

SUNDAY BREAKFAST RESCUE MISSION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

**SUNDAY BREAKFAST RESCUE MISSION
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	16
SUPPLEMENTARY INFORMATION	
SCHEDULE OF THRIFT STORES ACTIVITY	17

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sunday Breakfast Rescue Mission
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Sunday Breakfast Rescue Mission (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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


Board of Directors
Sunday Breakfast Rescue Mission

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunday Breakfast Rescue Mission as of June 30, 2015, 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 Sunday Breakfast Rescue Mission's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 15, 2015

SUNDAY BREAKFAST RESCUE MISSION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 372,769	\$ 443,677
Investments	319,859	113,665
Inventory	126,273	94,788
Prepaid Expenses	18,744	19,588
Total Current Assets	837,645	671,718
INVESTMENTS	242,059	243,885
SPLIT AND BENEFICIAL INTERESTS IN TRUSTS	545,164	563,705
DEFERRED RENT ASSET	7,942	11,355
PROPERTY AND EQUIPMENT		
Land	510,050	510,050
Buildings	4,465,040	4,444,205
Vehicles	126,783	93,336
Furniture, Fixtures and Equipment	393,982	386,311
Total	5,495,855	5,433,902
Less: Accumulated Depreciation	(2,507,435)	(2,267,240)
Total Property and Equipment	2,988,420	3,166,662
Total Assets	\$ 4,621,230	\$ 4,657,325
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ 44,000	\$ -
Long-Term Debt - Current Maturities	17,561	12,963
Accounts Payable and Accrued Expenses	155,490	127,372
Security Deposits	1,420	400
Total Current Liabilities	218,471	140,735
LONG-TERM DEBT, NET OF CURRENT MATURITIES	348,305	343,625
Total Liabilities	566,776	484,360
NET ASSETS		
Unrestricted	3,034,293	3,432,560
Temporarily Restricted	616,609	327,499
Permanently Restricted	403,552	412,906
Total Net Assets	4,054,454	4,172,965
Total Liabilities and Net Assets	\$ 4,621,230	\$ 4,657,325

See accompanying Notes to Financial Statements.

**SUNDAY BREAKFAST RESCUE MISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Contributions	\$ 1,461,256	\$ 329,500	\$ -	\$ 1,790,756	\$ 1,550,737
Bequests/Wills	178,102	-	-	178,102	431,043
Gifts in Kind - Donation	796,815	-	-	796,815	741,579
Change in Value of Split Interest					
Agreements and Perpetual Trusts	-	(9,187)	(9,354)	(18,541)	56,530
Thrift Store Sales	622,413	-	-	622,413	624,088
Trust and Investment Income	52,747	-	-	52,747	55,213
Other Income	50,562	-	-	50,562	54,172
Subtotal	<u>3,161,895</u>	<u>320,313</u>	<u>(9,354)</u>	<u>3,472,854</u>	<u>3,513,362</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>31,203</u>	<u>(31,203)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,193,098</u>	<u>289,110</u>	<u>(9,354)</u>	<u>3,472,854</u>	<u>3,513,362</u>
EXPENSES					
Program Services	2,806,610	-	-	2,806,610	2,609,167
Support Services:					
Management and General	279,556	-	-	279,556	293,347
Fund Raising	505,199	-	-	505,199	570,583
Total Support Services	<u>784,755</u>	<u>-</u>	<u>-</u>	<u>784,755</u>	<u>863,930</u>
Total Expenses	<u>3,591,365</u>	<u>-</u>	<u>-</u>	<u>3,591,365</u>	<u>3,473,097</u>
CHANGE IN NET ASSETS	<u>(398,267)</u>	<u>289,110</u>	<u>(9,354)</u>	<u>(118,511)</u>	<u>40,265</u>
Net Assets - Beginning of Year	<u>3,432,560</u>	<u>327,499</u>	<u>412,906</u>	<u>4,172,965</u>	<u>4,132,700</u>
NET ASSETS - END OF YEAR	<u>\$ 3,034,293</u>	<u>\$ 616,609</u>	<u>\$ 403,552</u>	<u>\$ 4,054,454</u>	<u>\$ 4,172,965</u>

See accompanying Notes to Financial Statements.

