

**MYSTIC AREA SHELTER & HOSPITALITY, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2015**

**TOGETHER WITH INDEPENDENT  
ACCOUNTANT'S REVIEW REPORT**

MYSTIC AREA SHELTER & HOSPITALITY, INC.  
TABLE OF CONTENTS  
JUNE 30, 2015

	<u>Page</u>
Independent Accountant's Review Report	1
<b>Financial Statements:</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expense	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

60 Willow Street  
PO Box 397  
Mystic, CT 06355  
p 860.536.9831  
f 860.536.0716



GARVEY, STEELE & COMPANY, LLP  
Certified Public Accountants & Advisors

211 Kennedy Drive  
Putnam, CT 06260  
p 860.928.3184  
f 860.928.5201

www.gs-cpas.com

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Mystic Area Shelter & Hospitality, Inc.  
Mystic, Connecticut

We have reviewed the accompanying financial statements of Mystic Area Shelter & Hospitality, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### *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.

### *Accountant's Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### *Accountant's Conclusion*

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Garvey, Steele & Company, LLP*

October 14, 2015  
Mystic, Connecticut

**MYSTIC AREA SHELTER & HOSPITALITY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents	\$ 334,361
Accounts receivable	5,120
Prepaid expenses	3,319
Property and equipment, net	<u>235,094</u>
Total assets	<u><u>\$ 577,894</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable	\$ 1,576
Accrued compensated absences	2,583
Accrued expenses	<u>8,780</u>
Total liabilities	<u>12,939</u>

Net Assets

Unrestricted	556,879
Temporarily restricted	<u>8,076</u>
Total net assets	<u>564,955</u>
Total liabilities and net assets	<u><u>\$ 577,894</u></u>

**MYSTIC AREA SHELTER & HOSPITALITY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and support</b>			
Grants:			
State	\$ 25,000	\$ -	\$ 25,000
Local governments	13,500	-	13,500
United Way of Southeastern Connecticut	2,500	-	2,500
Foundations	13,600	77,500	91,100
Other	2,000	1,000	3,000
Donations and annual appeal	85,574	7,069	92,643
Special events, net of direct expenses of \$16,482	51,938	-	51,938
Contributed facilities	19,972	-	19,972
Investment income	1,221	-	1,221
Net assets released from restriction - satisfaction of purpose restrictions	<u>77,493</u>	<u>(77,493)</u>	<u>-</u>
Total revenue and support	<u>292,799</u>	<u>8,076</u>	<u>300,875</u>
<b>Expenses</b>			
Program services	274,297	-	274,297
Supporting services:			
Management and general	11,985	-	11,985
Fundraising	<u>12,816</u>	<u>-</u>	<u>12,816</u>
Total expenses	<u>299,099</u>	<u>-</u>	<u>299,099</u>
Change in net assets	(6,300)	8,076	1,776
Net assets, beginning	<u>563,179</u>	<u>-</u>	<u>563,179</u>
Net assets, ending	<u>\$ 556,879</u>	<u>\$ 8,076</u>	<u>\$ 564,955</u>

See Independent Accountant's Review Report and accompanying notes to the financial statements

**MYSTIC AREA SHELTER & HOSPITALITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Wages	\$ 129,637	\$ 6,492	\$ 6,492	\$ 142,621
Payroll taxes and benefits	21,648	1,084	1,084	23,816
Advertising and printing	6,453	323	323	7,099
Specific assistance to individuals	22,439	-	-	22,439
Dues and licenses	540	27	27	594
Program expenses	11,715	-	-	11,715
Fundraising expense	-	-	1,615	1,615
Insurance	11,752	588	588	12,928
Meals and Entertainment	576	29	29	634
Miscellaneous	1,714	86	86	1,886
Office expense	8,117	406	406	8,929
Professional fees	10,075	504	504	11,083
Rent and occupancy	22,295	1,117	1,117	24,529
Repairs and maintenance	3,542	169	-	3,711
Telephone	4,851	243	243	5,337
Travel and meetings	6,040	302	302	6,644
Depreciation	12,904	615	-	13,519
	<u>\$ 274,297</u>	<u>\$ 11,985</u>	<u>\$ 12,816</u>	<u>\$ 299,099</u>

