

**BRIDGE OF HOPE, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2021**  
(See Independent Auditors' Report)



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## Independent Auditors' Report

The Board of Directors  
Bridge of Hope, Inc.

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

We have audited the accompanying financial statements of Bridge of Hope, Inc. (a nonprofit organization) which comprise the statement of financial position as of March 31, 2021 and 2020, 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, 2021 and 2020, 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 2020 financial statements, and we July 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

Warrington, PA  
August 4, 2021

Bridge of Hope, Inc.

Statements of Financial Position

March 31, 2021 and 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	\$ 504,339	\$ 212,128
Investments	245,934	55,408
Accounts Receivable	-	2,975
Promises to Give	2,714	20,083
Prepaid Expenses	<u>9,472</u>	<u>10,739</u>
Total Current Assets	<u>762,459</u>	<u>301,333</u>
Endowment Assets		
Cash	33,836	136,024
Investment	<u>577,814</u>	<u>425,181</u>
Total Endowment Assets	<u>611,650</u>	<u>561,205</u>
Property and Equipment		
Office Furniture and Equipment	17,250	17,250
Less: Accumulated Depreciation	<u>(17,250)</u>	<u>(15,462)</u>
Net Property and Equipment	<u>-</u>	<u>1,788</u>
Other Assets		
Security Deposit	<u>1,850</u>	<u>1,850</u>
TOTAL ASSETS	<u>\$ 1,375,959</u>	<u>\$ 866,176</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 38,360	\$ 32,592
Accrued Vacation	19,511	14,650
Payroll Taxes Withheld and Accrued	3,279	3,139
Funds Held for Affiliates	<u>1,550</u>	<u>30,413</u>
Total Current Liabilities	<u>62,700</u>	<u>80,794</u>
Net Assets		
Without Donor Restriction		
Unrestricted	498,365	146,382
Unrestricted, Board Designated for Endowment	<u>178,056</u>	<u>163,056</u>
Total Net Assets Without Donor Restriction	676,421	309,438
With Donor Restriction		
Purpose and time restrictions	203,244	77,795
Perpetual in nature	<u>433,594</u>	<u>398,149</u>
Total Net Assets With Donor Restriction	<u>636,838</u>	<u>475,944</u>
Total Net Assets	<u>1,313,259</u>	<u>785,382</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,375,959</u>	<u>\$ 866,176</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, 2021

With Comparative Totals for the Year Ended March 31, 2020

	2021			2020	
	Without Donor Restriction	With Donor Restrictions Purpose and Time Restrictions	Perpetual in Nature	Total	Total
Public Support and Revenue					
Individual Contributions	\$ 585,125	\$ 6,968	\$ 35,445	\$ 627,538	\$ 516,629
Church Contributions	47,145	-	-	47,145	12,962
Corporate Contributions	50,640	-	-	50,640	39,389
Foundation Grants	137,978	85,047	-	223,025	141,114
Government Grants	105,349	-	-	105,349	-
Special Fundraising Events					
Donations and Sponsors	92,147	96,779	-	188,926	155,892
Sales	18,393	-	-	18,393	26,179
Less Cost of Direct Benefits to Donors	(14,204)	-	-	(14,204)	(24,613)
Net Special Fundraising Events	96,336	96,779	-	193,115	157,458
Location Fees, Resources, and					
Conference Registration	29,923	-	-	29,923	29,945
Conference Sponsorships	15,054	14,450	-	29,504	21,500
Interest Income	54	-	23,766	23,820	14,283
Realized Gains (Losses) on Investments	-	-	62,988	62,988	(6,130)
Unrealized Gains (Losses) on Investments	-	-	129,296	129,296	(49,500)
Donated Services and Materials	114,405	-	-	114,405	17,179
Net Assets Released from Restrictions	293,845	(77,795)	(216,050)	-	-
Total Public Support and Revenue	<u>1,475,854</u>	<u>125,449</u>	<u>35,445</u>	<u>1,636,748</u>	<u>894,829</u>
Functional Expenses					
Program Services	861,628	-	-	861,628	647,884
Support Services					
General and Administrative	66,889	-	-	66,889	57,697
Fundraising	180,354	-	-	180,354	138,905
Total Expenses	<u>1,108,871</u>	<u>-</u>	<u>-</u>	<u>1,108,871</u>	<u>844,486</u>
Change in Net Assets	366,983	125,449	35,445	527,877	50,343
Net Assets at Beginning of Year	<u>309,438</u>	<u>77,795</u>	<u>398,149</u>	<u>785,382</u>	<u>735,039</u>
Net Assets at End of Year	<u>\$ 676,421</u>	<u>\$ 203,244</u>	<u>\$ 433,594</u>	<u>\$ 1,313,259</u>	<u>\$ 785,382</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, 2021

