	897,816
Grants	78,245	67,994
Individuals	506,601	440,494
Memorials and legacies	129,400	56,222
Newsletter income	201,496	192,509
Fund raising activities - net	-	3,403
TOTAL SUPPORT	<u>3,830,553</u>	<u>3,148,602</u>
Investment income (loss)	2,453	4,728
Net assets released from restrictions:		
Restrictions satisfied by payment	85,720	85,463
TOTAL INCOME	<u>3,918,726</u>	<u>3,238,793</u>
Functional Expenses:		
Program services expenses	2,681,286	2,156,015
Support Services:		
Fund raising expenses	537,213	417,715
General and administrative expenses	439,356	444,758
TOTAL FUNCTIONAL EXPENSES	<u>3,657,855</u>	<u>3,018,488</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>260,871</u>	<u>220,305</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Designated project support	85,159	67,965
Net assets released from restriction:		
Restriction satisfied by payments	<u>(85,720)</u>	<u>(85,463)</u>
(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(561)</u>	<u>(17,498)</u>
INCREASE IN NET ASSETS	260,310	202,807
NET ASSETS, BEGINNING OF YEAR	<u>624,033</u>	<u>421,226</u>
NET ASSETS, END OF YEAR	<u>\$ 884,343</u>	<u>\$ 624,033</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MAY 31, 2012

	<u>PROGRAM SERVICE EXPENSES</u>	<u>FUND RAISING EXPENSES</u>	<u>GENERAL &amp; ADMIN EXPENSES</u>	<u>TOTAL</u>
Conferences and meetings	\$ 3,366	\$ -	\$ 3,366	\$ 6,732
Contributions	5,975	-	-	5,975
Depreciation	39,875	-	3,001	42,876
Donor solicitation and administration	-	37,725	-	37,725
Dues and subscriptions	2,524	-	2,524	5,048
Employee benefits	93,963	1,341	41,350	136,654
Equipment rental	10,407	-	10,407	20,814
Food and clothing	1,646,662	-	-	1,646,662
Fund raising - printing & postage	-	410,922	-	410,922
Fund raising - other	-	42,154	-	42,154
Insurance	25,871	-	5,116	30,987
Interest expense	-	-	928	928
Miscellaneous	4,762	-	2,358	7,120
Newsletter - printing & postage	47,000	-	47,000	94,000
Payroll taxes	28,212	403	12,414	41,029
Pension plan contributions	20,674	295	9,098	30,067
Postage and printing	518	173	53,808	54,499
Professional services	-	-	20,472	20,472
Radio ministry	37,545	-	-	37,545
Repairs and maintenance	31,793	-	12,987	44,780
Salaries and wages	390,953	5,579	172,046	568,578
Service contracts	1,484	36,969	24,635	63,088
Supplies	229,076	1,652	11,820	242,548
Telephone	5,667	-	1,889	7,556
Utilities	54,959	-	4,137	59,096
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 2,681,286</u>	<u>\$ 537,213</u>	<u>\$ 439,356</u>	<u>\$3,657,855</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MAY 31, 2011

	<u>PROGRAM SERVICE EXPENSES</u>	<u>FUND RAISING EXPENSES</u>	<u>GENERAL &amp; ADMIN EXPENSES</u>	<u>TOTAL</u>
Conferences and meetings	\$ 877	\$ -	\$ 877	\$ 1,754
Contributions	4,586	-	-	4,586
Depreciation	34,131	-	2,569	36,700
Donor solicitation and administration	-	33,000	-	33,000
Dues and subscriptions	2,594	-	2,593	5,187
Employee benefits	83,271	1,448	44,907	129,626
Equipment rental	2,756	-	2,756	5,512
Food and clothing	1,250,598	-	-	1,250,598
Fund raising - printing & postage	-	316,354	-	316,354
Fund raising - other	-	60,515	-	60,515
Insurance	25,439	-	5,203	30,642
Interest expense	-	-	1,978	1,978
Miscellaneous	1,945	-	10,839	12,784
Newsletter - printing & postage	80,148	-	80,148	160,296
Payroll taxes	22,742	395	12,264	35,401
Pension plan contributions	20,016	348	10,795	31,159
Postage and printing	75	25	56,998	57,098
Professional services	-	-	14,133	14,133
Radio ministry	23,735	-	-	23,735
Repairs and maintenance	50,944	-	12,507	63,451
Salaries and wages	320,079	5,566	172,614	498,259
Service contracts	-	-	-	-
Supplies	178,282	64	7,919	186,265
Telephone	6,233	-	2,078	8,311
Utilities	47,564	-	3,580	51,144
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$2,156,015</u>	<u>\$ 417,715</u>	<u>\$ 444,758</u>	<u>\$3,018,488</u>

SPRINGFIELD RESCUE MISSION, INC.  
STATEMENT OF CASH FLOWS  
YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 260,310	\$ 202,807
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,876	36,700
Donation of securities	(1,278)	(1,748)
(Increase) decrease in market value investments	(1,681)	(4,304)
Change in assets and liabilities:		
Prepaid expenses	(11,355)	11,458
Accounts payable	3,859	(14,712)
Accrued expenses	7,025	(221)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>299,756</u>	<u>229,980</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(616)	(375)
Purchase - certificate of deposit	(31)	(76)
Purchases of property and equipment	(349,431)	(193,686)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(350,078)</u>	<u>(194,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	42,013	121,475
Repayment on note payable	(15,581)	(121,475)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>26,432</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,890)	35,843
CASH AND CASH EQUIVALENTS, BEGINNING	<u>83,495</u>	<u>47,652</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>59,605</u>	<u>83,495</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest expense	<u>\$ 928</u>	<u>\$ 1,978</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, 2012 AND 2011

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

a. Statement of purpose:

The Springfield Rescue Mission, Inc. (the Mission) is incorporated as a not-for-profit organization 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.

