

BRIDGES OUTREACH, INC.
FINANCIAL STATEMENTS
SEVEN MONTH PERIOD ENDING DECEMBER 31, 2020

BRIDGES OUTREACH, INC.
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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 December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the seven months 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 audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 December 31, 2020, and the changes in its net assets and its cash flows for the seven months then ended in accordance with accounting principles generally accepted in the United States of America.

January 11, 2022
Hillsborough, NJ

James M. Wood, CPA

James M. Wood, Certified Public Accountant
603B Omni Drive • Hillsborough, NJ 08844
(p) 908-431-1700 • (f) 908-431-1702
jmwood@jmwoodcpa.com

BRIDGES OUTREACH, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

Assets

Current assets

Cash	\$ 728,156
Grants & accounts receivable	26,172
Prepaid expenses	2,582
	<u>756,910</u>

Fixed assets, net

Security deposit	83,648
	<u>9,676</u>

\$ 850,234

Liabilities & Net Assets

Current liabilities

Accounts payable & accrued expenses	\$ 24,584
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Net assets

Without donor restrictions	<u>825,650</u>
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\$ 850,234

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENT OF ACTIVITIES
SEVEN MONTHS ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>
Support & revenue	
Contributions	\$ 282,646
Program services fees	51,459
Grants	291,614
Paycheck Protection Program	101,625
Miscellaneous	24,085
Interest income	843
Donated items & services	558,132
	<u>1,310,404</u>
Special events	
Gross event income	20,224
Less direct expense	(6,194)
	<u>14,030</u>
Total support & revenue	<u>1,324,434</u>
Functional expenses	
Program	1,078,833
Management & general	90,433
Fund raising	68,222
	<u>1,237,488</u>
Total expenses	<u>1,237,488</u>
Increase in net assets	86,946
Net assets	
Beginning of year	<u>738,704</u>
End of year	<u>\$ 825,650</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
SEVEN MONTHS ENDED DECEMBER 31, 2020

	Program	Management & General	Fund Raising	Total
Salaries	\$ 284,434	\$ 59,827	\$ 46,767	\$ 391,028
Fringe benefits	36,037	7,580	5,925	49,542
	<u>320,471</u>	<u>67,407</u>	<u>52,692</u>	<u>440,570</u>
Contracted services	3,972	-	-	3,972
Donated goods disbursed	558,132	-	-	558,132
Purchased goods disbursed	33,568	-	-	33,568
Delivery of goods disbursed	7,140	-	-	7,140
Resource center	20,181	-	-	20,181
Rental assistance to individuals	19,989	-	-	19,989
Occupancy	42,273	-	-	42,273
Professional fees	15,000	6,066	-	21,066
Web site	1,125	482	1,607	3,214
Printing & publications	1,362	389	195	1,946
Travel	-	92	-	92
Telephone	6,724	374	374	7,472
Office supplies	7,459	9,324	1,865	18,648
Annual appeal	-	-	5,126	5,126
Postage	69	172	446	687
Insurance	8,918	1,876	1,466	12,260
Meetings	4,094	861	673	5,628
Training	914	-	-	914
Software licensing	-	-	2,117	2,117
Recruiting	-	1,265	-	1,265
Miscellaneous	10,103	2,125	1,661	13,889
	<u>1,061,494</u>	<u>90,433</u>	<u>68,222</u>	<u>1,220,149</u>
Depreciation	17,339	-	-	17,339
Total functional expenses	\$ 1,078,833	\$ 90,433	\$ 68,222	\$ 1,237,488

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENT OF CASH FLOWS
SEVEN MONTHS ENDED DECEMBER 31, 2020

Cash flows from operating activities	
Increase in net assets	\$ 86,946
Adjustments to reconcile increase in net assets to cash used in operating activities	
Depreciation	17,339
Paycheck Protection Program loan recognized as income	(101,625)
(Increase) decrease in:	
Grants & accounts receivable	(26,172)
Increase (decrease) in:	
Accounts payable & accrued expenses	<u>(11,544)</u>
Net cash used in operating activities	(35,056)
Cash flows from investing activities	
Acquisition of premises & equipment	<u>(40,000)</u>
Net cash used in investing activities	<u>(40,000)</u>
Net decrease in cash	(75,056)
Cash	
Beginning of year	<u>803,212</u>
End of year	<u>\$ 728,156</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
SEVEN MONTH PERIOD ENDED DECEMBER 31, 2020

(1) **Nature of Organization**

Bridges Outreach, Inc., t/a Bridges, is a not-for-profit corporation based in Summit, New Jersey, organized in 1991. Bridges ends homelessness through volunteer-driven outreach and individual case management focusing on health, housing, and independence. Bridges forms relationships with those experiencing homelessness while meeting their most urgent needs. Bridges connects the housed and homeless to establish relationships that lead to greater acceptance and understanding, social and economic growth, and well-being.

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.

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.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
SEVEN MONTH PERIOD ENDED DECEMBER 31, 2020

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.

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.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
SEVEN MONTH PERIOD ENDED DECEMBER 31, 2020

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, 2021. Management is evaluating the impact of this updated guidance on its financial statements.

(3) Fixed Assets

As of December 31, 2020, fixed assets consist of the following:

Vehicles	\$ 72,823
Furniture & equipment	23,847
Leasehold improvements	<u>124,222</u>
	220,892
Less accumulated depreciation	<u>137,244</u>
	<u>\$ 83,648</u>

(4) Lease Commitments

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

2021	\$ 21,865
2022	<u>12,755</u>
	<u>\$ 34,620</u>

(5) Donated Services

For the seven months ended December 31, 2020, volunteers reported approximately 3,750 hours 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 December 31, 2020, cash exceeding federally insured limits in one depository institution totaled \$314,024.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
SEVEN MONTH PERIOD ENDED DECEMBER 31, 2020

(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 December 31, 2020:

Cash	\$728,156
Grants & accounts receivable	<u>26,172</u>
Total financial assets	<u>\$754,328</u>

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

(8) **Small Business Administration Loans**

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. 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. The loan is repayable over five years at a rate of 1%. Bridges Outreach met the forgiveness criteria for the entire loan balance which was recognized as income of \$101,625 during the seven month period ended December 31, 2020.

(9) **Risks and Uncertainties**

The COVID-19 pandemic has created and may continue to create significant uncertainty in the United States and global economies which, in addition to other unforeseen effects of this pandemic, may adversely impact Bridges Outreach's operations.

(10) **Subsequent Events**

Bridges Outreach has evaluated the need for adjustments resulting from subsequent events through January 11, 2022, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of December 31, 2020.