

**SPRINGFIELD RESCUE MISSION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED MAY 31, 2022 AND 2021**

**SPRINGFIELD RESCUE MISSION, INC.**

**TABLE OF CONTENTS**

YEARS ENDED MAY 31, 2022 AND 2021

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-16



CHARTERED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

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

### **Opinion**

We have audited the accompanying financial statements of Springfield Rescue Mission, Inc. (a nonprofit organization) which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

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, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Springfield Rescue Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Springfield Rescue Mission, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Springfield Rescue Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Springfield Rescue Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Burgess, Roth + Grassetti, P.C.*

November 22, 2022

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

May 31, 2022 and 2021

<b>ASSETS</b>		<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			
Cash		\$ 1,215,285	\$ 1,009,788
Prepaid insurance		43,427	57,004
TOTAL CURRENT ASSETS		<u>1,258,712</u>	<u>1,066,792</u>
<b>PROPERTY AND EQUIPMENT</b> , at cost, less			
accumulated depreciation		1,366,710	1,332,748
<b>OTHER ASSET</b>			
Investments		<u>892,714</u>	<u>5,743</u>
TOTAL ASSETS		<u><u>\$ 3,518,136</u></u>	<u><u>\$ 2,405,283</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 39,100	\$ 36,940
Accrued expenses		65,971	48,784
TOTAL CURRENT LIABILITIES		<u>105,071</u>	<u>85,724</u>
<b>NET ASSETS</b>			
Without donor restrictions		2,413,065	2,319,559
With donor restrictions		<u>1,000,000</u>	<u>-</u>
TOTAL NET ASSETS		<u>3,413,065</u>	<u>2,319,559</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 3,518,136</u></u>	<u><u>\$ 2,405,283</u></u>

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

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended May 31, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions:			
Individuals, businesses, churches and others	\$ 2,629,775	\$ 1,000,000	\$ 3,629,775
Gifts-in-kind	13,640,282	-	13,640,282
Memorials and legacies	346,513	-	346,513
Fundraising events	61,332	-	61,332
Total contributions	16,677,902	1,000,000	17,677,902
Net investment loss	(112,051)	-	(112,051)
<b>TOTAL SUPPORT AND REVENUE</b>	<u>16,565,851</u>	<u>1,000,000</u>	<u>17,565,851</u>
<b>EXPENSES</b>			
Program services	15,046,995	-	15,046,995
Fundraising	699,851	-	699,851
General and administrative	725,499	-	725,499
<b>TOTAL EXPENSES</b>	<u>16,472,345</u>	<u>-</u>	<u>16,472,345</u>
<b>CHANGE IN NET ASSETS</b>	93,506	1,000,000	1,093,506
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>2,319,559</u>	<u>-</u>	<u>2,319,559</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,413,065</u>	<u>\$ 1,000,000</u>	<u>\$ 3,413,065</u>

*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>13,031,014</u>	<u>(19,600)</u>	<u>13,011,414</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>12,026,316</u>	<u>-</u>	<u>12,026,316</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, 2022

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Totals</u>
Conferences and meetings	\$ 3,348	\$ -	\$ 3,348	\$ 6,696
Contributions	1,600	-	-	1,600
Depreciation	107,539	-	8,094	115,633
Dues and subscriptions	1,638	-	1,638	3,276
Employee benefits	189,577	17,577	103,281	310,435
Equipment rental	7,715	-	7,715	15,430
Food and clothing	12,721,390	-	-	12,721,390
Fundraising - printing & postage	-	425,468	-	425,468
Fundraising - other	-	188,289	-	188,289
Insurance - general/medical	64,344	-	12,152	76,496
Miscellaneous	2,583	-	23,725	26,308
Newsletter - printing & postage	49,263	-	49,263	98,526
Payroll taxes	48,560	4,502	26,456	79,518
Pension plan contributions	28,657	2,657	15,612	46,926
Postage and printing	-	-	45,567	45,567
Professional services	-	-	21,325	21,325
Radio ministry	50,709	-	-	50,709
Repairs and maintenance	52,158	-	13,093	65,251
Salaries and wages	661,777	61,358	360,535	1,083,670
Supplies	957,534	-	24,227	981,761
Telephone	7,929	-	2,643	10,572
Utilities	90,674	-	6,825	97,499
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 15,046,995</u></u>	<u><u>\$ 699,851</u></u>	<u><u>\$ 725,499</u></u>	<u><u>\$ 16,472,345</u></u>

