



**Boston Rescue Mission, Inc.
and Affiliate**

Consolidated Financial Statements

June 30, 2018



Kevin P. Martin & Associates, P.C.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Index

June 30, 2018

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Independent Auditors' Report

To the Board of Directors of
Boston Rescue Mission, Inc. and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Boston Rescue Mission, Inc. and Affiliate (nonprofit organizations), (the Organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2017. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



November 6, 2018



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
Boston Rescue Mission, Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Boston Rescue Mission, Inc. and Affiliate (nonprofit organizations), (the Organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kevin P. Martini & Associates, P.C." The signature is written in a cursive, flowing style.

November 6, 2018

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Consolidated Statement of Financial Position

As of June 30, 2018

With Comparative Totals as of June 30, 2017

Assets

Current Assets	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 631,032	\$ 422,775
Accounts receivable	130,759	115,912
Program service fees receivable	805,994	147,355
Prepaid expenses	<u>26,893</u>	<u>35,499</u>
Total current assets	<u>1,594,678</u>	<u>721,541</u>
 Land, Building and Equipment		
Land	577,560	577,560
Buildings	5,582,080	5,582,080
Building improvements	2,582,088	2,582,088
Equipment	35,806	35,806
Motor vehicles	<u>27,357</u>	<u>27,357</u>
Total fixed assets	8,804,891	8,804,891
Less: accumulated depreciation	<u>(3,948,031)</u>	<u>(3,712,829)</u>
Total net fixed assets	<u>4,856,860</u>	<u>5,092,062</u>
 Other Assets		
Tenant security deposits	86,956	75,340
Investments	35,489,707	31,403,124
Investments in limited liability companies	<u>69,711</u>	<u>130,431</u>
Total other assets	<u>35,646,374</u>	<u>31,608,895</u>
Total Assets	<u>\$ 42,097,912</u>	<u>\$ 37,422,498</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 36,917	\$ 35,084
Accrued payroll and related payroll liabilities	63,545	50,845
Accrued benefits	22,038	20,732
Deferred revenue	<u>22,056</u>	<u>-</u>
Total current liabilities	<u>144,556</u>	<u>106,661</u>
 Long Term Liabilities		
Tenant security deposits	86,919	71,824
Accrued retirement and severance	779,748	686,670
Long term debt	<u>154,700</u>	<u>154,700</u>
Total long term liabilities	<u>1,021,367</u>	<u>913,194</u>
Total liabilities	<u>1,165,923</u>	<u>1,019,855</u>
 Net Assets		
Unrestricted	40,288,956	35,759,165
Temporarily restricted	128,682	129,127
Permanently restricted	<u>514,351</u>	<u>514,351</u>
Total net assets	<u>40,931,989</u>	<u>36,402,643</u>
Total Liabilities and Net Assets	<u>\$ 42,097,912</u>	<u>\$ 37,422,498</u>

The accompanying notes are an integral part of the financial statements.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Consolidated Statement of Activities

For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenue and Support					
Contributions	\$ 1,834,399	\$ 30,000	\$ -	\$ 1,864,399	\$ 1,866,007
In kind contributions	551,038	-	-	551,038	414,143
Program service fees	1,703,802	-	-	1,703,802	1,371,616
Investment income	3,161,702	9,871	-	3,171,573	3,806,192
Rental income	733,155	-	-	733,155	629,621
Other income	16,276	-	-	16,276	8,043
Net assets released from restrictions	<u>40,316</u>	<u>(40,316)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>8,040,688</u>	<u>(445)</u>	<u>-</u>	<u>8,040,243</u>	<u>8,095,622</u>
Expenses					
Program services	2,845,600	-	-	2,845,600	2,530,587
General and administrative	177,794	-	-	177,794	188,117
Fundraising	<u>487,503</u>	<u>-</u>	<u>-</u>	<u>487,503</u>	<u>408,153</u>
Total expenses	<u>3,510,897</u>	<u>-</u>	<u>-</u>	<u>3,510,897</u>	<u>3,126,857</u>
Change in Net Assets	4,529,791	(445)	-	4,529,346	4,968,765
Net Assets at Beginning of Year	<u>35,759,165</u>	<u>129,127</u>	<u>514,351</u>	<u>36,402,643</u>	<u>31,433,878</u>
Net Assets at End of Year	<u>\$ 40,288,956</u>	<u>\$ 128,682</u>	<u>\$ 514,351</u>	<u>\$ 40,931,989</u>	<u>\$ 36,402,643</u>

