

**SPRINGFIELD RESCUE MISSION, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED MAY 31, 2021**

# SPRINGFIELD RESCUE MISSION, INC.

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YEAR ENDED MAY 31, 2021

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**Burgess, Schultz & Robb, P.C.**  
*Certified Public Accountants and Business Consultants*

### **Independent Auditors' Report**

To Management and the Board of Directors of the  
Springfield Rescue Mission, Inc.  
10 Mill Street  
Springfield, MA 01108

We have audited the accompanying financial statements of Springfield Rescue Mission, Inc. (a nonprofit organization) which comprise the statement of financial position as of May 31, 2021, and the related statements of activities, functional expenses, and cash flows 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 the 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.

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### 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Burges, Schuttz & Rbb. P.C.*

January 14, 2022

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENT OF FINANCIAL POSITION**

May 31, 2021

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 1,009,788
Prepaid insurance	57,004
TOTAL CURRENT ASSETS	<u>1,066,792</u>

**PROPERTY AND EQUIPMENT**, at cost, less  
accumulated depreciation

1,332,748

**OTHER ASSET**

Investment	<u>5,743</u>
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**TOTAL ASSETS**

\$ 2,405,283

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 36,940
Accrued expenses	48,784
TOTAL CURRENT LIABILITIES	<u>85,724</u>

**NET ASSETS**

Without donor restrictions	<u>2,319,559</u>
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**TOTAL LIABILITIES AND NET ASSETS**

\$ 2,405,283

*The accompanying notes are an integral part of these statements.*

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended May 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions:			
Individuals, businesses, churches and others	\$ 2,783,840	\$ 26,050	\$ 2,809,890
Gifts-in-kind	9,442,491	-	9,442,491
Memorials and legacies	133,315	-	133,315
Fundraising events	73,231	5,000	78,231
Total contributions	<u>12,432,877</u>	<u>31,050</u>	<u>12,463,927</u>
Other income	334,987	-	334,987
Gain on forgiveness of Paycheck Protection loan	212,500	-	212,500
Net assets released from restrictions	50,650	(50,650)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u><u>13,031,014</u></u>	<u><u>(19,600)</u></u>	<u><u>13,011,414</u></u>
 <b>EXPENSES</b>			
Program services	10,740,813	-	10,740,813
Fundraising	654,438	-	654,438
General and administrative	631,065	-	631,065
<b>TOTAL EXPENSES</b>	<u><u>12,026,316</u></u>	<u><u>-</u></u>	<u><u>12,026,316</u></u>
 <b>CHANGE IN NET ASSETS</b>	 1,004,698	 (19,600)	 985,098
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 <u>1,314,861</u>	 <u>19,600</u>	 <u>1,334,461</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u><u>\$ 2,319,559</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 2,319,559</u></u>

*The accompanying notes are an integral part of these statements.*

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended May 31, 2021

	Program Services	Fundraising	General and Administrative	Total
Conferences and meetings	\$ 3,721	\$ -	\$ 3,721	\$ 7,442
Contributions	2,750	-	-	2,750
Depreciation	87,551	-	6,589	94,140
Dues and subscriptions	1,465	-	1,465	2,930
Employee benefits	180,687	16,218	86,434	283,339
Equipment rental	7,415	-	7,415	14,830
Food and clothing	8,784,397	-	-	8,784,397
Fundraising - printing and postage	-	387,359	-	387,359
Fundraising - other	-	189,099	-	189,099
Insurance - general	62,789	-	11,526	74,315
Interest expense	-	-	354	354
Miscellaneous	8,113	-	30,089	38,202
Newsletter - printing and postage	48,492	-	48,492	96,984
Payroll taxes	45,299	4,066	21,670	71,035
Pension plan contributions	33,261	2,985	15,911	52,157
Postage and printing	-	-	41,546	41,546
Professional services	-	-	19,673	19,673
Radio ministry	48,248	-	-	48,248
Repairs and maintenance	55,711	-	13,886	69,597
Salaries and wages	609,543	54,711	291,582	955,836
Supplies	668,170	-	21,439	689,609
Telephone	8,747	-	2,916	11,663
Utilities	84,454	-	6,357	90,811
<b>TOTAL EXPENSES</b>	<u><u>\$ 10,740,813</u></u>	<u><u>\$ 654,438</u></u>	<u><u>\$ 631,065</u></u>	<u><u>\$ 12,026,316</u></u>