*See auditors' report and notes to financial 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>	<b>\$ 10,740,813</b>	<b>\$ 654,438</b>	<b>\$ 631,065</b>	<b>\$ 12,026,316</b>

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

**SPRINGFIELD RESCUE MISSION, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,093,506	\$ 985,098
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	115,633	94,140
Gain on forgiveness of Paycheck Protection loan	-	(212,500)
Donation of investments	(1,000,000)	(5,276)
Loss on sale of securities	83,650	-
Unrealized loss (gain) on investments	29,379	(467)
Donations of property and equipment	-	(22,288)
Changes in:		
Prepaid insurance	13,577	(7,864)
Accounts payable	2,160	4,428
Accrued expenses	17,187	(56,976)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>355,092</u>	<u>778,295</u>
 <b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(149,595)</u>	<u>(167,598)</u>
 <b>CASH FLOWS USED BY FINANCING ACTIVITIES</b>		
Principal payments on note payable	<u>-</u>	<u>(33,229)</u>
 <b>NET CHANGE IN CASH</b>	205,497	577,468
 <b>CASH, BEGINNING OF YEAR</b>	<u>1,009,788</u>	<u>432,320</u>
 CASH, END OF YEAR	<u><u>\$ 1,215,285</u></u>	<u><u>\$ 1,009,788</u></u>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	<u><u>\$ -</u></u>	<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, 2022 and 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, 2022 and 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, 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.

***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 \$970,696 and \$755,087 at May 31, 2022 and 2021, respectively.

## SPRINGFIELD RESCUE MISSION, INC.

### NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 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 reports investments in equity securities with readily determinable fair values at their fair values. Both realized and unrealized gains and losses on equity securities are reported in the Statement of Activities and included with net assets without donor restrictions. 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.

**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, 2022 and 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 \$4.59 and \$4.06 per pound for the years ended May 31, 2022 and 2021, respectively. Boxed food donations are valued at current wholesale prices (if information is readily available), or at retail value. Clothing donations are valued at \$10.02 and \$7.82 per pound for the years ended May 31, 2022 and 2021, respectively, 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, 2022 and 2021.

***Covid-19 Pandemic*** - In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally and continued into 2022. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The Mission is not able to reliably estimate the length or severity of this outbreak and the related financial impact on the Mission.

***Subsequent Events*** - Management has evaluated subsequent events through November 22, 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, 2022 and 2021

### (2) FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risks, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Mission's financial assets and liabilities are not indicators of the risks associated with those instruments. The following table provides fair value measurement information for financial assets and liabilities measured at fair value as of May 31, 2022 and 2021.

<u>Description</u>	<u>2022</u> <u>Level 1</u>	<u>2021</u> <u>Level 1</u>
Mutual funds	\$ 874,505	\$ -
Money market	18,209	-
Common stock	-	5,743
	<u>\$ 892,714</u>	<u>\$ 5,743</u>

### (3) INVESTMENTS

During the year ending May 31, 2022, the Mission received a donation of investments valued at \$1,000,000 restricted for the purchase or renovation of a shelter for homeless women.

