

SPRINGFIELD RESCUE MISSION, INC.

FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

SPRINGFIELD RESCUE MISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

I have audited the accompanying financial statements of Springfield Rescue Mission, Inc. (a non-profit organization), which comprise the statements of financial position as of May 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's Responsibility


My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



James B. Hawkes
CPA PC

James B. Hawkes, CPA, P.C.
Springfield, MA
November 22, 2017

SPRINGFIELD RESCUE MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 149,897	\$ 55,751
Cash - savings	623	623
Prepaid expenses	49,710	36,595
TOTAL CURRENT ASSETS	<u>200,230</u>	<u>92,969</u>
PROPERTY AND EQUIPMENT		
Less - accumulated depreciation	2,206,319	2,103,886
TOTAL PROPERTY AND EQUIPMENT	<u>951,580</u>	<u>874,245</u>
	<u>1,254,739</u>	<u>1,229,641</u>
OTHER ASSETS:		
Investments	6,823	15,217
TOTAL OTHER ASSETS	<u>6,823</u>	<u>15,217</u>
TOTAL ASSETS	<u>\$ 1,461,792</u>	<u>\$ 1,337,827</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:	2017	2016
Current portion-long term debt	\$ 11,852	\$ 9,613
Note payable-line of credit	92,000	94,000
Note payable	-	100,000
Accounts payable	121,462	153,217
Accrued expenses	94,135	42,451
TOTAL CURRENT LIABILITIES	<u>319,449</u>	<u>399,281</u>
LONG-TERM DEBT	<u>54,778</u>	<u>2,631</u>
NET ASSETS:		
Unrestricted:		
Designated	38,144	38,144
Undesignated	(205,872)	(333,270)
Equity in property and equipment	1,254,793	1,229,641
TOTAL UNRESTRICTED NET ASSETS	<u>1,087,065</u>	<u>934,515</u>
Temporarily restricted	500	1,400
TOTAL NET ASSETS	<u>1,087,565</u>	<u>935,915</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,461,792</u>	<u>\$ 1,337,827</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED MAY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS:		
Support:		
Churches	\$ 117,030	\$ 91,220
Donated services and supplies	3,698,822	3,168,619
Fund raising - contributions	870,752	947,895
Grants	187,514	89,750
Individuals	813,753	975,259
Memorials and legacies	67,756	73,700
Newsletter income	209,239	188,417
Fund raising activities - net	16,080	7,496
TOTAL SUPPORT	<u>5,980,946</u>	<u>5,542,356</u>
Investment income (loss)	2,477	(117)
Net assets released from restrictions:		
Restrictions satisfied by payment	94,045	86,905
TOTAL INCOME	<u>6,077,468</u>	<u>5,629,144</u>
Functional Expenses:		
Program services expenses	4,763,055	4,306,042
Support Services:		
Fund raising expenses	585,209	571,389
General and administrative expenses	576,654	627,616
TOTAL FUNCTIONAL EXPENSES	<u>5,924,918</u>	<u>5,505,047</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>152,550</u>	<u>124,097</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Designated project support-grants	61,000	75,375
Designated project support-other	32,145	11,530
Net assets released from restriction:		
Restriction satisfied by payments	(94,045)	(86,905)
(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(900)</u>	<u>-</u>
INCREASE IN NET ASSETS	<u>151,650</u>	<u>124,097</u>
NET ASSETS, BEGINNING OF YEAR	<u>935,915</u>	<u>811,818</u>
NET ASSETS, END OF YEAR	<u>\$ 1,087,565</u>	<u>\$ 935,915</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2017