See Independent Accountant's Review Report and accompanying notes to the financial statements

**MYSTIC AREA SHELTER & HOSPITALITY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Change in net assets	\$ 1,776
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,519
Increase (decrease) in cash arising from changes in assets and liabilities:	
Increase in accounts receivable	11,163
Decrease in prepaid expenses	(979)
Increase in compensated absences payable	(994)
Increase in accounts payable	(1,202)
Increase in accrued expenses	649
	<hr/>
Net cash provided by operating activities	23,932
	<hr/>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	-
	<hr/>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	-
	<hr/>
Net increase in cash and cash equivalents	23,932
	<hr/>
Cash and cash equivalents, beginning	310,429
	<hr/>
Cash and cash equivalents, ending	<u>\$ 334,361</u>

See Independent Accountant's Review Report and accompanying notes to the financial statements

**MYSTIC AREA SHELTER & HOSPITALITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Mystic Area Shelter & Hospitality, Inc. (Organization) is a not-for-profit corporation formed to address the issue of homelessness. The Organization assists homeless families and families at risk of losing their housing by providing emergency shelter, as needed, and by helping these families to secure and maintain stable, permanent housing. The Organization provides said services to families in New London County, Connecticut.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958-205, *Not-for-profit Entities, Presentation of Financial Statements*. Under ASC 958-205, the Organization 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Property and Equipment

The Organization occupies without charge an office located in Union Baptist Church. The estimated fair rental value of the premises is \$19,972 per year and has been reflected in the Statement of Activities as contributed facilities with a corresponding charge to rent expense.

Donated Services

Donated services are recognized as contributions in accordance with FASB's Accounting Standards Codification 958-605-25, *Not-for-profit Entities, Revenue Recognition, Recognition Contributions Received*. Under ASC 958-065-25 recognition is allowed for contributions that (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would have been otherwise purchased by the Organization. There were no donated services for the year ended June 30, 2015.



## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

### **Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Any fixed assets with a value of \$500 or greater are capitalized. Depreciation is computed using primarily the straight-line method over a period of 5 to 30 years.

### **Subsequent Events**

Management has evaluated subsequent events through October 14, 2015 which is the date the financial statements were available to be issued. There are no material subsequent events that require recognition or disclosure.

### **Restricted and Unrestricted Revenue**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existences and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

## **NOTE 2 – FINANCIAL INSTRUMENTS**

The Organization maintains cash balances at several financial institutions located in southeastern Connecticut. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015, there were no uninsured cash balances.

**NOTE 3 – PROPERTY AND EQUIPMENT**

At June 30, 2015, property and equipment consisted of the following:

	2015
Land	\$ 73,043
Building and improvements	269,447
Furniture and fixtures	39,189
	<u>381,679</u>
Less, accumulated depreciation	(146,585)
	<u>\$ 235,094</u>

Depreciation of the year ended June 30, 2015 was \$13,519.

**NOTE 4 – RESTRICTIONS ON NET ASSETS**

As of June 30, 2015, the Organization has \$8,076 in temporarily restricted net assets. Amounts temporarily restricted consisted of \$4,041 for Emergency Child Care expenses and \$4,035 for Employment Assistance. All other restricted net assets were released from restrictions as of June 30, 2015.

**NOTE 5 – COMPENSATED ABSENCES**

The Organization has a policy whereby employees are entitled to accrued vacation time upon termination. The total amount vested to employees at June 30, 2015 totaled \$2,583.

**NOTE 6 – RETIREMENT PLAN**

During 2012 the Organization established a defined contribution retirement plan (the “Plan”) covering eligible employees. It is the Organization’s policy to match employee contributions to the plan by a percentage determined by the Board of Directors on a yearly basis. In 2015 the Organization contributed approximately \$4,090.

**NOTE 7 – ACCOUNTING FOR UNCERTAIN TAX POSITIONS**

The Organization has adopted the provisions of FASB, Accounting Standards Codification 740, *Income Taxes* (740). ASC 740 requires that a tax position be recognized or derecognized based on a ‘more-likely-than-not’ threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

Tax years from June 30, 2012 through the current year remain open for examination by the Federal and state tax authorities.