

BRIDGES OUTREACH, INC.
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2014 AND 2013

BRIDGES OUTREACH, INC.
TABLE OF CONTENTS
YEARS ENDED MAY 30, 2014 AND 2013

	PAGE
ACCOUNTANT'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridges Outreach, Inc.

I have audited the accompanying financial statements of Bridges Outreach, Inc. (a nonprofit organization) which comprise the statements of financial position as of May 31, 2014 and 2013, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridges Outreach, Inc. as of May 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'James M. Wood'.

September 17, 2014
Hillsborough, NJ

James M. Wood, Certified Public Accountant
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BRIDGES OUTREACH, INC.
 STATEMENTS OF FINANCIAL POSITION
 MAY 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash & cash equivalents	\$ 205,941	\$ 266,984
Investment securities	300,124	155,428
Investments in certificates of deposit	-	85,870
Prepaid expenses	10,021	636
Security deposit	1,300	-
Fixed assets, net	<u>13,675</u>	<u>20,240</u>
	<u>\$ 531,061</u>	<u>\$ 529,158</u>
 Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 4,331	\$ 8,397
Grants received in advance	<u>21,314</u>	<u>19,000</u>
	25,645	27,397
Net assets, unrestricted	<u>505,416</u>	<u>501,761</u>
	<u>\$ 531,061</u>	<u>\$ 529,158</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Public support		
Contributions	\$ 190,342	\$ 190,852
Grants	141,531	55,750
Donated items & services	625,304	744,044
	<u>957,177</u>	<u>990,646</u>
Special event		
Gross event income	64,274	173,605
Less direct expense	(13,121)	(37,494)
	<u>51,153</u>	<u>136,111</u>
Dividends & interest income	9,647	2,688
Gain (loss) on investments	4,202	(252)
	<u>1,022,179</u>	<u>1,129,193</u>
Total revenue		
Functional expenses		
Program	926,970	1,007,262
Management & general	50,341	35,263
Fund raising	41,213	32,727
	<u>1,018,524</u>	<u>1,075,252</u>
Total expenses		
Increase in net assets	3,655	53,941
Net assets		
Beginning of year	501,761	447,820
End of year	<u>\$ 505,416</u>	<u>\$ 501,761</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED MAY 31, 2014 AND 2013

	2014				2013			
	Program	Management & General	Fund Raising	Total	Program	Management & General	Fund Raising	Total
Salaries	\$ 154,344	\$ 17,633	\$ 13,858	\$ 185,835	\$ 152,054	\$ 13,873	\$ 16,544	\$ 182,471
Fringe benefits	26,795	3,061	2,406	32,262	23,355	2,131	2,541	28,027
	181,139	20,694	16,264	218,097	175,409	16,004	19,085	210,498
Contracted services	10,936	-	-	10,936	-	-	-	-
Donated goods disbursed	571,554	-	-	571,554	727,794	-	-	727,794
Purchased goods disbursed	74,150	-	-	74,150	61,468	-	-	61,468
Delivery of goods disbursed	11,044	-	-	11,044	10,818	-	-	10,818
Resource center	5,434	-	-	5,434	-	-	-	-
Summer camp programs	-	-	-	-	3,835	-	-	3,835
Occupancy	5,925	2,963	2,962	11,850	3,000	1,500	1,500	6,000
Donated goods & services	40,950	6,800	6,000	53,750	6,950	4,300	5,000	16,250
Repairs & maintenance	1,400	700	700	2,800	-	-	-	-
Professional fees	4,945	5,362	-	5,362	-	5,250	-	5,250
Web site	1,519	2,119	7,064	14,128	1,285	551	1,835	3,671
Advertising	2,646	756	378	3,780	3,581	1,023	512	5,116
Printing & publications	-	575	-	575	-	398	-	398
Travel	-	564	564	3,761	2,287	490	490	3,267
Telephone	2,633	1,618	-	1,618	-	838	-	838
Office supplies	-	-	3,004	3,004	-	-	626	626
Annual appeal	-	145	433	578	-	213	638	851
Postage	1,898	1,793	-	3,691	2,004	1,282	-	3,286
Insurance	-	1,836	-	1,836	-	1,512	-	1,512
Meetings	360	-	-	360	-	-	-	-
Training	-	-	1,908	1,908	-	-	1,908	1,908
Software licensing	1,484	742	742	2,968	494	247	247	988
Small equipment	-	2,480	-	2,480	-	769	-	769
Investment fees	-	1,194	1,194	4,776	1,772	886	886	3,544
Miscellaneous	2,388	50,341	41,213	1,011,959	1,000,697	35,263	32,727	1,068,687
Depreciation	6,565	-	-	6,565	6,565	-	-	6,565
Total functional expenses	\$ 926,970.	\$ 50,341	\$ 41,213	\$ 1,018,524	\$ 1,007,262	\$ 35,263	\$ 32,727	\$ 1,075,252