The accompanying notes are an integral part of the financial statements.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

Cash Flows from Operating Activities	<u>2018</u>	<u>2017</u>
Change in net assets	\$ 4,529,346	\$ 4,968,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments, net of fees	(3,140,125)	(3,646,092)
(Gain) loss from investments in limited liability companies	36,539	(105,822)
Donated securities included in contributions	(15,458)	(5,716)
Depreciation	235,202	240,182
Decrease (increase) in assets:		
Accounts receivable	(14,847)	(106,928)
Program service fees receivable	(658,639)	163,949
Prepaid expenses	8,606	2,480
Tenant security deposits	(11,616)	19,962
Increase (decrease) in liabilities:		
Accounts payable	1,833	(7,833)
Accrued payroll and related payroll liabilities	12,700	(3,503)
Accrued benefits, retirement and severance	94,384	125,672
Tenant security deposits	15,095	-
Deferred revenue	22,056	(583)
Net Cash Provided by Operating Activities	<u>1,115,076</u>	<u>1,644,533</u>
Cash Flows from Investing Activities		
Fixed asset purchases	-	(7,199)
Purchase of investments	(1,106,000)	(2,224,500)
Proceeds from sale of investments	175,000	175,000
Distributions from investments in limited liability companies	24,181	293,711
Net Cash Used in Investing Activities	<u>(906,819)</u>	<u>(1,762,988)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	208,257	(118,455)
Cash and Cash Equivalents - Beginning	<u>422,775</u>	<u>541,230</u>
Cash and Cash Equivalents - Ending	<u>\$ 631,032</u>	<u>\$ 422,775</u>

The accompanying notes are an integral part of the financial statements.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2018

With Comparative Totals for the Year Ended June 30, 2017

	Residential Recovery & Job Readiness Program	Safe Haven Program	Community Incubator Program	Total Program Services	General and Administrative	Fundraising	2018 Total	2017 Total
Salaries	\$ 1,029,533	\$ 193,386	\$ 112,425	\$ 1,335,344	\$ 54,361	\$ 64,921	\$ 1,454,626	\$ 1,370,032
Fringe benefits	85,552	8,554	8,625	102,731	4,393	4,393	111,517	112,320
Payroll taxes	71,691	13,926	6,313	91,930	2,861	3,614	98,405	133,180
Subtotal	<u>1,186,776</u>	<u>215,866</u>	<u>127,363</u>	<u>1,530,005</u>	<u>61,615</u>	<u>72,928</u>	<u>1,664,548</u>	<u>1,615,532</u>
Food	579,567	5	-	579,572	-	-	579,572	433,023
Depreciation	78,757	11,468	141,695	231,920	1,641	1,641	235,202	240,182
Postage	5,881	-	-	5,881	654	162,523	169,058	154,656
Printing	-	-	-	-	-	153,094	153,094	128,028
Repairs and maintenance	57,731	9,294	81,332	148,357	1,153	1,153	150,663	104,901
Utilities	76,253	16,812	42,698	135,763	808	808	137,379	129,325
Direct mail marketing	-	-	-	-	-	87,705	87,705	58,620
Investment fees	-	-	-	-	67,785	-	67,785	60,102
Taxes	-	-	56,531	56,531	535	-	57,066	53,838
Professional fees	-	-	44,100	44,100	12,320	-	56,420	12,849
Supplies	43,519	6,803	235	50,557	221	220	50,998	28,450
Insurance	20,853	4,753	11,940	37,546	3,068	508	41,122	38,793
Dues and subscriptions	5,463	460	150	6,073	9,290	682	16,045	19,251
Lock box services	-	-	-	-	13,713	-	13,713	12,826
Travel	12,608	-	-	12,608	-	-	12,608	6,717
Miscellaneous expenses	4,075	2,212	400	6,687	4,991	411	12,089	23,525
International outreach	-	-	-	-	-	5,830	5,830	4,035
Collaborative services	-	-	-	-	-	-	-	1,965
Equipment rental and repair	-	-	-	-	-	-	-	239
	<u>\$ 2,071,483</u>	<u>\$ 267,673</u>	<u>\$ 506,444</u>	<u>\$ 2,845,600</u>	<u>\$ 177,794</u>	<u>\$ 487,503</u>	<u>\$ 3,510,897</u>	<u>\$ 3,126,857</u>

The accompanying notes are an integral part of the financial statements.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by Boston Rescue Mission, Inc. (BRM) and Affiliate (the Organization) are described below to enhance the usefulness of the consolidated financial statements to the reader.

