

**BRIDGES TO COMMUNITY, INC.**

**Financial Statements  
for the years ended  
December 31, 2018  
and  
December 31, 2017**

**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, 2018 and December 31, 2017 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, 2018 and December 31, 2017 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*

April 29, 2019

## BRIDGES TO COMMUNITY, INC.

## Statements of Financial Position

## Assets

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 315,158	\$ 692,591
Agency funds	30,000	-
Accounts receivable	17,768	80,341
Pledges and contributions receivable, net	176,483	313,195
Prepaid expenses	<u>12,802</u>	<u>11,182</u>
Total current assets	552,211	1,097,309
<b>Pledges and contributions receivable, net of current portion</b>	25,000	-
<b>Property and equipment, net</b>	<u>56,324</u>	<u>13,045</u>
<b>Total assets</b>	<b><u>\$ 633,535</u></b>	<b><u>\$ 1,110,354</u></b>

## Liabilities and Net Assets

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 46,131	\$ 24,416
Deferred revenue	129,351	285,897
Funds held for community funds	30,000	-
Current maturities of loan	<u>18,336</u>	<u>-</u>
Total current liabilities	223,818	310,313
<b>Line of credit</b>	30,000	30,000
<b>Loan, net of current maturities</b>	<u>22,914</u>	<u>-</u>
<b>Total liabilities</b>	<u>276,732</u>	<u>340,313</u>
<b>Net assets</b>		
Without donor restrictions	151,903	231,417
With donor restrictions	<u>204,900</u>	<u>538,624</u>
<b>Total net assets</b>	<u>356,803</u>	<u>770,041</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 633,535</u></b>	<b><u>\$ 1,110,354</u></b>

See notes to financial statements.

**BRIDGES TO COMMUNITY, INC.**

Statements of Activities

	Year Ended December 31					
	2018			2017		
	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>						
Volunteer fees	\$ 842,142	-	\$ 842,142	\$ 989,029	-	\$ 989,029
Project grants	288,138	4,000	292,138	407,474	44,400	451,874
Health projects	23,554	7,000	30,554	15,455	71,157	86,612
Education projects	45,825	50,000	95,825	16,750	128,000	144,750
General donations	458,420	-	458,420	434,887	-	434,887
In-kind support	12,684	-	12,684	27,475	-	27,475
Special events and fundraising	251,923	-	251,923	277,343	-	277,343
Investment return	57	-	57	29	-	29
Net assets released from restrictions	394,724	(394,724)	-	228,088	(228,088)	-
Total public support and revenue	<u>2,317,467</u>	<u>(333,724)</u>	<u>1,983,743</u>	<u>2,396,530</u>	<u>15,469</u>	<u>2,411,999</u>
<b>Expenses</b>						
Program services						
Housing projects	1,318,515	-	1,318,515	1,073,698	-	1,073,698
Health projects	411,680	-	411,680	530,089	-	530,089
Education projects	138,227	-	138,227	169,931	-	169,931
Economic development	52,577	-	52,577	36,155	-	36,155
Total program services	<u>1,920,999</u>	-	<u>1,920,999</u>	<u>1,809,873</u>	-	<u>1,809,873</u>
Supporting activities						
Fundraising	275,560	-	275,560	322,368	-	322,368
Management and general	200,422	-	200,422	270,651	-	270,651
Total supporting activities	<u>475,982</u>	-	<u>475,982</u>	<u>593,019</u>	-	<u>593,019</u>
Total expenses	<u>2,396,981</u>	-	<u>2,396,981</u>	<u>2,402,892</u>	-	<u>2,402,892</u>
Increase (decrease) in net assets	(79,514)	(333,724)	(413,238)	(6,362)	15,469	9,107
<b>Net assets, beginning of year</b>	<u>231,417</u>	<u>538,624</u>	<u>770,041</u>	<u>237,779</u>	<u>523,155</u>	<u>760,934</u>
<b>Net assets, end of year</b>	<u>\$ 151,903</u>	<u>\$ 204,900</u>	<u>\$ 356,803</u>	<u>\$ 231,417</u>	<u>\$ 538,624</u>	<u>\$ 770,041</u>

See notes to financial statements.

