

BRIDGES OUTREACH, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED MAY 31, 2020 AND 2019

BRIDGES OUTREACH, INC.  
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YEARS ENDED MAY 31, 2020 AND 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bridges Outreach, Inc.

### **Report on the Financial Statements**

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, 2020 and 2019, 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, 2020 and 2019, 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.

January 25, 2021  
Hillsborough, NJ

*James M. Wood, CPA*

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BRIDGES OUTREACH, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 MAY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash & cash equivalents	\$ 803,212	\$ 539,552
Grants & accounts receivable	-	17,209
Prepaid expenses	2,582	3,072
	<u>805,794</u>	<u>559,833</u>
Fixed assets, net	60,987	94,556
Security deposit	9,676	9,676
	<u>60,987</u>	<u>94,556</u>
	<u>\$ 876,457</u>	<u>\$ 664,065</u>
 <b>Liabilities &amp; Net Assets</b>		
Current liabilities		
Accounts payable & accrued expenses	\$ 36,128	\$ 21,598
Grants received in advance	-	34,600
Loan payable to Small Business Administration	101,625	-
	<u>137,753</u>	<u>56,198</u>
Net assets		
Without donor restrictions	<u>738,704</u>	<u>607,867</u>
	<u>\$ 876,457</u>	<u>\$ 664,065</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.  
 STATEMENTS OF ACTIVITIES  
 YEARS ENDED MAY 31, 2020 AND 2019

	2020 Without Donor <u>Restrictions</u>	2019 Without Donor <u>Restrictions</u>
Public support		
Contributions	\$ 449,213	\$ 278,214
Grants	600,313	363,428
Donated items & services	<u>474,436</u>	<u>217,145</u>
	1,523,962	858,787
Special events		
Gross event income	52,456	210,096
Less direct expense	<u>(21,549)</u>	<u>(93,892)</u>
	30,907	116,204
Other income		
Rent	5,127	9,655
Dividends & interest income	<u>677</u>	<u>704</u>
	5,804	10,359
Total support & revenue	1,560,673	985,350
Functional expenses		
Program	1,212,937	949,839
Management & general	119,439	132,629
Fund raising	<u>97,460</u>	<u>99,555</u>
Total expenses	<u>1,429,836</u>	<u>1,182,023</u>
Increase (decrease) in net assets	130,837	(196,673)
Net assets		
Beginning of year	<u>607,867</u>	<u>804,540</u>
End of year	\$ <u><u>738,704</u></u>	\$ <u><u>607,867</u></u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEARS ENDED MAY 31, 2020 AND 2019

	2020				2019			
	Program	Management & General	Fund Raising	Total	Program	Management & General	Fund Raising	Total
Salaries	\$ 354,911	\$ 75,385	\$ 51,397	\$ 481,693	\$ 366,968	\$ 94,716	\$ 55,609	\$ 517,293
Fringe benefits	47,011	9,985	6,808	63,804	61,227	15,803	9,278	86,308
	<u>401,922</u>	<u>85,370</u>	<u>58,205</u>	<u>545,497</u>	<u>428,195</u>	<u>110,519</u>	<u>64,887</u>	<u>603,601</u>
Contracted services	32,399	-	-	32,399	2,411	-	-	2,411
Donated goods disbursed	454,636	-	-	454,636	199,745	-	-	199,745
Purchased goods disbursed	63,268	-	-	63,268	50,795	-	-	50,795
Delivery of goods disbursed	16,357	-	-	16,357	6,190	-	-	6,190
Resource center	40,328	-	-	40,328	80,453	-	-	80,453
Occupancy	91,198	1,422	970	93,590	79,247	1,686	990	81,923
Donated occupancy	6,000	-	-	6,000	6,000	-	-	6,000
Professional fees	-	7,200	20,030	27,230	-	6,300	21,553	27,853
Donated services	13,800	-	-	13,800	11,400	-	-	11,400
Web site	1,915	821	2,736	5,472	628	269	897	1,794
Printing & publications	2,180	623	311	3,114	7,198	2,057	1,028	10,283
Travel	-	1,134	-	1,134	-	750	-	750
Telephone	12,436	691	691	13,818	10,615	590	590	11,795
Office supplies	7,659	9,574	1,915	19,148	3,972	4,965	993	9,930
Annual appeal	-	-	2,234	2,234	-	-	2,814	2,814
Postage	651	1,627	4,229	6,507	133	333	866	1,332
Insurance	12,042	2,558	1,744	16,344	8,600	2,220	1,303	12,123
Meetings	4,217	896	611	5,724	1,906	492	289	2,687
Training	6,847	-	-	6,847	7,250	-	-	7,250
Software licensing	-	-	2,117	2,117	-	-	1,908	1,908
Small equipment	455	96	66	617	1,410	364	214	1,988
Recruiting	-	5,079	-	5,079	-	316	-	316
Miscellaneous	11,058	2,348	1,601	15,007	8,078	1,768	1,223	11,069
	<u>1,179,368</u>	<u>119,439</u>	<u>97,460</u>	<u>1,396,267</u>	<u>914,226</u>	<u>132,629</u>	<u>99,555</u>	<u>1,146,410</u>
Depreciation	<u>33,569</u>	<u>-</u>	<u>-</u>	<u>33,569</u>	<u>35,613</u>	<u>-</u>	<u>-</u>	<u>35,613</u>
Total functional expenses	<u>\$ 1,212,937</u>	<u>\$ 119,439</u>	<u>\$ 97,460</u>	<u>\$ 1,429,836</u>	<u>\$ 949,839</u>	<u>\$ 132,629</u>	<u>\$ 99,555</u>	<u>\$ 1,182,023</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED MAY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 130,837	\$ (196,673)
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	33,569	35,613
(Increase) decrease in:		
Grants & accounts receivable	17,209	(10,409)
Prepaid expenses	490	2,381
Increase (decrease) in:		
Accounts payable & accrued expenses	14,530	5,251
Grants received in advance	<u>(34,600)</u>	<u>34,600</u>
 Cash provided by (used in) operating activities	 162,035	 (129,237)
 <b>Cash flows from financing activities</b>		
Proceeds from Small Business Administration loan	<u>101,625</u>	<u>-</u>
 Cash provided by financing activities	 <u>101,625</u>	 <u>-</u>
 Net increase (decrease) in cash	 263,660	 (129,237)
 <b>Cash</b>		
Beginning of year	<u>539,552</u>	<u>668,789</u>
End of year	<u>\$ 803,212</u>	<u>\$ 539,552</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED MAY 31, 2020 AND 2019