With Comparative Totals for the Year Ended March 31, 2020

	2021							2020
	Program Services			Total	Support Services			Total
	National	Chester Affiliate	Lancaster Affiliate		General & Admin	Fund Raising	Total	
Payroll and Related Expenses								
Salaries	\$ 296,835	\$ 94,947	\$ 108,999	\$ 500,781	\$ 46,125	\$ 112,017	\$ 658,923	\$ 521,767
Employee Benefits	12,552	403	2,265	15,220	1,402	3,404	20,026	14,406
Payroll Taxes	24,159	7,493	8,152	39,804	3,666	8,904	52,374	41,967
Total Payroll and Related Expenses	<u>333,546</u>	<u>102,843</u>	<u>119,416</u>	<u>555,805</u>	<u>51,193</u>	<u>124,325</u>	<u>731,323</u>	<u>578,140</u>
Location Development								
Conference for Locations	5,663	-	-	5,663	-	-	5,663	16,003
Programing in Lancaster and Chester Counties	-	29,545	45,917	75,462	-	-	75,462	18,728
Outreach Initiative	15,127	362	1,494	16,983	-	-	16,983	21,922
Program/One Church Support	602	-	-	602	-	-	602	260
In-Kind Support	54,173	219	300	54,692	-	-	54,692	65,517
Trademark Services	-	26,713	50,345	77,058	-	-	77,058	-
Travel	1,094	-	-	1,094	-	-	1,094	6,662
Total Location Development	<u>76,659</u>	<u>56,839</u>	<u>98,056</u>	<u>231,554</u>	<u>-</u>	<u>-</u>	<u>231,554</u>	<u>136,149</u>
Other Expenses								
Consultants	4,891	1,514	3,892	10,297	-	-	10,297	6,661
Cost of Direct Benefits to Donors	-	-	-	-	-	14,204	14,204	24,613
Depreciation	1,359	-	-	1,359	125	304	1,788	1,788
In-Kind Support	3,466	-	-	3,466	2,395	31,486	37,347	17,179
Insurance	4,270	-	-	4,270	393	955	5,618	5,853
Legal and Accounting	772	-	-	772	7,800	-	8,572	8,504
Miscellaneous	14,700	3,217	2,173	20,090	1,850	4,494	26,434	27,632
Office Supplies and Postage	4,679	155	1,343	6,177	569	1,382	8,128	11,401
Rent Expense	11,568	5,580	4,740	21,888	2,016	4,896	28,800	24,484
Supplies for Events	-	-	-	-	-	11,181	11,181	11,610
Telephone	2,469	903	1,842	5,214	480	1,166	6,860	6,953
Training	584	25	127	736	68	165	969	8,132
Total Other Expenses	<u>48,758</u>	<u>11,394</u>	<u>14,117</u>	<u>74,269</u>	<u>15,696</u>	<u>70,233</u>	<u>160,198</u>	<u>154,810</u>
Total Functional Expenses	<u>458,963</u>	<u>171,076</u>	<u>231,589</u>	<u>861,628</u>	<u>66,889</u>	<u>194,558</u>	<u>1,123,075</u>	<u>869,099</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(14,204)	(14,204)	(24,613)
Total expenses included in the expense section on the statement of activities	<u>\$ 458,963</u>	<u>\$ 171,076</u>	<u>\$ 231,589</u>	<u>\$ 861,628</u>	<u>\$ 66,889</u>	<u>\$ 180,354</u>	<u>\$ 1,108,871</u>	<u>\$ 844,486</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, 2021

With Comparative Totals for the Year Ended March 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 527,877	\$ 50,343
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	1,788	1,788
Unrealized (Gains) Loss in Investments	(129,296)	49,500
(Increase) Decrease in Operating Assets		
Accounts Receivable	2,975	(2,363)
Promises to Give	17,369	(13,353)
Prepaid Expenses	1,267	(1,846)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	5,768	5,739
Accrued Vacation	4,861	1,978
Payroll Taxes Withheld and Accrued	140	426
Funds Held for Affiliates	(28,863)	30,413
Net Cash Provided by (Used in) Operating Activities	<u>403,886</u>	<u>122,625</u>
Cash Flows From Investing Activities		
Purchase of Investments	(694,355)	(194,529)
Sale of Investments	480,492	147,129
Net Cash Provided by (Used in) Investing Activities	<u>(213,863)</u>	<u>(47,400)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	190,023	75,225
Cash and Cash Equivalents at Beginning of Year	<u>348,152</u>	<u>272,927</u>
Cash and Cash Equivalents at End of Year	<u>\$ 538,175</u>	<u>\$ 348,152</u>
Supplemental Information		
Unrestricted Cash and Cash Equivalents	\$ 504,339	\$ 212,128
Endowment Cash	<u>33,836</u>	<u>136,024</u>
Total Cash	<u>\$ 538,175</u>	<u>\$ 348,152</u>

See independent auditors' report and  
accompanying notes to financial statements

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(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 communities where no family is homeless. Our mission is to engage Christian faith communities in ending family homelessness through neighboring relationships that demonstrate Christ's love.