**BRIDGES TO COMMUNITY, INC.**

**Statement of Functional Expenses  
For the Year ended December 31, 2018  
(with Comparative Totals for 2017)**

	2018						2017	
	Program Services			Supporting Activities			Total	
	Housing Projects	Health Projects	Education Projects	Economic Development	Program Services	Fundraising		Management and General
Salaries and related expenses	\$ 658,256	\$ 63,622	\$ 53,545	\$ 37,660	\$ 813,083	\$ 176,922	\$ 70,892	\$1,052,976
Project supplies and expenses	236,495	320,682	60,193	6,114	623,484	-	-	481,959
Volunteer expenses	286,952	15,055	15,055	1,506	318,568	-	-	370,213
Travel	31,452	3,049	1,937	2,306	38,744	-	-	21,196
Insurance	11,630	2,907	1,454	2,907	18,898	7,269	2,907	27,928
Motor vehicle operations	29,177	1,630	1,630	163	32,600	-	-	42,090
Advertising, printing and production	2,575	644	322	644	4,185	19,419	-	37,636
Occupancy	15,137	1,698	1,698	74	18,607	7,680	7,680	36,194
General and administrative	42,556	1,322	1,322	132	45,332	20,365	27,742	107,434
Professional fees	-	-	-	-	-	-	17,140	17,156
Special events	-	-	-	-	-	42,517	-	82,851
Interest	-	-	-	-	-	-	1,749	388
Allowance for doubtful accounts	-	-	-	-	-	-	70,924	116,055
Depreciation	4,285	1,071	1,071	1,071	7,498	1,388	1,388	8,816
<b>Total expenses</b>	<b>\$1,318,515</b>	<b>\$ 411,680</b>	<b>\$ 138,227</b>	<b>\$ 52,577</b>	<b>\$1,920,999</b>	<b>\$ 275,560</b>	<b>\$ 200,422</b>	<b>\$2,402,892</b>

See notes to financial statements.

**BRIDGES TO COMMUNITY, INC.**

**Statement of Functional Expenses  
For the Year ended December 31, 2017**

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

See notes to financial statements.

**BRIDGES TO COMMUNITY, INC.**

**Statements of Cash Flows**

	<b>Year Ended</b>	
	<b>December 31</b>	
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ (413,238)	\$ 9,107
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	10,274	8,816
Donated stocks	130,053	206,660
Proceeds from sale of donated stocks	(130,053)	(206,660)
(Increase) decrease in assets		
Accounts receivable	62,573	(45,211)
Pledges and contributions receivable	111,712	167,890
Prepaid expenses	(1,620)	31,760
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	21,715	(24,578)
Deferred revenue	(156,546)	83,126
Net cash provided by (used in) operating activities	<u>(365,130)</u>	<u>230,910</u>
<b>Cash flows (used in) investing activities</b>		
Expenditures for property and equipment	<u>(53,553)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	-	30,000
Proceeds from loan	55,000	-
Repayments on loan	<u>(13,750)</u>	<u>-</u>
Net cash provided by financing activities	<u>41,250</u>	<u>30,000</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(377,433)</b>	<b>260,910</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>692,591</u></b>	<b><u>431,681</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 315,158</u></b>	<b><u>\$ 692,591</u></b>
 <b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u>\$ 1,749</u>	<u>\$ 388</u>

See notes to financial statements.

**BRIDGES TO COMMUNITY, INC.****Notes to Financial Statements  
December 31, 2018 and December 31, 2017****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 under took 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:

**Without donor restrictions**

- Net assets that are not restricted by donors and are available for the general operations of the Organization.

**With donor restrictions**

- Net assets with temporary donor restrictions 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, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions 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 donor-restricted support if they are received with donor stipulations that limit their use. At December 31, 2018, the Organization did not have any support or net assets with perpetual donor restrictions.



**BRIDGES TO COMMUNITY, INC.****Notes to Financial Statements (continued)  
December 31, 2018 and December 31, 2017****Note 2 – Summary of significant accounting policies (continued)**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.

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, 2018, the Organization's pledges and contributions receivable except for \$25,000, are expected to be collected in 2019.

Allowance for doubtful accounts

As of December 31, 2018 and December 31, 2017, the Organization has an allowance for doubtful accounts totaling \$- and \$20,000, 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 four years for trucks and five years for software.

**BRIDGES TO COMMUNITY, INC.****Notes to Financial Statements (continued)  
December 31, 2018 and December 31, 2017****Note 2 – Summary of significant accounting policies (continued)**Deferred revenue

Deferred revenue represents collected airfares and trip fees, in connection with the programs described in note 1.