*The accompanying notes are an integral part of these statements.*

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENT OF CASH FLOWS**

Year Ended May 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 985,098
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	94,140
Gain on forgiveness of Paycheck Protection loan	(212,500)
Donation of investments	(5,276)
Unrealized gains on investments	(467)
Donations of property and equipment	(22,288)
Changes in:	
Prepaid insurance	(7,864)
Accounts payable	4,428
Accrued expenses	(56,976)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>778,295</u>

**CASH FLOWS USED BY INVESTING ACTIVITIES**

Purchases of property and equipment	(167,598)
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**CASH FLOWS USED BY FINANCING ACTIVITIES**

Principal payments on note payable	<u>(33,229)</u>
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<b>NET CHANGE IN CASH</b>	577,468
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CASH, BEGINNING OF YEAR	<u>432,320</u>
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CASH, END OF YEAR	<u><u>\$ 1,009,788</u></u>
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**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid during the year for:	
Interest	<u><u>\$ 354</u></u>

*The accompanying notes are an integral part of these statements.*



# SPRINGFIELD RESCUE MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2021

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Nature of Operations*** - The Springfield Rescue Mission, Inc. (the Mission) is incorporated as a not-for-profit Mission (Church) 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. The Mission's primary task is to present the Gospel of Jesus Christ according to God's Word (the Bible) to those we serve. 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 Mission is supported primarily through donor contributions, grants, memorials and legacies.

***Mission Statement*** - The goal of the 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.

***Program Services*** - 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. The following programs are tightly woven around the gospel of Jesus Christ according to God's word (the Bible) to those we serve. Each program is designed to assist the homeless and poor with support, training, and resources necessary to become productive citizens and apply the word of God to every area of their lives.

***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.

# SPRINGFIELD RESCUE MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2021

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Programs Services (continued)*

*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.

*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 Mission's 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.

*Ministry and Spiritual Development* - Through the Mission's 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.

*Basis of Accounting* - The financial statements of Springfield Rescue Mission, Inc. are prepared on the accrual basis of accounting.

*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.

*Cash* - Cash includes checking and savings accounts.

*Concentration of Cash/Concentration of Credit Risk* - The Mission maintains its cash with one financial institution, which at times may exceed federally insured limits. The Mission has not experienced any losses in such accounts. The amount in excess of the FDIC's insured limit was \$755,087 at May 31, 2021.

# SPRINGFIELD RESCUE MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2021

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Property and Equipment** - Property and equipment are recorded at cost or, if donated, at their estimated fair value at the date of receipt. Depreciation is computed by the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in income. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 10 years

**Investments** - The Mission carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Investment income or losses (including realized and unrealized gains and losses on investments, interest and dividends) are included in the statement of activity and changes in net assets. The Mission reports all investment gains and losses and income as increases or decreases in unrestricted net assets unless a donor or law restricts their use. Donated investments are recorded at fair value on the date of donation.

**Financial Statement Presentation** - Net assets, support and revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Mission.

**Net Assets with Donor Restrictions** - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of May 31, 2021, there were no net assets with donor restrictions.

**Contributions** - Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulation time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property and equipment expire when the property or equipment is put in service.

# SPRINGFIELD RESCUE MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2021

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Gifts-in-Kind*** - Primarily includes donated food, clothing, supplies and other assets. The value of donated food and clothing is recognized as support with a corresponding expense for program services when consumed. Gifts-in-kind are recorded at an estimated value as follows:

Bulk and loose food donations are valued at \$4.06 per pound, boxed food donations are valued at current wholesale prices (if information is readily available), or at retail value. Clothing donations are valued at \$7.82 per pound for used clothing, new clothing is valued at retail value if readily determinable. Other assets donated are recorded at estimated fair value on the date received.

Contributed services are generally not recognized unless the services are of a specialized nature and provided by persons or entities possessing those skills (such as nurses or doctors) and would be purchased if they were not donated or the services create or enhance a non-financial asset (such as a building).

***Functional Allocation of Expenses*** - The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program, fundraising and general and administrative as applicable.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort, as well as depreciation and occupancy costs, which are allocated on a square footage basis.

***Income Taxes*** - The Mission is exempt from income taxes as an Organization described in Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to income taxes on income received for exempt purposes. There was no unrelated business taxable income for the year ended May 31, 2021.