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MAY 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$ 3,655	\$ 53,941
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Gain (loss) on investment securities	4,202	(252)
Depreciation	6,565	6,565
(Increase) decrease in:		
Inventory	-	4,650
Prepaid expenses	(9,385)	-
Security deposit	(1,300)	-
Increase (decrease) in:		
Accounts payable & accrued expenses	(4,066)	1,199
Grants received in advance	2,314	17,000
	<u>1,985</u>	<u>83,103</u>
Cash flows from investing activities		
Proceeds from maturities of investments in certificates of deposit	85,870	291,330
Purchase of investments in certificates of deposit	-	(85,870)
Proceeds from sale of investments securities	117,070	-
Acquisition of investments securities	<u>(265,968)</u>	<u>(155,176)</u>
	<u>(63,028)</u>	<u>50,284</u>
Cash provided by (used in) investing activities		
	(63,028)	50,284
Increase (decrease) in cash	(61,043)	133,387
Cash & cash equivalents		
Beginning of year	<u>266,984</u>	<u>133,597</u>
End of year	<u>\$ 205,941</u>	<u>\$ 266,984</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2014 AND 2013

(1) Nature of Organization

Bridges Outreach, Inc., formerly known as Outreach, Inc., t/a Bridges, is a not-for-profit corporation based in Summit, New Jersey, organized in 1991 for the following purposes:

- To bring the housed and the homeless together and to develop and foster a caring community made up of sheltered and unsheltered homeless street dwellers and those living on the poverty line;
- To promote the values of understanding and caring for fellow humans to all of its constituents including students and youth groups;
- To foster material assistance by distributing articles of need, and to foster human dignity, fellowship, friendship, caring and emotional support through weekly visits to the sheltered and unsheltered homeless street dwellers and those living on the poverty line during which visits, food, clothing, blankets, toiletries and other items are distributed.

Bridges Outreach serves New York City, Newark, NJ, Irvington, NJ and Summit, NJ.

(2) Summary of Significant Accounting Policies

Financial statement presentation

In accordance with generally accepted accounting principles, Bridges Outreach reports its statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Bridges Outreach has only unrestricted and temporarily restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor imposed restrictions.

Donated items

Bridges Outreach receives donations of food, clothing, toiletries, camp & school supplies and other items which are distributed as part of its program services. All such donations are recorded as contributions at the estimated fair value at the date of donation.

Donated services

Bridges Outreach records donated services as income and related expense if the service provided is specialized and would be purchased if not donated.

Cash and cash equivalents

For purposes of the statement of cash flows, Bridges Outreach considers all highly liquid investments including demand deposits, money market accounts and certificates of deposit with an initial maturity of three months or less to be cash equivalents. These financial instruments are included in "cash and cash equivalents" in the statement of financial position.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2014 AND 2013

Investment securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Investments in certificates of deposit

Investments in certificates of deposit are carried at cost plus accrued interest which approximates fair value.

Fixed assets

Fixed assets are shown at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The cost of maintenance and repairs is charged to income as incurred.