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. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through April 29, 2019, which is the date the financial statements were available to be issued.

**BRIDGES TO COMMUNITY, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2018 and December 31, 2017**

**Note 3 – Financial assets and liquidity resources**

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Cash and cash equivalents	\$ 315,158
Accounts receivable	17,768
Pledges and receivables due within one year	<u>176,483</u>
Total financial assets	509,409
Less: Assets with donor restrictions	<u>(204,900)</u>
Financial assets available for general expenditures	<u>\$ 304,509</u>

In addition, the Organization can draw up to \$70,000 from its line of credit (see note 5) to finance working capital needs through May 24, 2019.

**Note 4 – Property and equipment**

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 11,000	\$ -
Trucks	42,553	168,773
Computers and office equipment	-	43,137
Software	<u>16,307</u>	<u>16,307</u>
Total	69,860	228,217
Less accumulated depreciation	<u>13,536</u>	<u>215,172</u>
Property and equipment, net	<u>\$ 56,324</u>	<u>\$ 13,045</u>

During 2018, the Organization wrote off \$211,910 of fully depreciated assets.

**Note 5 – Line of credit**

During May 2017, the Organization entered into a line of credit (the “Agreement”). The Organization can borrow up to \$100,000 under the Agreement. The Organization may request advances under the Agreement during a 24-month period through May 24, 2019 (the “Draw Period”). During the Draw Period, the Agreement 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 Agreement 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 Agreement over 36 months. The Agreement is collateralized by certain of the Organization’s assets as outlined in the Agreement. As of December 31, 2018, the amount outstanding under the Agreement was \$30,000.

**BRIDGES TO COMMUNITY, INC.**

**Notes to Financial Statements (continued)  
December 31, 2018 and December 31, 2017**

**Note 6 – Loan payable**

During March 2018, the Organization entered into a loan agreement for \$55,000 maturing in March 2021 which requires monthly payments of \$1,665, including interest at the rate of 3% per annum.

At December 31, 2018, the following is a schedule of the required annual principal payments due on the loan:

<u>Year</u>	<u>Total</u>
2019	\$ 18,336
2020	18,336
2021	<u>4,578</u>
Total	<u>\$ 41,250</u>

**Note 7 – Net assets with donor restrictions**

The following is a summary of the net assets with temporary donor restrictions for the year ended December 31, 2018:

	<u>Balance at December 31, 2017</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>Balance at December 31, 2018</u>
Housing projects	\$ -	\$ 4,000	\$ -	\$ 4,000
Health projects	285,724	7,000	(286,724)	6,000
Education projects	<u>252,900</u>	<u>50,000</u>	<u>(108,000)</u>	<u>194,900</u>
Total	<u>\$ 538,624</u>	<u>\$ 61,000</u>	<u>\$ (394,724)</u>	<u>\$ 204,900</u>

The following is a summary of the net assets with temporary donor restrictions 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>

**Note 8 – Occupancy**

Effective February 1, 2019, the Organization leases office space under an operating agreement which expires April 30, 2024. The lease requires monthly payments of \$2,177 increasing to \$2,328 in the final year of the agreement. Total rent expense for 2018 and 2017 amounted to \$19,200 annually.

**BRIDGES TO COMMUNITY, INC.**

**Notes to Financial Statements (continued)  
December 31, 2018 and December 31, 2017**

**Note 8 – Occupancy (continued)**

During 2018 and 2017 the Organization was leasing office space in Ossining, New York on a month-to-month basis. Rent expense for 2018 and 2017 amounted to \$19,200.

At December 31, 2018, minimum future rental payments under the lease are as follows:

<u>Year</u>	<u>Total</u>
2019	\$ 17,983
2020	26,429
2021	26,880
2022	27,330
2023	27,781
2024	<u>9,310</u>
Total	<u>\$ 135,713</u>

**Note 9 – 403(b) plan**

The Organization sponsors a Simplified Employee Pension Plan where it contributes 3.0% of compensation for all eligible employees. The Organization's contributions to the plan totaled \$14,094 and \$19,396 for the years ended December 31, 2018 and 2017, respectively. In addition, the Organization has a 403(b) plan whereby eligible employees can contribute. The Organization does not contribute to this plan.

**Note 10 – 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.