

BRIDGES TO COMMUNITY, INC.

**Financial Statements
for the years ended
December 31, 2017
and
December 31, 2016**

Independent Auditor's Report

To the Board of Directors of
Bridges to Community, Inc.

We have audited the accompanying financial statements of Bridges to Community, Inc. which comprise the statements of financial position as of December 31, 2017 and December 31, 2016 and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridges to Community, Inc. as of December 31, 2017 and December 31, 2016 the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

May 29, 2018

BRIDGES TO COMMUNITY, INC.

Statements of Financial Position

Assets

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 692,591	\$ 431,681
Accounts receivable	80,341	35,130
Current portion of pledges and contributions receivable, net	313,195	305,585
Prepaid expenses	<u>11,182</u>	<u>42,942</u>
Total current assets	1,097,309	815,338
Long-term portion of pledges and contributions receivable	-	175,500
Property and equipment, net	<u>13,045</u>	<u>21,861</u>
Total assets	<u>\$ 1,110,354</u>	<u>\$ 1,012,699</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 24,416	\$ 48,994
Deferred revenue	<u>285,897</u>	<u>202,771</u>
Total current liabilities	310,313	251,765
Line of credit	<u>30,000</u>	<u>-</u>
Total liabilities	<u>340,313</u>	<u>251,765</u>
Net assets		
Unrestricted	231,417	237,779
Temporarily restricted	<u>538,624</u>	<u>523,155</u>
Total net assets	<u>770,041</u>	<u>760,934</u>
Total liabilities and net assets	<u>\$ 1,110,354</u>	<u>\$ 1,012,699</u>

See notes to financial statements.

BRIDGES TO COMMUNITY, INC.

Statements of Activities

	Year Ended December 31					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue						
Volunteer fees	\$ 989,029	\$ -	\$ 989,029	\$ 971,126	\$ -	\$ 971,126
Project grants	407,474	44,400	451,874	478,033	-	478,033
Health projects	15,455	71,157	86,612	-	372,000	372,000
Education projects	16,750	128,000	144,750	-	80,000	80,000
General donations	434,887	-	434,887	281,310	-	281,310
In-kind support	27,475	-	27,475	30,313	-	30,313
Special events and fundraising	277,343	-	277,343	273,140	-	273,140
Investment return	29	-	29	69	-	69
Net assets released from restrictions	228,088	(228,088)	-	76,845	(76,845)	-
Total public support and revenue	<u>2,396,530</u>	<u>15,469</u>	<u>2,411,999</u>	<u>2,110,836</u>	<u>375,155</u>	<u>2,485,991</u>
Expenses						
Program services						
Housing projects	1,073,698	-	1,073,698	958,753	-	958,753
Health projects	530,089	-	530,089	440,101	-	440,101
Education projects	169,931	-	169,931	175,486	-	175,486
Economic development	36,155	-	36,155	51,338	-	51,338
Total program services	<u>1,809,873</u>	<u>-</u>	<u>1,809,873</u>	<u>1,625,678</u>	<u>-</u>	<u>1,625,678</u>
Supporting services						
Fundraising	322,368	-	322,368	318,260	-	318,260
Management and general	270,651	-	270,651	211,126	-	211,126
Total support services	593,019	-	593,019	529,386	-	529,386
Total expenses	<u>2,402,892</u>	<u>-</u>	<u>2,402,892</u>	<u>2,155,064</u>	<u>-</u>	<u>2,155,064</u>
Increase (decrease) in net assets	(6,362)	15,469	9,107	(44,228)	375,155	330,927
Net assets, beginning of year	<u>237,779</u>	<u>523,155</u>	<u>760,934</u>	<u>282,007</u>	<u>148,000</u>	<u>430,007</u>
Net assets, end of year	<u>\$ 231,417</u>	<u>\$ 538,624</u>	<u>\$ 770,041</u>	<u>\$ 237,779</u>	<u>\$ 523,155</u>	<u>\$ 760,934</u>

See notes to financial statements.

BRIDGES TO COMMUNITY, INC.

Statement of Functional Expenses
For the Year ended December 31, 2017
(with Comparative Totals for 2016)

	2017								2016
	Program Services				Total Program Services	Supporting Services			Total
	Housing Projects	Health Projects	Education Projects	Economic Development		Fundraising	Management and General	Total	
Salaries and related expenses	\$ 490,157	\$ 183,370	\$ 82,529	\$ 13,690	\$ 769,746	\$ 169,938	\$ 113,292	\$1,052,976	\$1,056,722
Project supplies and expenses	235,081	202,954	40,671	3,253	481,959	-	-	481,959	319,840
Volunteer expenses	237,383	102,874	23,461	6,495	370,213	-	-	370,213	335,651
Travel	7,719	2,930	1,704	252	12,605	5,155	3,436	21,196	40,128
Insurance	12,834	5,185	2,970	552	21,541	3,832	2,555	27,928	27,824
Motor vehicle operations	28,100	8,768	4,427	795	42,090	-	-	42,090	49,051
Advertising, printing and production	-	-	-	-	-	37,636	-	37,636	24,884
Occupancy	16,431	6,170	3,424	569	26,594	5,760	3,840	36,194	36,339
General and administrative	43,348	16,780	10,128	10,461	80,717	14,551	12,166	107,434	107,396
Professional fees	-	-	-	-	-	-	17,156	17,156	52,300
Special events	-	-	-	-	-	82,851	-	82,851	78,579
Interest	-	-	-	-	-	-	388	388	-
Allowance for doubtful accounts	-	-	-	-	-	-	116,055	116,055	11,500
Depreciation	2,645	1,058	617	88	4,408	2,645	1,763	8,816	14,850
Total expenses	\$1,073,698	\$ 530,089	\$ 169,931	\$ 36,155	\$1,809,873	\$ 322,368	\$ 270,651	\$2,402,892	\$2,155,064