***Covid-19 Pandemic*** - The United States broadly continues to experience the COVID-19 pandemic, which has significantly disrupted, and will likely continue to disrupt for some time, the nation's economy, and the Mission's activities. The Mission follows various government guidance and mandates regarding minimizing and adhering to personal protection protocols. The continuing COVID-19 pandemic has led to an overall decline in economic activity. The Mission is not able to reliably estimate the length or severity of this situation and the related financial impact on the Mission.

***Subsequent Events*** - Management has evaluated subsequent events through January 14, 2022, the date these financial statements were available to be issued. No significant events were identified that would require adjustment to or disclosure in the financial statements.

## SPRINGFIELD RESCUE MISSION, INC.

### NOTES TO FINANCIAL STATEMENTS

May 31, 2021

#### (2) OTHER INCOME

Other income represents real estate tax abatement refunds totaling \$334,373 (which includes interest income of \$95,759) and other investment income of \$614.

#### (3) GAIN ON FORGIVENESS OF PAYCHECK PROTECTION LOAN

In response to the coronavirus (COVID-19) outbreak in 2020, the federal government enacted economic stimulus measures including the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Mission obtained a PPP loan in the amount of \$212,500 which had interest at a fixed annual rate of 1% with the first six months of interest deferred. The Mission used all of the proceeds from the note for qualifying expenses and received approval for the loan to be forgiven on December 15, 2020, at which time a gain was recognized for financial reporting purposes.

#### (4) PROPERTY AND EQUIPMENT

Property and equipment consists of:

Cost	
Land - Taylor street	\$ 10,000
Land - Mill street	33,657
Building & improvements - Taylor street	656,121
Building & improvements - Mill street	954,871
Motor vehicles	209,118
Furniture & fixtures	774,892
	<hr/>
	2,638,659
Accumulated depreciation	(1,305,911)
Total property and equipment	<hr/>
	\$ 1,332,748

Depreciation expense was \$94,140 for the year ended May 31, 2021.

#### (5) INVESTMENTS

**Fair Value** - The Mission uses appropriate valuation techniques to determine fair value based on inputs available. The Mission measures fair value using Level 1 inputs, when possible, based on the hierarchy presented in the Fair Value Measurements Topic of the FASB Accounting Standards Codification.

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.

# SPRINGFIELD RESCUE MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2021

### (5) INVESTMENTS (CONTINUED)

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.

Investments as of May 31, 2021, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Common stock	\$ 5,276	\$ 5,743	\$ 5,743

The following schedule summarizes the return on investments included in the Statement of Activities for the year ended May 31 and are net of any investment expenses:

Dividends and interest	\$ 147
Unrealized gain on investment	467
Net investment income	<u>\$ 614</u>

### (6) LINE OF CREDIT

The Mission has a \$100,000 working capital line of credit due to expire June 27, 2022, 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, 2021 was \$-0-.

### (7) BOARD DESIGNATED NET ASSETS

Board designated net assets are net assets without donor restrictions that are subject to self-imposed limits by action of the governing board. The board of directors has designated \$38,144 of net assets without donor restrictions to be reserved for special projects or emergencies.

### (8) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets that were released from restriction upon satisfaction of donor-specified restrictions are summarized as follows:

Programmatic expansion	\$ 44,550
Programmatic capital improvements	1,100
Fundraising development	5,000
	<u>\$ 50,650</u>

# SPRINGFIELD RESCUE MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2021

### (9) GIFTS-IN-KIND

The value of contributed materials and services included in the financial statements and the corresponding expenditures for the year ended May 31, 2021 is as follows:

Food and clothing	\$ 8,790,711
Supplies and miscellaneous	630,004
Salaries and wages	21,776
	<u>\$ 9,442,491</u>

Contributed services recognized in the financial statements as indicated above are for professional services provided by nurses, clergy, barbers, and computer programmers. The above services were utilized in the operations of the Mission for the benefit of the individuals who are housed and/or pass through its doors. The Mission also has a significant number of unpaid volunteers who have contributed their time performing a variety of services. These contributed services included, 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. These contributed services have not been recognized, as they do not meet the requirements under current accounting standards. The Mission estimates that approximately 22,400 hours or \$651,000 worth of contributed services were received during the year. The Mission has evaluated the rate used to measure volunteer hours cost based on the Nonprofit Times survey for 2015.

### (10) 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 year ended May 31, 2021 expense under this plan was \$52,158 and accrued pension expense totaled \$10,511.

### (11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The Mission has \$1,015,531 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash of \$1,009,788 and investments of \$5,743. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. Should an unforeseen liquidity need arise, the Mission could also draw upon the \$100,000 line of credit (See Note 6).