**SUNDAY BREAKFAST RESCUE MISSION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	2015				2014	
	Program Services		Supporting Services		Total	Total
	Men	Wayne Hall	Management General	Fund- Raising		
Advertising	\$ -	\$ -	\$ -	\$ 92,638	\$ 92,638	\$ 88,452
Automobile and Travel	13,424	4,134	16,475	3,930	37,963	40,026
Clothing	622,413	-	-	-	622,413	624,088
Conference	716	-	7,604	1,349	9,669	12,246
Depreciation	225,560	12,695	-	1,940	240,195	236,360
Dues and Subscriptions	1,007	45	6,482	570	8,104	6,318
Employee Benefits	73,805	8,184	30,006	3,035	115,030	152,142
Food	222,220	8,942	-	-	231,162	224,798
House Expense	42,797	7,287	116	-	50,200	57,567
Insurance	77,731	16,155	18,069	1,238	113,193	101,538
Interest	17,508	-	16	-	17,524	19,807
Marketing	5,373	-	243	233,895	239,511	316,132
Miscellaneous	-	610	-	-	610	941
Newsletter	-	-	-	27,489	27,489	27,348
Office Expense	22,328	1,584	8,718	635	33,265	31,034
Payroll	785,274	153,790	110,555	98,541	1,148,160	1,003,750
Payroll Taxes	57,275	11,418	7,884	7,349	83,926	73,426
Postage	69	20	3,477	10,792	14,358	14,970
Professional Fees	185	1,564	55,413	10,016	67,178	88,379
Real Estate Taxes	1,326	872	-	-	2,198	2,199
Rent Expense	4,394	313	212	351	5,270	8,296
Repairs and Maintenance	139,931	6,954	3,234	293	150,412	83,210
Small Equipment	18,492	3,321	5,188	450	27,451	22,760
Software and IT Support	-	-	2,794	10,688	13,482	10,960
Telephone	18,793	7,030	3,020	-	28,843	24,984
Utilities	180,151	30,920	50	-	211,121	201,366
Total	\$ 2,530,772	\$ 275,838	\$ 279,556	\$ 505,199	\$ 3,591,365	\$ 3,473,097

See accompanying Notes to Financial Statements.

SUNDAY BREAKFAST RESCUE MISSION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (118,511)	\$ 40,265
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	240,195	236,360
Net Realized and Unrealized Gains on Investments	(1,826)	(34,765)
Increase in Value of Split Interest Agreements and Perpetual Trusts	18,541	(56,530)
(Increase) Decrease in:		
Bequest Receivable	-	107,646
Rent Receivable	-	1,686
Inventory	(31,485)	39,054
Prepaid Expenses	844	58,319
Deferred Rent Asset	3,413	42
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	28,118	(11,901)
Security Deposits	1,020	200
Net Cash Provided by Operating Activities	140,309	380,376
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(38,505)	(51,882)
Purchase of Investments	(202,542)	-
Proceeds from Sale of Investments	-	13,282
Net Cash Used by Investing Activities	(241,047)	(38,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Draws on Line of Credit	44,000	-
Payments on Long-Term Debt	(14,170)	(13,481)
Net Cash Provided (Used) by Financing Activities	29,830	(13,481)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,908)	328,295
Cash and Cash Equivalents - Beginning of Year	443,677	115,382
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 372,769	\$ 443,677
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest Expense	\$ 17,524	\$ 19,807
Equipment Purchased under Capital Lease	\$ 23,448	\$ -

See accompanying Notes to Financial Statements.

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission statement of the Sunday Breakfast Rescue Mission ("the Mission") is as follows:

"The Sunday Breakfast Rescue Mission exists to minister in the name of Jesus Christ to the spiritual and practical needs of the disadvantaged in the Philadelphia area."

The Mission operates a homeless mission and shelter for men, women and children. Residents can receive meals and shelter. There are also rehabilitation programs and job training programs. The Mission operates three Thrift Store programs to help train men. The men on the discipleship program (Overcomers program) spend anywhere from two weeks to one year developing good work habits and becoming work ready at the Thrift stores.

The Mission is primarily supported through donor contributions. It also receives between 15-25% of its support from sales from the thrift stores that are owned by the Mission.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Mission is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently Restricted Net Assets

These are net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Mission.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that will be met by actions of the Mission and/or the passage of time.

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted highly liquid investments with an initial maturity of less than three months, excluding money market funds included in investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Fair Value of Financial Instruments

The Mission measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the Mission's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Mission may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Mission has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are carried at fair value. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Cash equivalents and money markets are valued at cost which approximates fair value.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

A formal investment policy was adopted by the Mission effective September 28, 2010, and revised February 28, 2012, for any endowment fund created by donor restricted contributions. This policy consists of a long term asset allocation target of 20% equities and 80% fixed income. This policy does not apply to operational funds. The Mission considers all investments to be current, except for those investments comprising the corpus of the endowment, as detailed in Note 7.

Inventory

Inventory consists principally of donated goods placed for sale in the Mission's retail thrift store and are recorded at estimated fair value.

Split Interest Agreements and Beneficial Interest in Perpetual Trusts

The Mission has accepted a gift subject to a split interest agreement. Under this trust agreement the Mission receives semi-annual trust income distributions. Upon the death of the last individual beneficiary, the Mission will receive a proportionate share of the remaining principal. The estimated value of the Mission's share at the expected date of ultimate disposition has been subjected to a discount rate in order to record the asset at its present value. The net asset has been recorded as temporarily restricted due to time restrictions.

