

BRIDGES OUTREACH, INC.
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2018 AND 2017

BRIDGES OUTREACH, INC.
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YEARS ENDED MAY 31, 2018 AND 2017

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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, 2018 and 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

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, 2018 and 2017, 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.

September 17, 2018
Hillsborough, NJ

A handwritten signature in blue ink, appearing to read 'Jm Wood', is written over the printed name and title.

James M. Wood, Certified Public Accountant
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BRIDGES OUTREACH, INC.
 STATEMENTS OF FINANCIAL POSITION
 MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets		
Cash & cash equivalents	\$ 668,789	\$ 660,530
Certificate of deposit	-	101,552
Grants & accounts receivable	6,800	63
Prepaid expenses	5,453	6,051
	<u>681,042</u>	<u>768,196</u>
 Fixed assets, net	 130,169	 23,867
Security deposit	9,676	1,300
	<u>820,887</u>	<u>793,363</u>
 Liabilities & Net Assets		
Current liabilities		
Accounts payable & accrued expenses	\$ 16,347	\$ 12,953
 Net assets		
Unrestricted	804,540	713,044
Temporarily restricted	-	67,366
	<u>804,540</u>	<u>780,410</u>
	<u>\$ 820,887</u>	<u>\$ 793,363</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2018 AND 2017

	2018		2017		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
Public support					
Contributions	\$ 276,404	\$ -	\$ 276,404	\$ -	\$ 281,914
Grants	347,595	99,655	447,250	-	286,072
Donated items & services	463,645	-	463,645	-	568,004
	<u>1,087,644</u>	<u>99,655</u>	<u>1,187,299</u>	<u>-</u>	<u>1,135,990</u>
Special event					
Gross event income	143,506	-	143,506	68,750	281,807
Less direct expense	(27,529)	-	(27,529)	-	(75,558)
	<u>115,977</u>	<u>-</u>	<u>115,977</u>	<u>68,750</u>	<u>206,249</u>
Other income					
Rent	3,670	-	3,670	-	-
Dividends & interest income	945	-	945	-	1,284
	<u>4,615</u>	<u>-</u>	<u>4,615</u>	<u>-</u>	<u>1,284</u>
Net assets released from restriction	167,021	(167,021)	-	(1,384)	-
Total support & revenue	1,375,257	(67,366)	1,307,891	67,366	1,343,523
Functional expenses					
Program	1,093,588	-	1,093,588	-	1,058,820
Management & general	105,276	-	105,276	-	110,423
Fund raising	84,897	-	84,897	-	68,879
	<u>1,283,761</u>	<u>-</u>	<u>1,283,761</u>	<u>-</u>	<u>1,238,122</u>
Increase in net assets	91,496	(67,366)	24,130	67,366	105,401
Net assets					
Beginning of year	713,044	67,366	780,410	-	675,009
End of year	<u>\$ 804,540</u>	<u>-</u>	<u>\$ 804,540</u>	<u>67,366</u>	<u>780,410</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in net assets	\$ 24,130	\$ 105,401
Adjustments to reconcile increase in net assets to cash (used in) provided by operating activities:		
Depreciation	34,060	8,723
(Increase) decrease in:		
Grants & accounts receivable	(6,737)	687
Prepaid expenses	598	7,547
Security deposit	(8,376)	-
Increase (decrease) in:		
Accounts payable & accrued expenses	<u>3,394</u>	<u>2,712</u>
Cash provided by operating activities	47,069	125,070
Cash flows from investing activities		
Purchase of certificate of deposit	-	(101,552)
Proceeds from maturity of certificate or deposit	101,552	101,147
Acquisition of fixed assets	<u>(140,362)</u>	<u>(1,384)</u>
Cash used in investing activities	<u>(38,810)</u>	<u>(1,789)</u>
Net increase in cash	8,259	123,281
Cash		
Beginning of year	<u>660,530</u>	<u>537,249</u>
End of year	<u>\$ 668,789</u>	<u>\$ 660,530</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2018 AND 2017

(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 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.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
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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.

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.

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, 2015 through 2018 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.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
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New accounting pronouncements

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, 2019 and interim periods within fiscal years beginning after December 15, 2020. Management is evaluating the impact of this updated guidance on its financial statements.

The Financial Accounting Standards Board (FASB) issued Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), in August 2016. Under this guidance, not-for-profit entities will report *net assets with donor restrictions* and *net assets without donor restrictions* instead of the currently-required three classes. Not-for-profit entities will also provide enhanced disclosures regarding board designations, composition of net assets with donor restrictions, management of liquid resources available to meet cash needs, cost allocation among program and support functions, and underwater endowment funds. Further, the guidance requires reporting of investment returns net of investment expenses and clarifies accounting and disclosure for gifts restricted to the acquisition or construction of long-lived assets. The amendments in this Update are effective for years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Management is evaluating the impact of this updated guidance on its financial statements.

(3) Investments in Certificates of Deposit

As of May 31, 2017 investments in certificates of deposit consist of one certificate totaling \$101,552 maturing on June 17, 2017. Certificates of deposit are carried at cost plus accrued interest which approximates fair value.

(4) Fixed Assets

As of May 31, 2018 and 2017, fixed assets consist of the following:

	<u>2018</u>	<u>2017</u>
Vehicles	\$ 73,701	\$73,701
Furniture & equipment	23,847	6,323
Leasehold improvements	<u>124,222</u>	<u>1,384</u>
	221,770	80,418
Less accumulated depreciation	<u>91,601</u>	<u>57,541</u>
	<u>\$130,169</u>	<u>\$23,867</u>

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
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(5) **Lease Commitments**

As of May 31, 2018, Bridges Outreach is obligated to minimum payments for leased space and equipment for future years ending May 31 as follows:

2019	\$ 30,311
2020	24,061
2021	22,780
2022	21,865
2023	<u>3,644</u>
	<u>\$102,661</u>

(6) **Donated Services**

For the years ended May 31, 2018 and 2017, 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.

(7) **Uninsured Balances**

As of May 31, 2018 and 2017, cash exceeding federally insured limits in one depository institution totaled \$218,195 and \$298,171, respectively.

(8) **Evaluation of Subsequent Events**

Bridges Outreach has evaluated subsequent events through September 17, 2018, the date which the financial statements were available to be issued.