	<u>PROGRAM SERVICE EXPENSES</u>	<u>FUND RAISING EXPENSES</u>	<u>GENERAL & ADMIN EXPENSES</u>	<u>TOTAL</u>
Conferences and meetings	\$ -	\$ -	\$ -	\$ -
Contributions	641	-	-	641
Depreciation	71,922	-	5,413	77,335
Donor solicitation and administration	-	114,200	-	114,200
Dues and subscriptions	725	-	725	1,450
Employee benefits	92,712	2,398	48,817	143,927
Equipment rental	4,628	-	4,627	9,255
Food and clothing	3,483,675	-	-	3,483,675
Fund raising - printing & postage	-	195,242	-	195,242
Fund raising - other	-	258,482	-	258,482
Insurance	44,424	-	9,927	54,351
Interest expense	-	-	9,238	9,238
Miscellaneous	4,919	-	21,005	25,924
Newsletter - printing & postage	57,745	-	57,745	115,490
Payroll taxes	36,284	938	19,105	56,327
Pension plan contributions	30,147	780	15,873	46,800
Postage and printing	192	64	45,231	45,487
Professional services	-	-	20,818	20,818
Radio ministry	49,761	-	-	49,761
Repairs and maintenance	40,332	-	31,889	72,221
Salaries and wages	506,772	13,105	266,837	786,714
Supplies	235,058	-	10,054	245,112
Telephone	6,156	-	2,052	8,208
Utilities	96,962	-	7,298	104,260
TOTAL FUNCTIONAL EXPENSES	<u>\$4,763,055</u>	<u>\$ 585,209</u>	<u>\$ 576,654</u>	<u>\$5,924,918</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2016

	PROGRAM SERVICE EXPENSES	FUND RAISING EXPENSES	GENERAL & ADMIN EXPENSES	TOTAL
Conferences and meetings	\$ 1,973	\$ -	\$ 1,973	\$ 3,946
Contributions	45	-	-	45
Depreciation	60,650	-	4,565	65,215
Donor solicitation and administration	-	34,670	-	34,670
Dues and subscriptions	1,139	-	1,140	2,279
Employee benefits	106,563	2,702	55,760	165,025
Equipment rental	7,649	-	7,648	15,297
Food and clothing	3,015,333	-	-	3,015,333
Fund raising - printing & postage	-	423,134	-	423,134
Fund raising - other	-	34,032	-	34,032
Insurance	45,301	-	10,967	56,268
Interest expense	-	-	8,231	8,231
Miscellaneous	1,551	-	47,746	49,297
Newsletter - printing & postage	40,901	-	40,901	81,802
Payroll taxes	35,805	908	18,736	55,449
Pension plan contributions	23,324	591	12,205	36,120
Postage and printing	-	-	71,044	71,044
Professional services	-	-	16,535	16,535
Radio ministry	52,480	-	-	52,480
Repairs and maintenance	30,869	62,477	44,453	137,799
Salaries and wages	489,458	12,410	256,114	757,982
Supplies	178,327	465	11,334	190,126
Telephone	8,158	-	2,720	10,878
Utilities	206,516	-	15,544	222,060
TOTAL FUNCTIONAL EXPENSES	<u>\$4,306,042</u>	<u>\$ 571,389</u>	<u>\$ 627,616</u>	<u>\$ 5,505,047</u>

The accompanying notes are an integral part of this statements

SPRINGFIELD RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 151,650	\$ 124,097
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,335	65,215
Donation of securities	-	-
(Gain) on sale of securities	(1,071)	-
(Increase) decrease in market value investments	(859)	541
Change in assets and liabilities:		
Prepaid expenses	(13,115)	(10,649)
Accounts payable	(31,755)	(2,374)
Accrued expenses	51,684	16,278
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>233,869</u>	<u>193,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(822)	(699)
Proceeds from sale of securities	11,146	-
Proceeds- certificate of deposit	-	8,515
Purchase - certificate of deposit	-	-
Purchases of property and equipment	(102,433)	(225,601)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(92,109)</u>	<u>(217,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	6,000	20,000
Repayment line of credit	(8,000)	(6,000)
Proceeds on note payable	-	100,000
Repayment on note payable	(45,614)	(73,314)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(47,614)</u>	<u>40,686</u>
INCREASE IN CASH AND CASH EQUIVALENTS	94,146	16,009
CASH AND CASH EQUIVALENTS, BEGINNING	<u>55,751</u>	<u>39,742</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 149,897</u>	<u>\$ 55,751</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest expense	<u>\$ 9,238</u>	<u>\$ 8,231</u>
Income taxes	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement.