The Mission also received three gifts of beneficial interests in trusts that are held by others. Under the terms of these trusts, the Mission has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. At the time of receipt, a gift is recorded based on the fair value of the assets contributed to the trust (or the portion thereof that benefits the Mission). Annual distributions from the trust are reported as investment income and classified as unrestricted or temporarily restricted based upon donor designations. The beneficial interests in perpetual trusts are reported at fair value, with the change in fair value reported as an increase or decrease in permanently restricted net assets. Given the nature of the promises, as well as the inability to compute the present value of the perpetual income stream of the trusts, the Mission has recorded its proportionate share of the total fair market value of the principal trust assets upon which its income distributions are based as permanently restricted net assets.

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split Interest Agreements and Beneficial Interest in Perpetual Trusts (Continued)

The change in value of split interest agreements and perpetual trusts for the fiscal year ended June 30, 2015 was a decrease of \$14,157. Income from distributions from such trusts amounted to \$30,843 for the year ended June 30, 2015 and is included within trust and investment income on the statement of activities.

Property and Equipment

It is the Mission's policy to capitalize property and equipment over \$1,000 on a per-item basis. Lesser amounts are expensed. Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Mission reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The buildings, building improvements, furniture, fixtures, equipment and vehicles are being depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for betterments and major property renewals are capitalized, at cost, in the property accounts.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions, legacies and grants are recorded when pledged. When the Mission is included as a beneficiary in a donor's will, a contribution is recorded when the donor dies and the will is declared valid. Funds are considered to be available for unrestricted funds unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets or permanently restricted net assets in the fiscal year in which the contributions are recognized. When restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Materials

A significant number of volunteers have donated a substantial amount of time to the Mission's program services, management and fund-raising campaigns. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. The Mission receives a significant amount of food donations from food banks, organizations, and individuals. The Mission recognizes the estimated fair value of the food donations in their statements by using a value per meal served and subtracting out the costs of food purchases. In addition, the Thrift Store programs receive substantial donations of materials and clothing that are recognized at estimated fair value.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Mission has been granted recognition as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and it has been classified as an organization that is not a private organization under the Internal Revenue Code. The Mission follows the income tax standard for uncertain tax positions. The standard had no effect on the Mission's financial statements as the Mission has determined that they have no uncertain tax positions as of June 30, 2015. The Mission's income tax returns are subject to review and examination by federal and state authorities.

Advertising Expense

The Mission follows the policy of charging the costs of advertising to expense when the advertisements are first displayed for the Mission's programs. Advertising expense for the year ended June 30, 2015 was \$92,638.

Concentration of Risk

The balances in the Mission's operating bank accounts occasionally exceed the \$250,000 federally insured limit.

Comparative Financial Information

The financial statements include certain prior year summarized comparative totals which do not include detail by net asset classification or statement of functional expenses separated into program and supporting services. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Mission's June 30, 2014 financial statements, from which the comparative totals were derived.

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Mission has evaluated events and transactions for potential recognition or disclosure through December 15, 2015, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30, 2015 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money Market	\$ 47	\$ 47
Mutual Funds	496,822	561,871
Total	<u>\$ 496,869</u>	<u>\$ 561,918</u>

NOTE 3 DEFERRED RENT ASSET

The Mission leases space on their roof for a cellular tower to AT&T under a fifteen-year noncancelable operating lease. Monthly payments began at \$1,285 and escalate to \$1,861 over the lease term. Rental income is recognized on a straight-line basis and amounted to \$17,407 for the year ended June 30, 2015. The cumulative difference between rental income recognized and rental payments received resulted in a deferred rent asset of \$7,942 as of June 30, 2015.

The following is a schedule of future minimum payments to be received as of June 30, 2015:

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 21,296
2017	21,829
2018	14,885
Total	<u>\$ 58,010</u>

NOTE 4 LINES OF CREDIT

The Mission has available a \$200,000 commercial line of credit from TD Bank of which no amount was outstanding at June 30, 2015. Outstanding advances on the credit line are due on demand and interest is due monthly. The interest rate is the prime rate as published by the *Wall Street Journal* on the applicable date plus 2.5% (4.25% at June 30, 2015), with a minimum rate of 4%. The credit line is secured by a first mortgage on the real estate located at 302 North 13th Street, Philadelphia, Pennsylvania.

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 LINES OF CREDIT (CONTINUED)

The Mission also has available a \$250,000 commercial line of credit from Citizens Bank of which \$44,000 was outstanding at June 30, 2015. Outstanding advances on the credit line are due on demand and interest is due monthly. The interest rate is the prime rate on the applicable date plus 1% (4.25% at June 30, 2015). The credit line is secured by a first mortgage on the real estate located at 5200-5208 Wayne Avenue, Philadelphia, Pennsylvania.