(a) Nature of Activities

BRM continues to aid the homeless and poor of Greater Boston to self-sufficiency by assisting women and men in confronting and overcoming the root causes of homelessness. To this end, BRM provides basic life necessities such as food and shelter as well as life transforming service programs. The goal is to provide the homeless and poor with the support, training and resources necessary to sustain independent living for a lifetime, therefore working to prevent and eventually end homelessness.

Slogan:

Transforming lives at risk since 1899.

Vision Statement:

Transforming lives by empowering people at risk to achieve healthy and self-sufficient lives.

Mission Statement:

- To offer resources that prevent and end homelessness.
- To support the recovery, health, faith and independence of those who have a history of substance abuse, incarceration and homelessness.
- To raise awareness about the root causes of these life risks.
- To serve everyone with respect, integrity and grace.
- To continue to learn, grow and excel in our services.
- To be good stewards of the resources entrusted to us by our supporters.
- To reflect the teachings of Jesus and the love of God in all we do.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Residential Recovery and Job Readiness Program is comprised of the following services:

Residential Services

For men and women in the throes of addiction, their spirits can be easily broken. Homelessness and poverty can drive broken souls into disastrous living situations. BRM's residential recovery programs provide a safe and therapeutic environment to address substance abuse issues, an individualized care plan to build self-esteem, and programs to equip people with the tools and skills they need to achieve permanent self-sufficiency. BRM's guests receive guidance through daily twelve-step programs, substance abuse treatment, mental health services, anger management treatment, employment assistance, job training, housing assistance and financial management assistance. In addition, guests participate in classes on living independently, repairing broken relationships and improving social skills. When guests are ready to embrace independent living with a community-based support network, graduates are provided with detailed discharge and aftercare planning. On a yearly basis, hundreds of lives are transformed through BRM's residential recovery programs.

All program services are provided without monetary commitment from program members with the exception of the Sober Living Program. This provides an opportunity for mandatory savings as well as provisions for outstanding legal obligations. Instead, program members are asked to participate in community service projects that contribute to the health and well-being of their treatment environment. This provides a structured environment for each of our program members, which is an essential ingredient to the success of any recovery program.

Safe and Healthy and Meals Programs

The Safe & Healthy program is a place where people who are homeless can find safe refuge from the weather and city streets. Any guest may apply for other BRM treatment programs and receive opportunities to participate in BRM-sponsored activities. 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 utility bills, and eventually risk losing their homes. Our community meals and Food Pantry programs help to feed families and ease financial strains so that our neighbors may stretch already-thin resources to pay rent and maintain a stable living situation. Through our Safe & Healthy Program, Residential Recovery Program, Food Pantry, Saturday Morning Outreach and community meals, BRM served over 116,000 meals last year.

Out Patient Counseling Program

BRM's Department of Public Health licensed Outpatient Counseling Center seeks to provide quality outpatient care to individuals struggling with substance abuse and substance dependence. Women and men will have access to a professional, caring staff and will receive treatment in a safe, sober, and therapeutic environment. The center provides clinical and support services to individuals to help address the wide variety of issues arising from substance abuse and substance dependence, including:

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Residential Recovery and Job Readiness Program is comprised of the following services - continued:

Out Patient Counseling Program - continued

- Day treatment services
- Individual counseling
- Case management to address vocational, financial, medical, mental health, educational, rehabilitative and housing needs
- Referral to other services dependent on level of care needed (i.e. inpatient treatment, vocational training)
- Patient education related to sobriety, medical and mental health
- Patient education related to transmission of infectious diseases (i.e. TB, HIV/AIDS, Hepatitis, STDs)
- Patient education related to smoking cessation
- Aftercare and transition planning

Sober Living Program

Program participants with a minimum of 30 days sobriety may apply for this mission's funded recovery program. Members have access to in-house group recovery meetings, case managers, spiritual development and many other resources available to residential recovery program members.