Income tax status

Bridges Outreach qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

Functional expenses

Expenses are charged to each program or cost center based on direct expenses incurred. Any expenses not directly chargeable are allocated based on applicable usage rates.

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.

Fair value of financial instruments

Financial instruments are carried at fair value which is defined as 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. Fair value is determined using three levels of inputs:

- Level 1 Valuations based on quoted prices in active markets for identical assets.

- Level 2 Valuations based on one or more quoted price for investments that are not exchange traded but for which all significant inputs are observable.

- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

The following valuation techniques are used for assets measured at fair value:

BRIDGES OUTREACH, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MAY 31, 2014 AND 2013

Money market funds - The carrying value approximates fair value due to its short term nature and is classified as Level 1.

Mutual funds - Investments in exchange-traded mutual funds are measured at fair value using quoted market prices and are classified as Level 1. Investments in mutual funds traded over the counter are classified as Level 2.

Accounting for uncertainty in income taxes

Bridges Outreach's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows.

New accounting pronouncements

Management is of the opinion that none of the newly enacted accounting pronouncements will have a material effect on the Organization.

Reclassifications

Certain items in the 2013 financial statements have been reclassified to conform with current year presentation.

(3) **Investment Securities**

As of May 31, 2014 and 2013, investment securities consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
<u>2014</u>		
Mutual funds	\$293,153	\$300,124
<u>2013</u>		
Mutual funds	\$155,787	\$155,428

(4) **Investments in Certificates of Deposit**

As of May 31, 2013, investments in certificates of deposit consist of one certificate totaling \$85,870 with a maturity date of November 30, 2013. Certificates of deposit are carried at cost plus accrued interest which approximates fair value.

(5) **Fixed Assets**

As of May 31, 2014 and 2013, fixed assets consist of the following:

	<u>2014</u>	<u>2013</u>
Vehicles	\$38,822	\$38,822
Furniture & equipment	<u>6,323</u>	<u>6,323</u>
	45,145	45,145
Less accumulated depreciation	<u>31,470</u>	<u>24,905</u>
	<u>\$13,675</u>	<u>\$20,240</u>

BRIDGES OUTREACH, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MAY 31, 2014 AND 2013

(6) **Operating Lease Commitments**

As of May 31, 2014, Bridges Outreach is obligated to minimum payments for leased space through January 31, 2019. Future obligations are as follows for the years ending May 31:

2015	\$14,700
2016	8,250
2017	6,000
2018	6,000
2019	<u>4,000</u>
	<u>\$38,950</u>

(7) **Fair Value of Financial Instruments**

Bridges assets recorded at fair value have been categorized based upon a fair value hierarchy as described in Note 2. The table below presents the balances of assets measured on a recurring basis as of May 31, 2014 and 2013.

	<u>2014</u>	<u>Level 1</u>	<u>Total</u>
Money market funds	\$ 2,410	\$ 2,410	\$ 2,410
Mutual funds	<u>300,124</u>	<u>300,124</u>	<u>300,124</u>
	<u>\$302,534</u>		<u>\$302,534</u>
	<u>2013</u>		
Money market funds	\$ 1,116	\$ 1,116	\$ 1,116
Mutual funds	<u>155,428</u>	<u>155,428</u>	<u>155,428</u>
	<u>\$156,544</u>		<u>\$156,544</u>

Financial instruments are included in the captions on the statements of financial position.

	<u>2014</u>	<u>2013</u>
Cash & cash equivalents	\$205,941	\$266,984
Investment securities	300,124	155,728

(8) **Donated Services**

For the years ended May 31, 2014 and 2013, volunteers reported approximately 15,000 hours per year in time donated for preparing meals, organizing articles of need, delivery to recipients, and fostering relationships. The value of these hours is a vital and integral portion of Bridges Outreach's mission and programming but is not recorded in the financial statements in accordance with generally accepted accounting principles.

(9) **Evaluation of Subsequent Events**

Bridges Outreach has evaluated subsequent events through September 17, 2014, the date which the financial statements were available to be issued.