SPRINGFIELD RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016

1. ORGANIZATION:

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 supported primarily through donor contributions, grants, memorials and legacies.

b. Mission statement:

The goal of the Springfield Rescue Mission since 1892 has been to meet the physical and spiritual needs of the hungry, homeless, addicted, and poor by introducing them to Christ and helping them apply the word of GOD to every area of their lives

c. Programs:

All programs are provided free of charge. This provides an opportunity for fiscal savings as well as community involvement. Therefore, residents are expected to help maintain the Missions' facilities and service to others. This provides a structured environment for each of our residents in developing new life skills and future success.

1. ORGANIZATION (continued)

RESIDENTIAL REHABILITATION AND EMPLOYMENT READINESS PROGRAM-For men in the throes of addiction; their spirits can be easily broken. Homelessness and poverty can drive broken souls into disastrous living situations. The Mission's residential rehabilitation program provides a safe environment to address substance abuse issues, and programs to equip people with the tools and skills they need to live productive lives. Our guests receive guidance through daily programs, substance abuse treatment, anger management, job training, housing, and personal budgeting assistance. In addition, guests participate in classes on living independently, developing meaningful relationships, and improving social skills. When guests are ready to embrace independent living with a community-based support network, graduates are provided with community advocacy and aftercare planning. On a yearly basis hundreds of lives are transformed through our residential rehabilitation program.

EMERGENCY SHELTER - Emergency shelter program is a place where men who are homeless can find hot meals and safe refuge from weather and city streets. Any guests may request case management services, apply for other mission programs, and receive opportunities to participate in mission sponsored activities.

OPERATION SUNSHINE MEALS PROGRAM - Many people do not have the means to both pay monthly bills and to feed their families. As a result, they may fall behind on their rent and utilities bills, and eventually risk losing their home. Our community meals, food and clothing service programs, feed and clothe families and ease financial strains so our neighbors may stretch already thin resources to pay rent and maintain a stable living situation. Through our operation sunshine program, residential rehabilitation program, and food pantry, the mission serves over 100,000 meals each year.

EMPLOYMENT PREPARATION PROGRAM - Our employment preparation program is designed to provide mission program members with the effective training necessary for them to successfully become part of the workforce. We teach and develop work ethics as skills, coping abilities, positive attitudes, and self-confidence to be successful in today's employment environment. The missions learning center is a computer based learning program assessing resident learning level and aiding in resume, job application, interview skills, and if needed, further education to find long-term employment for sustained independence.

1. ORGANIZATION (continued)

MINISTRY AND SPIRITUAL DEVELOPMENT - Through the missions spiritual development program the healing power of GOD's love can transform lives in a meaningful and lasting way. A network of resources is available for those seeking spiritual council. Our guests participate in local church services, bible study classes, and develop spiritual mentoring relationships on their journey through forgiveness, acceptance and rebuilding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Classes of Net Assets:

The financial statements of the Mission report amounts separated by class of 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.

b. Basis of accounting:

The financial statements of Springfield Rescue Mission, Inc. are prepared on the accrual basis.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Furniture and fixtures	5 - 10
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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

g. Gifts-in-Kind: (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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.