See notes to financial statements.

BRIDGES TO COMMUNITY, INC.

Statement of Functional Expenses
For the Year ended December 31, 2016

	Program Services				Total Program Services	Supporting Services		Total
	Housing Projects	Health Projects	Education Projects	Economic Development		Fundraising	Management and General	
Salaries and related expenses	\$ 477,579	\$ 175,129	\$ 94,935	\$ 20,710	\$ 768,353	\$ 171,752	\$ 116,617	\$1,056,722
Project supplies and expenses	185,148	87,120	41,796	5,776	319,840	-	-	319,840
Volunteer expenses	178,187	127,851	12,180	17,433	335,651	-	-	335,651
Travel	12,628	5,558	4,154	855	23,195	10,160	6,773	40,128
Insurance	12,819	5,179	2,967	552	21,517	3,784	2,523	27,824
Motor vehicle operations	29,412	11,740	5,530	2,369	49,051	-	-	49,051
Advertising, printing and production	-	-	-	-	-	24,884	-	24,884
Occupancy	15,810	6,680	3,111	1,138	26,739	5,760	3,840	36,339
General and administrative	42,715	19,062	9,774	2,356	73,907	18,886	14,603	107,396
Professional fees	-	-	-	-	-	-	52,300	52,300
Special events	-	-	-	-	-	78,579	-	78,579
Allowance for doubtful accounts	-	-	-	-	-	-	11,500	11,500
Depreciation	4,455	1,782	1,039	149	7,425	4,455	2,970	14,850
Total expenses	\$ 958,753	\$ 440,101	\$ 175,486	\$ 51,338	\$1,625,678	\$ 318,260	\$ 211,126	\$2,155,064

See notes to financial statements.

BRIDGES TO COMMUNITY, INC.

Statements of Cash Flows

	Year Ended December 31	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net assets	\$ 9,107	\$ 330,927
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	8,816	14,850
Donated stocks	206,660	-
Proceeds from sale of donated stocks	(206,660)	-
(Increase) decrease in assets		
Accounts receivable	(45,211)	(28,810)
Pledges and contributions receivable	167,890	(280,262)
Prepaid expenses	31,760	20,942
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(24,578)	(31,574)
Deferred revenue	83,126	47,075
Net cash provided by operating activities	<u>230,910</u>	<u>73,148</u>
Cash flows (used in) investing activities		
Expenditures for property and equipment	-	(16,307)
Cash flows from financing activities		
Proceeds from line of credit	<u>30,000</u>	<u>-</u>
Net increase in cash and cash equivalents	260,910	56,841
Cash and cash equivalents, beginning of year	<u>431,681</u>	<u>374,840</u>
Cash and cash equivalents, end of year	<u>\$ 692,591</u>	<u>\$ 431,681</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 388</u>	<u>\$ -</u>

See notes to financial statements.

BRIDGES TO COMMUNITY, INC.

Notes to Financial Statements December 31, 2017 and December 31, 2016

Note 1 – Nature of organization

Bridges to Community, Inc. (the “Organization”) is a not-for-profit service, learning and community development organization that brings people from different socio-economic and cultural backgrounds together to work, learn and reflect. Through the process of working in local communities, the Organization promotes community and personal transformation, cross-cultural partnerships, sustainable community development, and a commitment to be agents of change in its communities, both locally and globally. The Organization worked in five regions of Nicaragua and one region of Dominican Republic, where it undertook projects in housing, education, health, and economic development with the help of seven-to-nine hundred volunteers from North America and elsewhere.

Note 2 – Summary of significant accounting policies

Net assets

The Organization reports information regarding its financial position and activities in two classes of net assets as follows:

- Unrestricted net assets are not restricted by donors and are available for the general operations of the Organization.
- Temporarily restricted net assets include gifts of cash and other assets received with donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions

Contributions received, including unconditional promises to give, are recognized as support in the period received at their fair values. Contributions are recorded as temporarily or permanently restricted support if they are received with donor stipulations that limit their use. At December 31, 2017, the Organization did not have any permanently restricted support or net assets.

In-kind support

The Organization receives donated goods and services from various companies including professional services, advertising and materials that are used for the Organization’s various programs and administration. These goods and services are an integral part of the activities of the Organization and would have had to be purchased by the Organization if they had not been donated. The goods and services were recorded at the fair market value based on what it would have cost the Organization to purchase them independently. The amounts reflected in the accompanying financial statements as in-kind support are offset by amounts included in expenses.

