

BRIDGE OF HOPE, INC.
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	2-3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-17



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Independent Auditors' Report

The Board of Directors
Bridge of Hope, Inc.

We have audited the accompanying financial statements of Bridge of Hope, Inc. (a nonprofit organization) which comprise the statements of financial position as of March 31, 2016, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge of Hope, Inc. as of March 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Bridge of Hope, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bee, Bergvall & Co.

Bee, Bergvall & Company, P.C.
Certified Public Accountants

July 15, 2016

Bridge of Hope, Inc.

Statement of Financial Position

March 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and Cash Equivalents	\$ 129,585	\$ 169,229
Accounts Receivable	57	1,403
Due from Affiliates	48	-
Promises to Give	13,823	1,025
Prepaid Expenses	14,796	10,399
Total Current Assets	<u>158,309</u>	<u>182,056</u>
Endowment Assets		
Cash	21,422	29,461
Investment	330,553	312,120
Promises to Give Net	<u>-</u>	<u>-</u>
Total Restricted Assets	<u>351,975</u>	<u>341,581</u>
Property and Equipment		
Office Furniture and Equipment	17,250	6,739
Less: Accumulated Depreciation	<u>(7,044)</u>	<u>(6,398)</u>
Net Property and Equipment	<u>10,206</u>	<u>341</u>
Other Assets		
Security Deposit	<u>1,100</u>	<u>1,100</u>
 TOTAL ASSETS	 <u>\$ 521,590</u>	 <u>\$ 525,078</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 17,078	\$ 15,752
Accrued Vacation	8,636	9,759
Payroll Taxes Withheld and Accrued	742	784
Funds Held for Affiliates	<u>-</u>	<u>14,285</u>
Total Current Liabilities	<u>26,456</u>	<u>40,580</u>
Net Assets		
Unrestricted	70,300	77,415
Unrestricted, Board Designated for Endowment	<u>118,056</u>	<u>103,056</u>
Total Unrestricted	188,356	180,471
Temporarily Restricted	72,859	65,502
Permanently Restricted	<u>233,919</u>	<u>238,525</u>
Total Net Assets	<u>495,134</u>	<u>484,498</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 521,590</u>	 <u>\$ 525,078</u>

See independent auditors' report and
accompanying notes to the financial statements

Bridge of Hope, Inc.

Statements of Activities

For the Year Ended March 31, 2016

With Comparative Totals for the Year Ended March 31, 2015

	2016				2015
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Public Support and Revenue					
Individual Contributions	\$ 235,945	\$ -	\$ 8,150	\$ 244,095	\$ 182,488
Church Contributions	3,840	-	-	3,840	1,942
Corporate Contributions	16,079	-	-	16,079	13,378
Foundation Grants	74,500	-	-	74,500	99,034
Special Fundraising Events (net)	67,806	64,109	-	131,915	129,692
Location Fees, Resources, and					
Conference Registration	43,294	-	-	43,294	40,301
Conference Sponsorships	17,386	8,750	-	26,136	14,300
Interest Income	160	-	10,347	10,507	8,560
Realized Gains (Losses) on Investments	-	-	10,025	10,025	3,855
Unrealized Gains (Losses) on Investments	-	-	(33,128)	(33,128)	1,722
Donated Services and Materials	36,221	-	-	36,221	27,872
Net Assets Released from Restrictions	<u>65,502</u>	<u>(65,502)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>560,733</u>	<u>7,357</u>	<u>(4,606)</u>	<u>563,484</u>	<u>523,144</u>
Functional Expenses					
Program Services	397,888	-	-	397,888	342,464
Support Services					
General and Administrative	40,253	-	-	40,253	33,015
Fundraising	<u>114,707</u>	<u>-</u>	<u>-</u>	<u>114,707</u>	<u>84,155</u>
Total Expenses	<u>552,848</u>	<u>-</u>	<u>-</u>	<u>552,848</u>	<u>459,634</u>
Change in Net Assets	7,885	7,357	(4,606)	10,636	63,510
Net Assets at Beginning of Year	<u>180,471</u>	<u>65,502</u>	<u>238,525</u>	<u>484,498</u>	<u>420,988</u>
Net Assets at End of Year	<u>\$ 188,356</u>	<u>\$ 72,859</u>	<u>\$ 233,919</u>	<u>\$ 495,134</u>	<u>\$ 484,498</u>

See independent auditors' report and
accompanying notes to financial statements

Bridge of Hope, Inc.