3. INVESTMENTS:

Investments as of May 31, 2017 and 2016, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
2017:			
Marketable Securities	<u>\$ 3,464</u>	<u>\$ 6,823</u>	<u>\$ 6,823</u>
2016:			
Marketable Securities	<u>\$ 9,972</u>	<u>\$ 15,217</u>	<u>\$ 15,217</u>
Investment return is summarized as follows:		<u>2017</u>	<u>2016</u>
Dividend income, investments	\$	546	\$ 456
Interest income, savings and CD's		1	9
Realized gain (loss) on investments		1,071	(41)
Unrealized gain (loss) on investments		<u>859</u>	<u>(541)</u>
TOTAL	<u>\$</u>	<u>2,477</u>	<u>\$ (117)</u>

4. PROPERTY AND EQUIPMENT:

	2017	2016
Land-Taylor St	\$ 10,000	\$ 10,000
Land-Mill St	33,657	33,657
Building & improvements-Taylor	594,475	584,475
Building & improvements-Mill St	774,907	774,907
Motor vehicles	153,638	97,621
Furniture and fixtures	639,642	603,226
TOTAL	<u>2,206,319</u>	<u>2,103,886</u>
Less - accumulated depreciation	951,580	874,245
TOTAL PROPERTY AND EQUIPMENT	<u>\$ 1,254,739</u>	<u>\$ 1,229,641</u>

The Mission relocated its main office and operations facility from Bliss Street to Mill Street in the city of Springfield in December 2015. This was accomplished by exchanging two buildings and related land located on Bliss Street for land and a building located on Mill Street. The fair market value of the property received exceeded the value of the property relinquished.

5. NOTE PAYABLE:

The Mission executed a note payable with a local bank for \$100,000, unsecured. Note is payable interest only and is due and payable March 2, 2017. Note balance at May 31, 2017 and 2016 was \$-0- and \$100,000, respectively. Note was paid down to \$70,582 and converted to 60 month installment note effective March 2017. See long-term debt below.

6. LONG-TERM DEBT:

The Mission executed a note payable with a local Bank for \$150,000, unsecured. Principal repayment started June 11, 2013 at the rate of \$842 per month including interest at 6.25% per annum based on a twenty year amortization, balance due and payable February 11, 2017. Note balance at May 31, 2017 and 2016 was \$-0- and \$12,244, respectively.

Note payable by a local bank dated March 1, 2017, see note 5. Payable in 60 monthly installments of \$ 1,307, including interest at 4.50% per annum. Note balance at May 31, 2017 was \$ 66,630

	2017	2016
Total	\$ 66,630	\$ 12,244
Less current portion	(11,852)	(9,613)
Long-term Debt	<u>\$ 54,778</u>	<u>\$ 2,631</u>

6. LONG-TERM DEBT: (continued)

Estimated 5 year maturities of long-term debt are as follows:

YEAR ENDING MAY 31,	AMOUNT
2018	\$ 11,852
2019	13,498
2020	14,118
2021	14,766
2022	12,396

7. 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, 2017 and 2016 contributions to the plan were \$46,800 and \$36,120, respectively.

8. 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.

Working capital reserve	2017	2016
	\$ 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, 2017 and 2016:

	2017	2016
Capital assets	\$ -0-	\$ 800
Operating	500	600
	\$ 500	\$ 1,400

9. COMMITMENTS:

The Mission has a \$100,000 working capital line of credit due to expire June 14, 2018, unsecured, 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, 2017 and 2016 was \$92,000 and \$94,000, respectively.

10. 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, 2017 and 2016 is as follows:

	2017	2016
Food and clothing	<u>\$ 3,481,322</u>	<u>\$ 3,011,705</u>
Supplies and miscellaneous	186,768	128,324
Salaries and wages	30,732	28,590
	<u>\$ 3,698,822</u>	<u>\$ 3,168,619</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 27,679 hours or \$733,115 for 2017 and 27,816 hours or \$736,520 for 2016 worth of additional donated services, which are not recorded in the financial statements. The Mission has reevaluated it rate used to measure volunteer hours cost based on the Nonprofit Times survey for 2015.

11. EVALUATION OF SUBSEQUENT EVENTS:

The Missions has evaluated subsequent events through November 22, 2017, the date the financial statements were available to be issued.