

DRAFT

BRIDGES OUTREACH, INC.
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2019 AND 2018

BRIDGES OUTREACH, INC.
TABLE OF CONTENTS
YEARS ENDED MAY 31, 2019 AND 2018

	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.

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, 2019 and 2018, 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, 2019 and 2018, 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.

, 2019
Hillsborough, NJ

BRIDGES OUTREACH, INC.
 STATEMENTS OF FINANCIAL POSITION
 MAY 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash & cash equivalents	\$ 539,552	\$ 668,789
Grants & accounts receivable	17,209	6,800
Prepaid expenses	3,072	5,453
	<u>559,833</u>	<u>681,042</u>
 Fixed assets, net	 94,556	 130,169
Security deposit	9,676	9,676
	<u>664,065</u>	<u>820,887</u>
 Liabilities & Net Assets		
Current liabilities		
Accounts payable & accrued expenses	\$ 21,598	\$ 16,347
Grants received in advance	34,600	-
	<u>56,198</u>	<u>16,347</u>
 Net assets		
Without donor restrictions	<u>607,867</u>	<u>804,540</u>
	<u>\$ 664,065</u>	<u>\$ 820,887</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support						
Contributions	\$ 278,214	\$ -	\$ 278,214	\$ 276,404	\$ -	\$ 276,404
Grants	363,428	-	363,428	347,595	99,655	447,250
Donated items & services	217,145	-	217,145	463,645	-	463,645
	<u>858,787</u>	<u>-</u>	<u>858,787</u>	<u>1,087,644</u>	<u>99,655</u>	<u>1,187,299</u>
Special events						
Gross event income	210,096	-	210,096	143,506	-	143,506
Less direct expense	(93,892)	-	(93,892)	(27,529)	-	(27,529)
	<u>116,204</u>	<u>-</u>	<u>116,204</u>	<u>115,977</u>	<u>-</u>	<u>115,977</u>
Other income						
Rent	9,655	-	9,655	3,670	-	3,670
Dividends & interest income	704	-	704	945	-	945
	<u>10,359</u>	<u>-</u>	<u>10,359</u>	<u>4,615</u>	<u>-</u>	<u>4,615</u>
Net assets released from restriction	-	-	-	167,021	(167,021)	-
Total support & revenue	985,350	-	985,350	1,375,257	(67,366)	1,307,891
Functional expenses						
Program	949,839	-	949,839	1,093,588	-	1,093,588
Management & general	132,629	-	132,629	105,276	-	105,276
Fund raising	99,555	-	99,555	84,897	-	84,897
	<u>1,182,023</u>	<u>-</u>	<u>1,182,023</u>	<u>1,283,761</u>	<u>-</u>	<u>1,283,761</u>
Increase (decrease) in net assets	(196,673)	-	(196,673)	91,496	(67,366)	24,130
Net assets						
Beginning of year	804,540	-	804,540	713,044	67,366	780,410
End of year	<u>\$ 607,867</u>	<u>\$ -</u>	<u>\$ 607,867</u>	<u>\$ 804,540</u>	<u>\$ -</u>	<u>\$ 804,540</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED MAY 31, 2019 AND 2018

	2019			2018			
	Program	Management & General	Fund Raising	Program	Management & General	Fund Raising	Total
Salaries	\$ 366,968	\$ 94,716	\$ 55,609	\$ 276,622	\$ 69,264	\$ 47,882	\$ 393,768
Fringe benefits	61,227	15,803	9,278	45,864	11,484	7,939	65,287
	428,195	110,519	64,887	322,486	80,748	55,821	459,055
Contracted services	2,411	-	-	5,637	-	-	5,637
Donated goods disbursed	199,745	-	-	439,795	-	-	439,795
Purchased goods disbursed	50,795	-	-	60,114	-	-	60,114
Delivery of goods disbursed	6,190	-	-	10,850	-	-	10,850
Resource center	80,453	-	-	84,381	-	-	84,381
Occupancy	79,247	1,686	990	77,841	2,340	-	82,521
Donated occupancy	6,000	-	-	6,000	-	-	6,000
Professional fees	-	6,300	21,553	-	6,300	9,262	15,562
Donated services	11,400	-	-	16,400	-	-	16,400
Web site	628	269	897	945	405	1,350	2,700
Printing & publications	7,198	2,057	1,028	8,148	2,328	1,164	11,640
Travel	-	750	-	37	2,045	-	2,082
Telephone	10,615	590	590	7,072	372	372	7,816
Office supplies	3,972	4,965	993	3,070	3,838	768	7,676
Annual appeal	-	-	2,814	-	-	6,741	6,741
Postage	133	333	866	111	277	719	1,107
Insurance	8,600	2,220	1,303	7,616	1,907	1,318	10,841
Meetings	1,906	492	289	1,026	257	178	1,461
Training	7,250	-	-	3,760	-	-	3,760
Software licensing	-	-	1,908	-	-	2,543	2,543
Small equipment	1,410	364	214	648	183	183	1,014
Donated small equipment & furniture	-	-	-	1,450	-	-	1,450
Miscellaneous	8,078	2,084	1,223	2,141	4,276	2,138	8,555
	914,226	132,629	99,555	1,059,528	105,276	84,897	1,249,701
Depreciation	35,613	-	-	34,060	-	-	34,060
Total functional expenses	\$ 949,839	\$ 132,629	\$ 99,555	\$ 1,093,588	\$ 105,276	\$ 84,897	\$ 1,283,761