Emergency Shelter Beds

The Commonwealth of Massachusetts requested BRM to assist by providing extra winter emergency overflow shelter beds to 70 men and 50 women a night through June 2018.

The Residential Recovery and Job Readiness Program accounted for 73% of total program expenditure for the year ended June 30, 2018.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Safe Haven Program

The Safe Haven program is a 10-bed short-term transitional housing program for veterans with current substance abuse and mental health issues located in Dorchester, MA. Initially this was a pilot program which was one of only four throughout the country. The Safe Haven program targets chronically homeless veterans who have had difficulty with traditional housing programs.

The program utilizes three evidence-based practices for care: Motivational Interviewing, critical time intervention, and stages of change. Safe Haven provides a low-demand and non-intrusive environment to its guests. The guidelines to the program are minimal and the focus is on the safety of the individual. The ultimate goal is to facilitate a safe and healthy transition for the veterans into permanent housing.

In addition to housing, three healthy meals per day, snacks, counsel, spiritual guidance and referral services are provided at the request of the client. The staff strives to provide an environment that is conducive for the veteran to find hope, opportunity and strength for a life transformation.

The Safe Haven Program accounted for 9% of total program expenditure for the year ended June 30, 2018.

Community Builder Incubator Program

On December 21, 2004, BRM created the Kingston Investment Properties Trust. This nominee trust was created as a title holding agency. The purchase of the building at 25 Kingston Street was part of BRM's long-term strategic plan. BRM administers shared space for services in downtown Boston for several Massachusetts community-based organizations, including homelessness, youth and child services. BRM's administrative offices are also located in the building. The proximity to each other facilitates programmatic collaboration among several of these organizations and with BRM. BRM is also building future programmatic space capacity for its growing programs.

The Community Builder Incubator Program accounted for 18% of total program expenditure for the year ended June 30, 2018.

Private Funding and Efficiency

Additionally, BRM relies in a greater proportion on individual private donors for the majority of its total revenue. This reliance of individual donors and not governmental tax generated funds causes BRM to incur mailing and tracking costs, making the development expenses higher than organizations supported by a greater percentage of public funding. BRM believes in a healthy balance of both individual donations and public grants so it can best meet the goals of the organization and provide better care for the people it serves.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Private Funding and Efficiency - continued

A core strategy of BRM is to employ salaried professionals for administrative and program management functions and to augment the professional staff with a large number of volunteers to carry out the support functions of BRM's ministries. The result of this strategy can be seen in Note 1(l) to the consolidated financial statements. Including the in-kind value of volunteers would dramatically change the percentage of expense allocated to BRM program services in a positive way. For the year ended June 30, 2018, Private Funding and Efficiency expenses are included in fundraising on the consolidated statement of functional expenses.

(b) Basis of Consolidation

The consolidated financial statements include the accounts of BRM and On-the-Job-Inc., a nonprofit organization with control and economic interest through common board members. All material inter-company transactions and accounts have been eliminated in consolidation.

On-the-Job, Inc. was formed in July 1998 for the purpose of undertaking economic development opportunities which advance the charitable goals of BRM, including, without limitation, providing training, employment, housing and similar opportunities for the homeless and other program members of BRM. On August 23, 2003, On-the-Job-Inc. ceased program services.

(c) Basis of Presentation

The consolidated statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

(d) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The consolidated statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the consolidated statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(d) Standards of Accounting and Reporting - continued

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized.

Permanently Restricted - Reflects the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(e) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2018.

(f) Investments

The Organization carries investments at fair value. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Investments are exposed to risks such as interest rate, credit and overall market volatility.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(g) Investments in Limited Liability Companies (LLCs)

Investments in LLCs that the Organization does not control are accounted for on the equity method of accounting. During the year ended June 30, 2018, the Organization's share of income or loss classified with investment revenue from its investments in LLCs totaled a loss of \$36,539. During the year ended June 30, 2018, the Organization received distributions totaling \$24,181 from the LLCs. As a member in the LLCs, the Organization ceases recognition of losses for financial statement purpose once the cost of the investment is reduced to zero. Declines in the fair value of the investments which are deemed to be other than temporary are recognized as necessary. As of June 30, 2018, investments in LLCs amounted to \$69,711 and are included in long-term investments on the consolidated statement of financial position.