**(1) Nature of Organization**

Bridges 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' programs include:

*Street Outreach*

Bridges delivers ready-made meals, clothing and necessities with compassion and respect to the most vulnerable homeless and food insecure in Manhattan, Newark and Irvington.

*Project Connect*

Professional case managers work with homeless clients in Newark to establish needs and set realistic goals that lead to better health, housing and independence. Onsite medical services are offered through a partnership with St. James Health.

*Summit Programs*

Every Friday, Bridges opens its doors to Summit neighbors in need offering showers, clothing and other necessities. Other yearly events include Martin Luther King Volunteer Day of Service, backpack and school supply distribution, and a health fair.

**(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 on the accrual basis of accounting according to two classes of net assets: without donor restrictions and with donor restrictions.

*Contributions*

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor imposed restrictions.



BRIDGES OUTREACH, INC.  
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*Grants*

Grants received from foundations and corporations are treated as contributions and are recorded as without or with donor restrictions depending on the nature of any donor imposed conditions. Grants which are conditional in nature are recognized when the underlying conditions are substantially satisfied.

*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*

For purposes of the statement of cash flows, Bridges Outreach considers demand deposits in financial institutions to be cash.

*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.

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*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. Bridges Outreach's exempt organization filings for the years ended May 31, 2017 through 2020 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine Bridges Outreach's financial activities for income and unrelated business income tax for those years.

*New accounting pronouncements*

During the year ended May 31, 2020, Bridges adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Under the guidance, awards from corporations, financial institutions and government entities are treated as contributions unless conditional in nature. The adoption of Update No. 2018-08 had no financial impact on Bridges.

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, *Leases (Topic 842)*, in February 2016. Under this guidance lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2020. Management is evaluating the impact of this updated guidance on its financial statements.

**(3) Fixed Assets**

As of May 31, 2020 and 2019, fixed assets consist of the following:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 73,701	\$ 73,701
Furniture & equipment	23,847	23,847
Leasehold improvements	<u>124,222</u>	<u>124,222</u>
	221,770	221,770
Less accumulated depreciation	<u>160,783</u>	<u>127,214</u>
	<u>\$ 60,987</u>	<u>\$ 94,556</u>

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**(4) Lease Commitments**

As of May 31, 2020, Bridges Outreach is obligated to minimum payments for leased space and equipment for future years ending May 31 as follows:

2021	\$ 25,820
2022	21,865
2023	<u>3,644</u>
	<u>\$ 51,329</u>

**(5) Donated Services**

For the years ended May 31, 2020 and 2019, volunteers reported approximately 14,000 and 15,000 hours per year, respectively, 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.

**(6) Uninsured Balances**

As of May 31, 2020 and 2019, cash exceeding federally insured limits in one depository institution totaled \$400,097 and \$139,771, respectively.

**(7) Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows as of May 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash & cash equivalents	\$803,212	\$539,552
Grants & accounts receivable	<u>—</u>	<u>17,209</u>
Total financial assets	<u>\$803,212</u>	<u>\$556,761</u>

Cash in excess of daily requirements is invested in interest-bearing demand deposits.

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**(8) Coronavirus Funding**

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which has spread throughout the United States. During the year ended June 30, 2020, Bridges Outreach received special funding relating to COVID-19 as follows:

CARES Act/Paycheck Protection Program

In response to the coronavirus pandemic, the United States Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES) which provides direct economic assistance and loans to business entities. In May 2020, Bridges Outreach received a loan of \$101,625 under the Paycheck Protection Program (PPP) which is a component of the CARES Act. If certain criteria are met, all or a portion of the loan may be forgiven. The full amount remained outstanding as of May 31, 2020. Management expects to meet the forgiveness criteria for the total amount during the next fiscal year. The loan amount will be recognized as income

**(9) Evaluation of Subsequent Events**

As described in Note 8, The World Health Organization declared a pandemic as a result of the coronavirus. On March 21, 2020, the governor of New Jersey declared a health emergency and issued an order to close all nonessential businesses and activities until further notice. As of the date of these financial statements, many, but not all, businesses have re-opened in some fashion. The overall impact on Bridges Outreach operations, earnings, cash flows and financial position cannot be reasonably estimated as of the date of these financial statements.