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 - 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 in equity securities with readily determinable fair values and all debt securities, are classified as available for sale and are carried at fair value with gains and losses included as unrestricted net assets in the statement of activities. Donated investments are recorded at fair value on the date of donation and thereafter carried in accordance with the above provisions.

f. 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 have been allocated among program, administrative, and fund raising services benefited.

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

g. 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.

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. Fair Value:

In accordance with Codification Topic 820 (ASC 820) the entity reports its qualifying assets and liabilities in accordance with the Fair Value Measurements and Disclosures Standards under U.S. GAAP. These standards define fair value, establish a framework for measuring fair value, and expand disclosure about fair value measurements. This policy establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework are as follows:

Level 1 - Inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

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

i. Fair Value: (continued)

Level 2 - Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable.

A qualifying asset or liability's level within fair value framework is based upon the lowest level of any input that is significant to the fair value measurement. The Mission's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

j. Income Taxes:

The Mission is exempt from federal and state income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Mission has adopted the provisions of the Accounting for Uncertainty in Income Taxes topic of FASB ASC. This guidance addresses the accounting uncertainty in income taxes recognized in an organization's financial statements and prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It also provides related guidance on measurement classification, interest and penalties and disclosures. As a result of the implementation of this guidance, the Mission has determined that it has no uncertain tax positions requiring accrual and disclosure.

The Mission files Return of Organization Exempt From Income Tax for U.S Federal reporting and also files 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, 2012 and 2011, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
2012:			
Marketable Securities	<u>\$ 24,395</u>	<u>\$ 33,590</u>	<u>\$ 33,590</u>
2011:			
Marketable Securities	<u>\$ 22,950</u>	<u>\$ 30,015</u>	<u>\$ 30,015</u>

	<u>2012</u>	<u>2011</u>
Investment return is summarized as follows:		
Dividend income, investments	\$ 712	\$ 375
Interest income, savings and CD's	60	49
Realized gain (loss) on investments	-	-
Unrealized gain (loss) on investments	<u>1,681</u>	<u>4,304</u>
TOTAL	<u>\$ 2,453</u>	<u>\$ 4,728</u>

3. PROPERTY AND EQUIPMENT:

	<u>2012</u>	<u>2011</u>
Land	\$ 43,657	\$ 43,657
Buildings	149,746	149,746
Building improvements	822,430	518,730
Motor vehicles	97,621	97,621
Furniture and fixtures	371,795	326,064
TOTAL	<u>1,485,249</u>	<u>1,135,818</u>
Less - accumulated depreciation	642,441	599,565
TOTAL PROPERTY AND EQUIPMENT	<u>\$ 842,808</u>	<u>\$ 536,253</u>

4. LONG-TERM DEBT:

The Mission executed a note payable with a local Bank for \$100,000, secured by the real estate located at 148 Taylor Street. Note is payable over 5.5 years with interest only payable for 6 months (during construction) and principal and interest payable over 5 years at 6.25% per annum. The construction period and loan proceeds draw down have been extended for 6 months.

5. 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.

	2012	2011
Gross proceeds	\$ -	\$ 4,064
Cost of purchased auctioned items	-	661
Net fund raising activities proceeds	\$ -	\$ 3,403

6. 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, 2012 and 2011 contributions to the plan were \$30,068 and \$31,159, respectively.

7. 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.

	2012	2011
Working capital reserve	\$ 38,144	\$ 38,144

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, 2012 and 2011:

	2012	2011
Capital assets	\$ -	\$ -
Operating	600	1,161
	<u>\$ 600</u>	<u>\$ 1,161</u>

8. COMMITMENTS:

The Mission has a \$100,000 working capital line of credit, secured by 15 and 19 Bliss Street, 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, 2012 and 2011 was \$-0- and \$-0-, respectively.

9. 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, 2012 and 2011 is as follows:

	2012	2011
Food and clothing	\$ 1,638,095	\$ 1,238,330
Supplies and miscellaneous	187,857	145,980
Salaries and wages	26,486	31,503
	<u>\$ 1,852,438</u>	<u>\$ 1,415,813</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.

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 29,715 hours or \$257,881 for 2012 and 25,342 hours or \$178,169 for 2011 worth of additional donated services, which are not recorded in the financial statements.

10. EVALUATION OF SUBSEQUENT EVENTS:

The Missions has evaluated subsequent events through September 13, 2012, the date the financial statements were available to be issued.