(h) Revenue Recognition

The Organization earns revenue as follows:

Program Service Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts, consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental organization.

Contributions - Contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Rental - Rental revenue, primarily from leases on commercial units, is recognized on a straight-line basis over the related lease terms. Rental payments received in advance are deferred. All leases between the Organization and its tenants are operating leases. Deferred rent receivable, if any, represents the excess of rent reported on the straight-line basis over rental payments required under current, non-cancelable leases. Rental revenue is included in program service fees on the consolidated statement of activities.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(h) Revenue Recognition - continued

In Kind Contributions - Gifts in kind are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Deferred revenue represents income received prior to year-end. These amounts are deferred and recognized over the periods to which the income relate.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2018, the Organization derived approximately 40% from investment activities, 23% of its total revenue from foundations and individual donors, 21% from governmental agencies, 9% from rental activities and 7% from in-kind contributions. All revenue is recorded at the estimated net realizable amounts.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(i) *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2018, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. With the exception of tenant accounts receivable, the Organization has no policies requiring collateral or other security to secure the accounts receivable. Tenant security deposits are used as collateral in the event of non-payment of rent. The Organization has a policy to collect two month's security deposit from tenants.

As of June 30, 2018, 86% of the Organization's accounts receivable is due from governmental agencies and the remaining 14% is due from rental tenants.

(j) *Land, Buildings and Equipment*

Land, buildings and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Buildings	25-40 years
Building improvements	5-40 years
Equipment	5-10 years
Motor vehicles	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(k) Donated Services and Gifts in Kind

Gifts in kind are reported as contributions in the consolidated financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel. For the year ended June 30, 2018, gifts in kind consisting of food totaled \$551,038.

Volunteers (unaudited)

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program and fund-raising services. The Organization would not have paid for these volunteered services if they had not been donated and therefore, they have not been reflected in the consolidated financial statements. For the year ended June 30, 2018, the value of volunteer hours received, but not reflected in the consolidated financial statements, totaled \$463,059 using an estimated hourly rate of \$12.80 per hour.

The activities of the Organization with and without unrecorded volunteer hours are as follows (in thousands):

	<u>BRM Activities with Total In-Kind Received</u>		<u>BRM Activities with Recorded In-Kind Received</u>	
Support and Revenue				
Contributions				
Individuals and organizations	\$ 1,864	22%	\$ 1,864	23%
In-kind	1,014	12%	551	5%
Contracts governmental	1,705	20%	1,705	17%
Investment income	3,172	37%	3,172	47%
Rental income	733	9%	733	8%
Other income	16	0%	16	0%
Total Support and Revenue	<u>8,504</u>	<u>100%</u>	<u>8,041</u>	<u>100%</u>
Expenses				
Residential recovery and job readiness programs	2,535	64%	2,071	59%
Safe haven program	268	7%	268	8%
Community incubator program	508	13%	508	14%
Development	488	12%	488	14%
General and administrative	176	4%	176	5%
Total Expenses	<u>3,975</u>	<u>100%</u>	<u>3,511</u>	<u>100%</u>
Change in Net Assets	<u>\$ 4,529</u>		<u>\$ 4,530</u>	

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(l) Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements, acquisitions and program development/expansion from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements, acquisitions and development/expansion.

(m) Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Measurements

The following section describes the valuation methodologies used to measure assets financial assets and liabilities at fair value on a recurring basis.

Investments in Debt and Equity Securities: Quoted market prices are used to determine the fair value of investment securities, and they are included in level 1. Level 1 securities primarily include publicly traded equity securities.

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2018.

	Fair Value Measurements on a Recurring Basis			
	Level 1	Level 2	Level 3	Total
Investments	\$ 35,164,962	\$ -	\$ -	\$ 35,164,962
Total	\$ 35,164,962	\$ -	\$ -	\$ 35,164,962

Refer to Note 3 for additional information related to the composition of investments.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(m) Fair Value Measurements - continued

Recurring Measurements - continued

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2018.

Nonrecurring Measurements

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

(n) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization. Fundraising expenses as a percentage of total contribution revenue was 26% for the year ended June 30, 2018. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(o) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time sheets. Occupancy costs are allocated based upon square footage.