Statements of Functional Expenses

For the Year Ended March 31, 2016

With Comparative Totals for the Year Ended March 31, 2015

	<u>2016</u>				<u>2015</u>
	<u>Program</u>	<u>General</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>& Admin</u>	<u>Raising</u>		
Payroll and Related Expenses					
Salaries	\$ 214,028	\$ 23,579	\$ 73,361	\$ 310,968	\$ 267,088
Employee Benefits	5,972	658	2,047	8,677	12,230
Payroll Taxes	<u>18,390</u>	<u>2,026</u>	<u>6,304</u>	<u>26,720</u>	<u>23,215</u>
Total Payroll and Related Expenses	<u>238,390</u>	<u>26,263</u>	<u>81,712</u>	<u>346,365</u>	<u>302,533</u>
Location Development					
Conference for Locations	16,262	-	-	16,262	14,947
Outreach Initiative	38,624	-	-	38,624	36,419
Program/One Church	1,200	-	-	1,200	1,200
Support	17,072	-	-	17,072	19,272
Trademark Services	-	-	-	-	1,324
Travel	<u>9,093</u>	<u>-</u>	<u>-</u>	<u>9,093</u>	<u>8,392</u>
Total Location Development	<u>82,251</u>	<u>-</u>	<u>-</u>	<u>82,251</u>	<u>81,554</u>
Other Expenses					
Depreciation	445	49	152	646	659
In-Kind Support	520	770	13,175	14,465	5,855
Insurance	3,701	408	1,269	5,378	4,831
Legal and Accounting	150	6,850	-	7,000	6,800
Consultants	18,755	-	-	18,755	6,503
Miscellaneous	11,297	1,245	3,873	16,415	12,726
Office Supplies and Postage	26,390	2,907	9,046	38,343	11,504
Rent Expense	9,911	1,092	3,397	14,400	14,400
Telephone	3,342	368	1,145	4,855	4,528
Training	<u>2,736</u>	<u>301</u>	<u>938</u>	<u>3,975</u>	<u>7,741</u>
Total Other Expenses	<u>77,247</u>	<u>13,990</u>	<u>32,995</u>	<u>124,232</u>	<u>75,547</u>
Total Functional Expenses	<u>\$ 397,888</u>	<u>\$ 40,253</u>	<u>\$ 114,707</u>	<u>\$ 552,848</u>	<u>\$ 459,634</u>

See independent auditors' report and
accompanying notes to financial statements

Bridge of Hope, Inc.

Statements of Cash Flows

For the Year Ended March 31, 2016

With Comparative Totals for the Year Ended March 31, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 10,636	\$ 63,510
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	646	659
Unrealized (Gains) Loss in Investments	33,128	(1,722)
(Increase) Decrease in Operating Assets		
Promises to Give	(12,798)	1,910
Accounts Receivable	1,346	(1,129)
Due from Affiliates	(48)	-
Prepaid Expenses	(4,397)	(4,181)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	1,326	205
Accrued Vacation	(1,123)	1,722
Payroll Taxes Withheld and Accrued	(42)	134
Funds Held for Affiliates	(14,285)	-
Net Cash Provided by (Used in) Operating Activities	<u>14,389</u>	<u>61,108</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(10,511)	-
Purchase of Investments	(263,025)	(57,713)
Sale of Investments	<u>211,464</u>	<u>42,422</u>
Net Cash Provided by (Used in) Investing Activities	<u>(62,072)</u>	<u>(15,291)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(47,683)	45,817
Cash and Cash Equivalents at Beginning of Year	<u>198,690</u>	<u>152,873</u>
Cash and Cash Equivalents at End of Year	<u>\$ 151,007</u>	<u>\$ 198,690</u>
Supplemental Information		
Unrestricted Cash and Cash Equivalents	\$ 129,585	\$ 169,229
Endowment Cash	<u>21,422</u>	<u>29,461</u>
Total Cash	<u>\$ 151,007</u>	<u>\$ 198,690</u>

See independent auditors' report and
accompanying notes to financial statements

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies

Organization: The Bridge of Hope, Inc. (the Organization) is a nonprofit organization located in Exton, Pennsylvania. The vision of Bridge of Hope National is to end and prevent homelessness for women and children across the United States by calling churches into action.

Our mission is to call and equip compassionate people from many Christian faith traditions to exemplify Christ's love to homeless women and children by creating and sustaining thriving Bridge of Hope locations. Bridge of Hope brings together professional staff and trained church-based mentoring groups to empower homeless and at-risk single mothers to attain:

- Permanent housing
- Financial stability through employment
- Life-changing friendships
- Increased self-esteem and growth in areas of holistic living

The Organization aids in initiating new Bridge of Hope affiliates/sites in the community. The Organization provides management and guidance in the affiliate/site start-up stage and consultation as the affiliate/sites grow.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (continued)

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of March 31, 2016 permanently restricted net assets consisted of the Bridge for Tomorrow Endowment Fund, which will allow for loans on principal on a very limited and specific basis for the purpose of program expansion and growth. The income earned on the account is available as unrestricted funds.