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MAY 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (196,673)	\$ 24,130
Adjustments to reconcile increase (decrease) in net assets to cash (used in) provided by operating activities:		
Depreciation	35,613	34,060
(Increase) decrease in:		
Grants & accounts receivable	(10,409)	(6,737)
Prepaid expenses	2,381	598
Security deposit	-	(8,376)
Increase (decrease) in:		
Accounts payable & accrued expenses	5,251	3,394
Grants received in advance	34,600	-
	(129,237)	47,069
Cash flows from investing activities		
Acquisition of fixed assets	-	(140,362)
	-	(140,362)
	(129,237)	(93,293)
Cash		
Beginning of year	668,789	660,530
End of year	\$ 539,552	\$ 567,237

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2019 AND 2018

(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 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.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2019 AND 2018

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 2019 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
YEARS ENDED MAY 31, 2019 AND 2018

New accounting pronouncements

During the year ended May 31, 2019, Bridges implemented Financial Accounting Standards Board (FASB) issued Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). Accordingly, unrestricted net assets have been retitled as net assets without donor restrictions. Temporarily restricted net assets have been retitled as net assets with donor restrictions. Additional disclosures are included in the areas of liquidity and net assets, both with and without donor restrictions.

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.

In May 2014, the FASB issued ASU 2014-10, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in US GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2-15-14, *Revenue from Contracts with Customers* (Topic 606) - *Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. The updated standard will be effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016. Management is evaluating the impact the updated standard will have on the financial statements.

BRIDGES OUTREACH, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED MAY 31, 2019 AND 2018

The Financial Accounting Standards Board (FASB) issued Update No 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*, in November 2016, requiring a statement of cash flows to explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash or cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update are effective for fiscal years beginning after December 31, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, and the Update should be applied using a retrospective transition method to each period presented. Management is evaluating the impact the updated standard will have on the financial statements.

The Financial Accounting Standards Board (FASB) issued Update No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, in June 2018. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) with the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this update are effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Management is evaluating the impact the updated standard will have on the financial statements.

(3) **Fixed Assets**

As of May 31, 2019 and 2018, fixed assets consist of the following:

	<u>2019</u>	<u>2018</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>127,214</u>	<u>91,601</u>
	<u>\$ 94,556</u>	<u>\$130,169</u>

(4) **Lease Commitments**

As of May 31, 2019, Bridges Outreach is obligated to minimum payments for leased space and equipment for future years ending May 31 as follows:

2020	\$ 30,061
2021	24,280
2022	21,865
2023	<u>3,644</u>
	<u>\$ 79,850</u>

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2019 AND 2018

(5) Donated Services

For the years ended May 31, 2019 and 2018, 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.

(6) Uninsured Balances

As of May 31, 2019 and 2018, cash exceeding federally insured limits in one depository institution totaled \$139,771 and \$218,195, 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash & cash equivalents	\$539,552	\$668,789
Grants & accounts receivable	<u>17,209</u>	<u>6,800</u>
 Total financial assets	 <u>\$556,761</u>	 <u>\$675,589</u>

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

(8) Evaluation of Subsequent Events

Bridges Outreach has evaluated subsequent events through _____, 2019, the date which the financial statements were available to be issued.