(p) Use of Estimates

In preparing the Organization's consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(1) Summary of Significant Accounting Policies - continued

(q) Income Taxes

BRM and On-the-Job, Inc. qualify as organizations formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and are generally not subject to income tax. However, income from certain activities not directly related to BRM and On-the-Job, Inc.'s tax-exempt purposes are subject to taxation as unrelated business income. BRM is invested in rental real estate of non-debt-financed properties not subject to unrelated business income. In addition, neither BRM nor On-the-Job, Inc. are private foundations under Section 509(a)(1) of the IRC.

(r) Summarized Financial Information for 2017

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the consolidated financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the consolidated financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(2) Investments

The Board of Directors designated funds to be set aside for particular purposes, including but not limited to, future property improvements, acquisitions and program development/expansion. As of June 30, 2018, all investments are classified as long-term, and are mostly Board of Directors designated assets, see Note 5(a).

Investments, other than investments in LLCs, see Note 1(h), are valued at fair value using level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of June 30, 2018:

Cash and money market funds	\$	324,745
Domestic mutual funds		15,200,471
Debt securities		
Domestic corporate fixed income		7,179,218
Equity securities		
Domestic		<u>12,785,273</u>
Total	\$	<u>35,489,707</u>

Investment return consisted of the following for the year ended June 30, 2018:

Interest and dividends	\$	1,093,842
Net realized and unrealized gains		2,114,213
Management fees		<u>(67,785)</u>
Total	\$	<u>3,140,270</u>

The marketable equity securities and corporate fixed income debt securities primarily consist of common stocks and mutual funds, respectively, of companies traded on the New York Stock Exchange. Management fees are included with direct administrative expenses on the accompanying consolidated statement of functional expenses.

(3) Debt

The Organization has a first mortgage note payable to the City of Boston, Department of Neighborhood Development, dated November 22, 2010, in the amount of \$154,700 for a property located in Boston, Massachusetts. The note bears no interest. No payments are required until maturity, December 18, 2027. The note is secured by a first mortgage and security agreement and an assignment of leases and rents on the property. As of June 30, 2018, the outstanding principal was \$154,700.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(4) Restricted Net Assets

(a) Board Designated Assets

As of June 30, 2018, the Board of Directors designed the following net asset for specific purposes as follows:

Capital Fund for capital acquisition and upgrades	\$ 12,313,475
Cornerstone Fund to fund start-up, faith based and other programs and for capacity growth	5,577,514
Reserve Fund	<u>7,000,000</u>
Total	\$ <u>24,890,989</u>

(b) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2018, temporarily restricted net assets are restricted for the following purposes:

Unexpended appreciation over spending policy for use on charitable activities	\$ 112,539
Asset acquisition	14,385
Rebuilding Homes	<u>1,758</u>
Total	\$ <u>128,682</u>

(c) Permanently Restricted Net Assets

Permanently restricted net assets consist of the Arthur S. Pittman Fund, in which the original contributions of \$306,561 are to be invested in perpetuity, and earnings thereon may be used for charitable purposes based in the policy agreement. In addition, the Organization received another permanently restricted donation of \$207,790 for the Catherine C. Gordon Endowment Fund. Earnings may be used for direct program support. Total earnings for each have been recorded as temporarily restricted. The temporarily restricted net assets consist of unexpended appreciation on the funds' investments, which have been so classified in accordance with the Massachusetts Attorney General's interpretation of state law. Permanently restricted net assets total \$514,351 as of June 30, 2018.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(5) Endowment

The Organization accepts endowment gifts under the stipulation that the funds are invested in perpetuity, the income from which is available for direct program support and charitable purposes based on the policy agreement. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's endowment spending policy. The goals of the endowment fund are to enhance existing programs, create new programs, make additional funding opportunities for donors and support capital improvements. The Organization's Board of Directors oversees the establishment and revision of goals, spending plans and asset allocations for endowments.

The Organization's endowment consists of various individual funds established for a variety of purposes including donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Uniform Prudent Management of Institutional Funds Act

The Organization's management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation. UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Further, per the interpretation, the UPMIFA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(b) Appropriation of Endowment Assets for Expenditure

The Organization considers the following factors in making a determination to appropriate endowment funds for expenditure:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(5) Endowment - continued

(b) Appropriation of Endowment Assets for Expenditure - continued

- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) The investment policies of the Organization

(c) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that invest in a thoughtful and prudent manner to preserve and/or enhance the Organization's ability to help provide for the future benefit programs covered by the Organization. The oversight of the endowment funds is the responsibility of the Board or Directors. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board or Directors, the endowment assets are invested in a manner that is intended to preserve the endowment funds' principal, considering inflation and to regulate the long term ability and short term needs to distribute income.