BRIDGES TO COMMUNITY, INC.**Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Contributed services**

Organizations are required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria to be recorded and have not been included in the accompanying financial statements.

Cash equivalents

The Organization considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Pledges and contributions receivable

At December 31, 2017, the Organization's pledges and contributions receivable are expected to be collected in 2018.

Allowance for doubtful accounts

As of December 31, 2017 and December 31, 2016, the Organization has an allowance for doubtful accounts totaling \$20,000 and \$11,500, respectively. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are recorded at cost. The Organization capitalizes as property and equipment, expenditures in excess of a nominal amount with an estimated useful life greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of 5 years.

Deferred revenue

Deferred revenue represents collected airfares and billed trip fees (for trips scheduled one month after year end), in connection with the programs described in note 1.

BRIDGES TO COMMUNITY, INC.**Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016****Note 2 – Summary of significant accounting policies (continued)**Use of estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Concentrations of credit risks

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions and Organization has not incurred any losses in those accounts to date. The Organization's receivables are monitored and deemed collectible by management. The Organization believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents and receivables.

Functional allocation of expenses

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

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through May 29, 2018, which is the date the financial statements were available to be issued.

Currently, the Organization is addressing a new event that has no immediate impact on the financial results of either 2017 or 2018 but does impact normal business operations. This event is the civil uprising in Nicaragua which began in late April 2018 and continues to the date of this report. Due to the uprising, the Organization has halted all volunteer trips to Nicaragua, and re-routed those trips to the smaller location in the Dominican Republic. The Organization is in the process of ramping up operations in the Dominican Republic to meet normal business volumes. The risk the event poses could be in 2019, and would be either that previous volunteers do not wish to switch from Nicaragua to Dominican Republic in 2019, or that the Organization is not able to offer a similar service learning or community development experience in Dominican Republic.

BRIDGES TO COMMUNITY, INC.

Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016**Note 3 – Property and equipment**

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Trucks	\$ 168,773	\$ 168,773
Computers and office equipment	43,137	43,137
Software	<u>16,307</u>	<u>16,307</u>
Total	228,217	228,217
Less accumulated depreciation	<u>215,172</u>	<u>206,356</u>
Property and equipment, net	<u>\$ 13,045</u>	<u>\$ 21,861</u>

During 2016, the Organization wrote off \$3,849 of fully depreciated assets.

Note 4 – Line of credit

During May 2017, the Organization entered into a Loan Agreement (the “Loan”). The Organization can borrow up to \$100,000 under the Loan. The Organization may request advances under the Loan during a 24-month period through May 24, 2019 (the “Draw Period”). During the Draw Period, the Loan requires monthly payments of interest-only at the Prime Rate plus 1.00% (the “Index”) per annum with a floor of 5%. At the end of the Draw Period, the Loan will require 36 equal monthly payments of principal and interest at a rate of 1.00% over the Index. The monthly payment will be equal to the amount required to amortize the principal balance of the Loan over 36 months. The Loan is collateralized by certain of the Organization’s assets as outlined in the Loan agreement. As of December 31, 2017, the amount outstanding on the Loan was \$30,000.

Note 5 – Temporarily restricted net assets

The following is a summary of the temporarily restricted net assets for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>Balance at December 31, 2017</u>
Health projects	\$ 374,155	\$ 71,157	\$ (159,588)	\$ 285,724
Education projects	<u>149,000</u>	<u>172,400</u>	<u>(68,500)</u>	<u>252,900</u>
Total	<u>\$ 523,155</u>	<u>\$ 243,557</u>	<u>\$ (228,088)</u>	<u>\$ 538,624</u>

BRIDGES TO COMMUNITY, INC.

Notes to Financial Statements (continued)
December 31, 2017 and December 31, 2016**Note 5 – Temporarily restricted net assets (continued)**

The following is a summary of the temporarily restricted net assets for the year ended December 31, 2016:

	Balance at December 31, <u>2015</u>	<u>Additions</u>	Released from <u>Restrictions</u>	Balance at December 31, <u>2016</u>
Health projects	52,000	\$ 372,000	\$ (49,845)	\$ 374,155
Education projects	<u>96,000</u>	<u>80,000</u>	<u>(27,000)</u>	<u>149,000</u>
Total	<u>\$ 148,000</u>	<u>\$ 452,000</u>	<u>\$ (76,845)</u>	<u>\$ 523,155</u>

Note 6 – Occupancy

The Organization leases office space in Ossining, New York on a month-to-month basis. Rent expense for 2017 and 2016 amounted to \$19,200.

Note 7 – Retirement plans

The Organization sponsors a Simplified Employee Pension Plan where it contributes 2.5% of compensation for all eligible employees. The Organization's contributions to the plan totaled \$19,396 and \$23,956 for the years ended December 31, 2017 and 2016, respectively. In addition, the Organization has a 403(b) plan whereby eligible employees can contribute. The Organization does not contribute to this plan.

Note 8 – Tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation within the meaning of Section 509(a)(1) of the Code.