*County Programs:* In 2019, the Organization took over two local county locations, Bridge of Hope Chester Co. and Bridge of Hope Lancaster. The Organization's active participation in their local region allows them to better connect with the community and develop relationships within those communities.

*Other Programs:* The Organization aids in initiating new Bridge of Hope locations in communities across North America. The Organization provides management and guidance in the location start-up stage and through all aspects of program implementation and growth. In addition, the Organization offers a variety of resources to engage Christian faith communities in ending and preventing homelessness for families (primarily single women and children) through the training of volunteers, professional case management and rental assistance funds.

*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.

*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, 2020, from which the summarized information was derived.

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

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

*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.

*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.

*Promises to Give:* Unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statements of Activities. 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.

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

*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 Net Assets With Donor Restriction. 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.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

*Property and Equipment: (continued)*

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, 2021 was \$1,788.

*Net Assets:* Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Revenue Recognition:* The Organization receives revenue from a variety of revenue streams. The policy for the material revenue streams is discussed below.

The Organization recognizes contributions when cash, securities or other assets and unconditional promises to give, is received. 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 contributions with donor restrictions 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.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

*Revenue Recognition: (continued)*

Income from foundations and grantors are unconditional grants, some with restrictions, and revenue is recognized when earned.

Special Events revenues are recorded equal to the direct benefits to donors, and contribution income for the excess received when received. Amounts received that are designated for future events are reported as net assets with donor restriction. When event occurs restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program revenues are recognized when received and not over the period of the fee, which is generally one year.

*Donated Services and Materials:* Donations of materials are recorded as support at their estimated fair market value. Such donations are reported as unrestricted revenue unless the donor has restricted the donation to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization releases the restricted net assets at that time. For the year ended March 31, 2021, the value of donated materials recognized was \$28,432. The materials included donations of raffle items, gift cards, and other miscellaneous items.

The Organization follows the practice of recording the estimated value of services as contributions if there is an objective basis available to measure the value of such services. For the year ended March 31, 2021, the value of donated services recognized was \$85,973. The services included providing support and professional fees.

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.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

*Functional Allocation of Expenses:* Costs of developing the locations and other activities have been summarized on the statement of functional expenses. Accordingly, certain costs have been allocated between program and supporting services.

*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.

*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.

*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, 2021, the Organization was not in excess of these insurance limits.

*Reclassifications:* Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

*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.

*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 items were noted which required adjustment to or disclosure in the financial statements.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

*New Accounting Pronouncement: ASU No. 2018-13 (Topic 820), Fair Value Measurement:* The new guidance is intended to improve the effectiveness of disclosures in the notes to financial statements. The objective of these disclosure requirements is to provide financial statement users with information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to the financial statements regarding (1) the valuation techniques and inputs used to develop fair value measurements, including the related judgments and assumptions made, (2) the uncertainty in the fair value measurements as of the reporting date, and (3) how changes in the measurements impact the performance and cash flows of the entity. The Organization's financial statements reflect the application of this guidance for the year ending March 31, 2021. The implementation had no effect on net assets and the adoption did not impact previously issued financial statements.

*Future Accounting Pronouncements: ASU No. 2016-02 (Topic 842), Leases:* This standard substantially changes current principles of lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. ASU 2016-02 establishes a right-of-use ("ROU") model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current generally accepted accounting principles, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This standard will be implemented in the fiscal year ending 2022. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

*ASU No. 2020-07 (Topic 958), Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets:* This standard changes the presentation and disclosure requirements of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets, use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The standard requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities and additional disclosures will be presented, including disaggregation of amounts, qualitative information, and valuation techniques and inputs be disclosed that were used to arrive at the fair value of the contributed nonfinancial asset. This standard will be implemented in the fiscal year ending 2022. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 2. 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, comprise the following:

Cash and Cash Equivalents	\$ 538,175
Promises to Give	2,714
Investments	<u>823,748</u>
Total Financial Assets	1,364,637
Less amounts not available to be used within one year	
Board Designated	178,056
Restricted in Perpetuity	<u>433,594</u>
Financial assets available to be used within one year	<u>\$ 752,987</u>

The endowment funds consist of donor-restricted funds and those designated by the board as endowments. Donor-restricted endowments are not available for general expenditure and income from those endowments is available for general use only in the absence of donor restriction. These donor-restricted endowments are funded by restricted cash and investments as disclosed on the statement of financial position.

The board-designated endowment is subject to general expenditure at various times as determined by the Board. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds.



Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 3. Fair Value Measurements and Disclosure**

*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.

The primary uses of fair value measures in the Organization's financial statements are: recurring measurement of short term investments.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2021

(See Independent Auditors' Report)

**NOTE 3. Fair Value Measurements and Disclosure (Continued)**

*Fair Value of Financial Instruments: (continued)*

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Domestic Fixed Income	\$ 194,861	\$ -	\$ -	\$ 194,861
International Fixed Income	48,862	-	-	48,862
Domestic Equities	335,154	-	-	335,154
International Equities	161,762	-	-	161,762
REITs	42,627	-	-	42,627
Other Investments	40,482	-	-	40,482
	<u>\$ 823,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823,748</u>

**NOTE 4. 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, 2021 all promises to give were considered due within one year.

**NOTE 5. 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.

Bridge of Hope, Inc.

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**NOTE 5. Endowments (Continued)**

*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 without donor restriction or with donor restriction 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 \$621,650 in Donor Restricted and Board Designated funds as of March 31, 2021.

Changes in endowment net assets for the fiscal year ended March 31, 2021:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of the Year	\$ 163,056	\$ 398,149	\$ 561,205
Interest Income	-	23,766	23,766
Net Appreciation (Realized and Unrealized)	-	192,284	192,284
Contributions	25,000	35,445	60,445
Amounts Appropriated for Expenditure	<u>-</u>	<u>(216,050)</u>	<u>(216,050)</u>
Endowment Net Assets, End of the Year	<u>\$ 188,056</u>	<u>\$ 433,594</u>	<u>\$ 621,650</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.

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**NOTE 5. Endowments (Continued)**

*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 6. 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. Locations pay an annual fee. These revenues are included in location fees.

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, 2021, are reflected below:

	<u>Beginning</u>	<u>Contributions Reserved</u>	<u>Distributions</u>	<u>Ending</u>
Harrisonburg-Rockingham	\$ 200	\$ 1,150	\$ (1,350)	\$ -
Baltimore Regional	25,903	32,200	(56,553)	1,550
His Way Church	4,310	-	(4,310)	-
Totals	<u>\$ 30,413</u>	<u>\$ 33,350</u>	<u>\$ (62,213)</u>	<u>\$ 1,550</u>

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**NOTE 7. Refundable Advance Liability - Paycheck Protection Program**

In April, 2020, the Organization received a disbursement of \$104,045 pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) and authorized by the Keeping American Worker's Employed and Paid Act, which is part of the Coronavirus Aid, Relief, and Economic Security Act (CARES), enacted on March 27, 2020. The loan was subsequent forgiven in January of 2021. Accordingly, the award is reported as a government grant in the statement of activities.

**NOTE 8. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>
Time Restriction	
Special Events	\$ 96,779
Conference	14,450
Purpose Restricted	
Various	<u>92,015</u>
	<u>\$ 203,244</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2021</u>
Time Restrictions Accomplished	
Special Events	\$ 65,045
Conference fees	5,250
Purpose Restricted	
Various	<u>7,500</u>
	<u>\$ 77,795</u>

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**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 day's work for full time employees and by the hour for part time employees. For the year ended March 31, 2021 the liability was \$19,511.

**NOTE 10. Special Events**

The Organization had special events for the year ended March 31, 2021 as follows:

	<u>Gala Luncheon</u>	<u>Signature Golf</u>	<u>Other Events</u>	<u>Total</u>
Gross Revenues	\$ 118,748	\$ 56,837	\$ -	\$ 175,585
Direct Expenses	(2,712)	(11,467)	(25)	(14,204)
Indirect Expenses	(11,181)	-	-	(11,181)
Net	<u>\$ 104,855</u>	<u>\$ 45,370</u>	<u>\$ (25)</u>	150,200
				Revenue received in prior year (65,045)
				Revenue received in advance 96,779
				<u>Total Fundraising for Special Events \$ 181,934</u>

**NOTE 11. Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, payroll taxes, depreciation, insurance, office supplies and postage, rent expense, telephone, training, and miscellaneous, which are allocated on the basis of estimates of time and effort.

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**NOTE 12. 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, 2021 the retirement plan benefit included in employee benefits expense was \$ 16,283.

**NOTE 13. Rent Expense**

As of December 1, 2018, the Organization entered into a five-year lease to rent office space in Malvern from an unrelated party. Total rent paid for the Malvern office space was \$17,000 for the year ended March 31, 2021. Future minimum rental payments for the Malvern office space are as follows:

Year Ended	
<u>March 31,</u>	<u>Amount</u>
2022	\$ 23,792
2023	24,504
2024	<u>16,656</u>
Total	<u>\$ 64,952</u>

**NOTE 14. Risks and Uncertainties**

In December, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in the United States. There is significant uncertainty around the breadth and duration of business disruptions related COVID-19.