(d) Strategies Employed for Achieving Investment Objectives

To satisfy its objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation by investing a prudently determinable portion (currently 79%) of the endowment funds in equity investments (to produce long-term appreciation) and a portion (currently 21%) to fixed income investments (to produce a consistent level of income and reduce overall volatility). Guidelines have been set forth in the policy for prudent investment options.

(e) Spending Policy and Investment Objectives

The Organization records 100% of the annual investment return related to the endowment (approximately 1.5% of the total investment return) as temporarily restricted net assets. The Organization has a policy of appropriating for distribution from the temporarily restricted net assets, an amount in accordance with the requirements set by the donor. In establishing this policy, the Organization considered the long-term expected return on its endowment.

(f) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(5) Endowment - continued

(f) Funds with Deficiencies - continued

Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets. There were no such deficiencies as of June 30, 2018.

(g) Composition and Reconciliation of Endowment Funds

The endowment fund is solely comprised of donor-restricted contributions. There are no board-designated endowment funds.

The following is a reconciliation of the beginning and ending balance of the Organization's endowment in total and by net asset class:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Funds, beginning of the year	\$ 102,668	\$ 514,351	\$ 617,019
Net investment income	45,875	-	45,875
Release of restriction	<u>(36,004)</u>	<u>-</u>	<u>(36,004)</u>
Endowment Funds, end of the year	<u>\$ 112,539</u>	<u>\$ 514,351</u>	<u>\$ 626,890</u>

(6) Defined Contribution Plan

The Organization offers eligible employees participation in a 401(k) retirement plan. Employees must be at least 21 years old and have completed one year of service to participate. The Organization provides a match of 100% of the first 6% of salary contributed by employees. Employees are fully vested immediately upon contribution. Plan administration fees and employer match totaled \$60,535 for the year ended June 30, 2018.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(7) Operating Lease Commitments

The Organization currently leases commercial space to seven organizations. Various leases end between 2020 and 2025. Rental income, exclusive of amounts reimbursed by tenants, amounted to \$645,054 for the year ended June 30, 2018. Future minimum lease payments to be received are as follows for the years ending June 30:

2019	\$ 737,602
2020	766,325
2021	552,980
2022	454,002
2023	228,510

Management believes lease payments from tenants under long-term operating leases may change due to tenant degree of stability. No material changes are expected to the Organization's consolidated financial statements for the year ended June 30, 2018 as a result of these uncertainties.

(8) Related Party Transactions

The Executive Director of the Organization is also the Board President. Compensation includes salary and related fringe benefits, a housing allowance, and a retirement and severance benefit.

During prior years, the Board of Directors voted to reallocate the accrued vacation balance of the Executive Director to accrued retirement and severance liability. The reallocation is invested in marketable securities subject to additional funding as defined in the retirement and severance agreement. The balance is included in long term liabilities on the consolidated Statement of Financial Position.

Total salary, including housing allowance and vacation accrual, incurred to the Executive Director amounted to \$302,623 for the year ended June 30, 2018.

(9) Commitments and Contingencies

The Organization receives a portion of its funding from governmental agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the governmental agencies. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2018

(9) Commitments and Contingencies - continued

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

- United States Department of Housing and Urban Development
- United States Department Agriculture, Food and Nutrition Services
- United States Department of Veterans Affairs
- Massachusetts Department of Housing and Community Development
- City of Boston Department of Neighborhood Development
- City of Boston Public Health Commission

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by, the United States Departments, the Commonwealth of Massachusetts Departments or the City of Boston departments listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

(10) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 6, 2018, which is the date the Organization's consolidated financial statements were available to be issued. No material subsequent events have occurred since June 30, 2018 that required recognition or disclosure in these consolidated financial statements.

BOSTON RESCUE MISSION, INC. AND AFFILIATE

Schedule of Findings and Responses

June 30, 2018

(1) Financial Statement Findings

No significant deficiencies or material weaknesses reported.

(2) Status of Prior Year Findings

No significant deficiencies or material weaknesses reported.