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2015, from which the summarized information was derived.

Revenue Recognition: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give which are due in future years are recorded as temporarily restricted contributions at the present value of their net realizable value. Conditional promises to give are not included as support until such time as the condition is substantially met.

Amounts received that are designated for future periods, or that are restricted by the donor for specific purpose, are reported as temporarily restricted or permanently restricted net assets. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Allowance for Unconditional Promises to Give: The Organization utilizes the direct write-off method to record promises to give that are deemed uncollectible. Under this method, promises to give that become uncollectible during the year are charged against current year activities. The Organization estimates that this method is not materially different from the allowance method.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Receivables: Receivables are estimated to be fully collectible and no allowance for bad debts has been provided. If a receivable is determined to be uncollectible, it will be charged directly to operation in the year that determination is made. Receivables are considered to be delinquent when they are 90 days past their due date.

Functional Allocation of Expenses: Costs of developing the affiliates/sites (i.e. locations) and other activities have been summarized on the statement of functional expenses. Accordingly, certain costs have been allocated between program and supporting services.

Cash Equivalents: The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Property and Equipment: Property and equipment are stated at their historical purchased cost. Expenditures that significantly add to productive capacity or useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income.

Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted net assets. Absent donor stipulations regarding how long those donated assets must be utilized, the Organization reports net assets released from restrictions when the acquired assets are placed in service.

Property and equipment donated to the Organization are carried at fair market value as determined by an independent appraiser on the date the properties were donated.

Depreciation: Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. Depreciation expense for the year ended March 31, 2016 was \$646.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their quoted fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Donated investments are reflected as contributions at their market values at the date of receipt. Interest earnings, realized gains and losses, and unrealized gains and losses are reported as investment income.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Prepaid Expenses: Insurance premiums and rent are included in prepaid expenses for all items paid in advance.

Fair Value of Financial Instruments: The Organization follows Fair Value Measurements as required by the FASB Standards Codification, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Codification emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (continued)

The primary uses of fair value measures in the Organization's financial statements are: recurring measurement of short term investments. The following table represents the Organization's fair value hierarchy for those investments, excluding money market funds, measured at fair value on a recurring basis as of March 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Domestic Fixed Income	\$ 82,579	\$ -	\$ -	\$ 82,579
International Fixed Income	16,594	-	-	16,594
Domestic Equities	142,808	-	-	142,808
International Equities	58,989	-	-	58,989
Commodities	12,910	-	-	12,910
REITs	16,673	-	-	16,673
	<u>\$ 330,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,553</u>
Promises to Give	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,823</u>	<u>\$ 13,823</u>

Donated Services and Materials: Donated materials, services, and other noncash assets are reflected as contributions in the accompanying statements of activities at their estimated fair market value on the date received. Donated materials included gift cards, program supplies, as well as various other items. Total donated materials were \$36,221 for the year ended March 31, 2016.

The Organization receives significant volunteer time for help in fundraising and in completing various office and administrative duties. No values have been assigned to these donated services, as they do not meet the criteria of recognition under FASB 116.

Concentration of Credit Risk: The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Organization places its cash and temporary cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limit. As of March 31, 2016, the Organization was not in excess of these insurance limits.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Federal Income Tax: The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation as defined in Sections 170 and 509 of the Internal Revenue Code. The Organization files a separate Federal Form 990. The affiliates of Bridge of Hope, Inc. are permitted to qualify for 501(c)(3) status under the group exemption letter of Bridge of Hope, Inc. The affiliates are required to maintain certain levels of compliance with the Organization. However, a consolidated Form 990 is not filed.

Budget: The Organization adopts and maintains a yearly budget. The budget is subject to correction and changes during the year at the discretion of the Board of Directors.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events: The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

NOTE 2. Rent Expense

As of December 1, 2004, the Organization entered into a three year lease to rent office space in Exton from an unrelated party. The lease was subsequently renewed for an additional five years after which time it converted to a month to month lease. Total rent paid for the Exton office space was \$14,400 for the year ended March 31, 2016.