Cost and fair value of investments at May 31, 2022 and 2021, are as follows:

	<u>Cost</u>	<u>May 31, 2022</u> <u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Gain/(Loss)</u>
Mutual funds	\$ 903,884	\$ 874,505	\$ (29,379)
Money market	18,209	18,209	-
	<u>\$ 922,093</u>	<u>\$ 892,714</u>	<u>\$ (29,379)</u>
		<u>May 31, 2021</u> <u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Gain/(Loss)</u>
Common stock	\$ 5,276	\$ 5,743	\$ 467

## SPRINGFIELD RESCUE MISSION, INC.

### NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

#### (3) INVESTMENTS (CONTINUED)

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:

	<u>2022</u>	<u>2021</u>
Other interest	\$ 415	\$ 147
Realized loss on investment	(83,650)	-
Unrealized gain (loss) on investment	(29,379)	467
Dividends and interest, net of fees	563	-
Net investment income (loss)	<u>\$ (112,051)</u>	<u>\$ 614</u>

#### (4) PROPERTY AND EQUIPMENT

Property and equipment consists of:

<u>Cost</u>	<u>2022</u>	<u>2021</u>
Land - Taylor Street	\$ 10,000	\$ 10,000
Land - Mill Street	33,657	33,657
Building and improvements - Taylor Street	656,121	656,121
Building and improvements - Mill Street	970,339	954,871
Motor vehicles	322,711	209,118
Furniture and fixtures	795,426	774,892
	<u>2,788,254</u>	<u>2,638,659</u>
Accumulated depreciation	<u>(1,421,544)</u>	<u>(1,305,911)</u>
Total property and equipment	<u>\$ 1,366,710</u>	<u>\$ 1,332,748</u>

Depreciation expense was \$115,633 and \$94,140 for the years ended May 31, 2022 and 2021.

#### (5) LINE OF CREDIT

The Mission has a \$100,000 working capital line of credit due to expire June 27, 2023, 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, 2022 and 2021 was \$-0-.

#### (6) NET ASSETS WITH DONOR RESTRICTIONS

As of May 31, 2022, the Mission has \$1,000,000 of net assets with donor restrictions which are to be used for the purchase or renovation of a new or existing structure that will serve as a permanent or temporary residence for homeless women. There were no net assets with donor restrictions as of May 31, 2021.



## SPRINGFIELD RESCUE MISSION, INC.

### NOTES TO FINANCIAL STATEMENTS

May 31, 2022 and 2021

#### (7) NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Programmatic expansion	\$ -	\$ 44,550
Programmatic capital improvements	-	1,100
Fundraising development	-	5,000
	<u>\$ -</u>	<u>\$ 50,650</u>

#### (8) 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, is as follows:

	<u>2022</u>	<u>2021</u>
Food and clothing	\$ 12,719,042	\$ 8,790,711
Supplies and miscellaneous	896,160	630,004
Salaries and wages	25,080	21,776
	<u>\$ 13,640,282</u>	<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 20,600 hours or \$597,000, and 22,400 hours or \$651,000 worth of contributed services were received during the years ended May 31, 2022 and 2021, respectively. The Mission has evaluated the rate used to measure volunteer hours cost based on the Nonprofit Times survey for 2015.

#### (9) OTHER INCOME

There was no other income for the year ended May 31, 2022. Other income for the year ended May 31, 2021 represents real estate tax abatement refunds totaling \$334,373 (which includes interest income of \$95,759) and other investment income of \$614.

## **SPRINGFIELD RESCUE MISSION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

May 31, 2022 and 2021

#### **(10) 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.

#### **(11) 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, 2022 and 2021, expense under this plan was \$46,926 and \$52,158, respectively, and accrued pension expense totaled \$9,542 and \$10,511, respectively.

#### **(12) CONTINGENT LIABILITIES**

The Mission received a donation of stock valued at \$1,000,000 (see Note 6). The donation is restricted to build or purchase and maintain a building to run a women's shelter. Any funds not used for this purpose by December 31, 2026 are required to be paid back to the donor. While ultimate liability, if any, is presently indeterminable, in the opinion of management, the Mission will use all of the funds for the restricted purpose within the project timeline and it should have no material adverse effect on the financial condition of the Mission.

#### **(13) LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Mission has \$1,222,002 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 \$1,215,285 and investments of \$6,717. None of these 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 5).