NOTE 5 LONG-TERM DEBT

At June 30, 2015, long-term notes payable consisted of the following:

5.00% Note Payable to Individual Secured By Real Estate Located at 32 West Lincoln Highway, Pennel, Pennsylvania, Payable in Monthly Installments of \$2,640, Including Interest, Due February 1, 2031	\$ 342,418
3.89% Loan Payable to Lafferty Chevrolet Co Secured by 2015 Chevrolet Silverado Truck, Payable in Monthly Installments of \$431, Including Interest, Due July 10, 2020	23,448
	365,866
Less: Current Maturities	17,561
Total Long-Term Debt, Less Current Maturities	\$ 348,305

Future scheduled maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 17,561
2017	20,089
2018	21,065
2019	22,089
2020	23,163
Thereafter	261,899
Total	\$ 365,866

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 RESTRICTIONS OF NET ASSETS

Temporarily restricted net assets at June 30, 2015 were as follows:

Time Restriction-Split Interest Agreement	\$ 290,112
Program Restrictions	326,497
Total Temporarily Restricted Net Assets	<u>\$ 616,609</u>

Permanently restricted net assets at June 30, 2015 were as follows:

Donor-Restricted Endowment Funds	\$ 148,500
Beneficial Interest in Perpetual Trusts	255,052
Total Permanently Restricted Net Assets	<u>\$ 403,552</u>

NOTE 7 ENDOWMENT

The Mission's endowment consists of a fund restricted in perpetuity to continue the purpose of Sunday Breakfast Rescue Mission. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset activity and type of fund for the year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2014	\$ 95,385	\$ 148,500	\$ 243,885
Unrealized Loss on Investments	(1,826)	-	(1,826)
June 30, 2015	<u>\$ 93,559</u>	<u>\$ 148,500</u>	<u>\$ 242,059</u>

NOTE 8 IN-KIND DONATIONS

For the year ended June 30, 2015, the Mission received the following in-kind donations at estimated fair value:

Materials and Clothing	\$ 622,413
Food, Other Goods and Services	174,402
Total	<u>\$ 796,815</u>

**SUNDAY BREAKFAST RESCUE MISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 FAIR VALUE MEASUREMENTS

The Mission uses fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. For additional information on how the Mission measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the Mission’s fair value hierarchy for those investments measured at fair value on a recurring basis as of June 30, 2015.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 561,871	\$ -	\$ -	\$ 561,871
Split and Beneficial Interests in Trusts	-	-	545,164	545,164
	<u>\$ 561,871</u>	<u>\$ -</u>	<u>\$ 545,164</u>	<u>\$ 1,107,035</u>

The change in Level 3 assets for the year ended June 30, 2015 is as follows:

	<u>Split Interest</u>	<u>Beneficial Interest in Perpetual Trusts</u>	<u>Totals</u>
Balance July 1, 2014	\$ 299,299	\$ 264,406	\$ 563,705
Decrease in Value of Split and Beneficial Interests in Trusts	(9,187)	(9,354)	(18,541)
Balance June 30, 2015	<u>\$ 290,112</u>	<u>\$ 255,052</u>	<u>\$ 545,164</u>

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Sunday Breakfast Rescue Mission
Philadelphia, Pennsylvania

We have audited the financial statements of Sunday Breakfast Rescue Mission as of and for the year ended June 30, 2015, and our report thereon dated December 15, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of thrift store activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of financial position of Sunday Breakfast Rescue Mission as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2014 schedule of thrift store activity on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 schedule of thrift store activity is fairly stated in all material respects in relation to the financial statements from which it has been derived.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 15, 2015

**SUNDAY BREAKFAST RESCUE MISSION
SCHEDULE OF THRIFT STORES ACTIVITY
YEARS ENDED JUNE 30, 2015 AND 2014
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	2015	2014
THRIFT STORES REVENUES		
Sales	\$ 622,413	\$ 624,088
Total Thrift Stores Revenues	622,413	624,088
THRIFT STORES EXPENSES		
Automobile and Travel	8,876	7,539
Depreciation	36,934	33,550
Dues and Subscription	175	325
Employee Benefits	49,600	47,932
Insurance	33,317	31,663
Interest	17,508	18,197
Marketing	5,373	2,514
Miscellaneous	4,374	3,501
Office Expense	17,058	15,729
Payroll	350,970	339,327
Payroll Taxes	25,646	24,939
Postage	20	10
Professional Fees	80	150
Rent Expense	2,725	3,021
Repairs and Maintenance	63,965	20,945
Small Equipment	2,297	2,697
Telephone	9,957	9,072
Utilities	56,963	50,872
Total Thrift Stores Expenses	685,838	611,983
Net (Loss) Profit - Thrift Stores	\$ (63,425)	\$ 12,105