NOTE 3. Location Program Development

The Organization is actively pursuing establishment of Bridge of Hope programs in other regions in support of the mission and vision of the Organization, which are considered affiliates and sites. Expenses incurred in marketing the program are reflected as location (i.e. affiliate and site) expenses. Affiliates and sites pay an annual fee. These revenues are included in location fees.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 3. Location Program Development (Continued)

In addition, Bridge of Hope, Inc. collects contributions from donors for the startup and ongoing operations of a location. The Organization subsequently distributes these contributions for startup expenses incurred in forming new locations. If a startup group does not officially sign-on with Bridge of Hope within two years, the funds revert to the Organization for general operations. Total funds received and disbursed throughout the fiscal year ended March 31, 2016, are reflected below:

	<u>Beginning</u>	<u>Contributions Reserved</u>	<u>Distributions</u>	<u>Ending</u>
Berks Co.	\$ -	\$ 100	\$ (148)	\$ (48)
Lancaster/Chester Co.	-	8,150	(8,150)	-
Centre Co.	-	100	(100)	-
South Jersey	-	230	(230)	-
Harrisonburg	-	50	(50)	-
Greater Denver	-	50	(50)	-
Northwest, NJ	<u>14,285</u>	<u>-</u>	<u>(14,285)</u>	<u>-</u>
Totals	<u>\$ 14,285</u>	<u>\$ 8,680</u>	<u>\$ (23,013)</u>	<u>\$ (48)</u>

NOTE 4. Retirement Plan

The Organization has a Simple IRA plan for employees. The plan provides a matching benefit of up to 3%. For the year ended March 31, 2016 the retirement plan benefit included in employee benefits expense was \$7,177.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 5. Temporarily Restricted Net Assets

Net assets have been restricted for the following purposes:

	<u>2016</u>
Time Restriction	
Special Events	\$ 64,109
Purpose Restricted	
Various	<u>8,750</u>
	<u>\$ 72,859</u>

Net assets released from restrictions were as follows:

	<u>2016</u>
Time Restrictions Accomplished	
Special Events	\$ 53,330
Purpose Restricted	
Various	<u>12,172</u>
	<u>\$ 65,502</u>

NOTE 6. Special Events

The Organization had special events for the year ended March 31, 2016 as follows:

	<u>Gala</u>	<u>Signature</u>	<u>Other</u>	<u>Total</u>
	<u>Luncheon</u>	<u>Golf</u>	<u>Events</u>	
Gross Revenues	\$ 100,658	\$ 52,145	\$ 2,921	\$ 155,724
Direct Expenses	<u>(18,089)</u>	<u>(16,499)</u>	<u>-</u>	<u>(34,588)</u>
Net	<u>\$ 82,569</u>	<u>\$ 35,646</u>	<u>\$ 2,921</u>	121,136
				Revenue received in prior year (53,330)
				Revenue received in advance <u>64,109</u>
				<u>\$ 131,915</u>

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 7. Promises to Give, Net

As part of the Organization's contribution campaigns, the Organization received various unconditional promises to give from donors. These unconditional promises to give are recorded as donations in the year that they are promised. For financial statement purposes, promises to give that are not due within one year are discounted using present value tables with an interest rate assumption using the weighted average rate of return on the Organization's cash investments. For the year ended March 31, 2016 all promises to give were considered due within one year.

NOTE 8. Endowments

The Organization's endowment consists of the Bridge for Tomorrow Endowment Fund established to allow for loans on principal on a very limited and specific basis for the purpose of program expansion and growth for a variety of purposes. The endowment is comprised of donor-restricted funds that are permanently restricted and Board designated funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of the Organization have interpreted the law as requiring any donor-restricted contributions as being classified as unrestricted, temporarily restricted, or permanently restricted depending on the nature of the restriction. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment Net Asset Composition consisted of \$341,581 in Permanently Restricted and Board Designated funds as of March 31, 2016.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2016

(See Independent Auditors' Report)

NOTE 8. Endowments (Continued)

Changes in endowment net assets for the fiscal year ended March 31, 2016:

	<u>Board Designated</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of the Year	\$ 103,056	\$ 238,525	\$ 341,581
Interest Income	-	10,347	10,347
Net Appreciation (Realized and Unrealized)	-	(23,103)	(23,103)
Contributions	<u>15,000</u>	<u>8,150</u>	<u>23,150</u>
Endowment Net Assets, End of the Year	<u>\$ 118,056</u>	<u>\$ 233,919</u>	<u>\$ 351,975</u>

Return Objectives and Risk Parameters: The Organization's investment practice for endowment assets is to invest the funds in a conservative manner to provide a prudent rate of return.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization currently has funds invested in a certificate of deposit.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization's policy will allow for loans on principal for program expansion and growth on a very limited and specific basis. Loan specifications will include repayment of principal and interest at prime during specific times of the program expansion.

NOTE 9. Accrued Vacation

Obligations relating to compensating employees for Paid Time Off (PTO) earned have been recorded as a liability. PTO is available to all employees who work 20 or more hours per week, which is earned based on the days work for full time employees and by the hour for part time employees. For the year ended March 31, 2016 the liability was \$8,636.