

BRIDGE OF HOPE, INC.
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023
(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	2-3
Financial Statements	
Statements of Financial Position	4-5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9-23



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Independent Auditors' Report

The Board of Directors
Bridge of Hope, Inc.

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bridge of Hope, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter-Change in Accounting Principle

As discussed in Note 1 to the financial statements, Bridge of Hope, Inc. implemented the provisions of accounting standard ASU 2016-02 (Topic 842), Leases, for the year ended March 31, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge of Hope, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

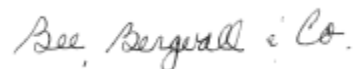
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bridge of Hope, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge of Hope, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Bridge of Hope, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31 2022, 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 9, 2023

Bridge of Hope, Inc.

Statements of Financial Position

March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 533,413	\$ 621,278
Investments	71,528	174,521
Accounts Receivable	2,995	-
Promises to Give	10,874	11,550
Prepaid Expenses	8,568	7,672
Total Current Assets	<u>627,378</u>	<u>815,021</u>
Endowment Assets		
Cash	98,448	44,445
Investment	639,818	674,055
Total Endowment Assets	<u>738,266</u>	<u>718,500</u>
Property and Equipment		
Office Furniture and Equipment	11,739	11,739
Less: Accumulated Depreciation	<u>(11,739)</u>	<u>(11,739)</u>
Net Property and Equipment	<u>-</u>	<u>-</u>
Other Assets		
Right of Use Asset, net	73,225	-
Security Deposit	2,835	2,835
Total Other Assets	<u>76,060</u>	<u>2,835</u>
 TOTAL ASSETS	 <u>\$ 1,441,704</u>	 <u>\$ 1,536,356</u>

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

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Payroll	\$ 61,260	\$ 68,806
Accrued Vacation	36,488	22,257
Payroll Taxes Withheld and Accrued	4,343	5,499
Lease Liability	18,200	-
Funds Held for Affiliates	<u>15,509</u>	<u>1,400</u>
Total Current Liabilities	<u>135,800</u>	<u>97,962</u>
Long Term Liabilities		
Lease Liability	<u>61,634</u>	<u>-</u>
Total Liabilities	<u>197,434</u>	<u>97,962</u>
Net Assets		
Without Donor Restriction		
Unrestricted	291,378	427,398
Unrestricted, Board Designated for Endowment	<u>234,551</u>	<u>216,285</u>
Total Net Assets Without Donor Restriction	525,929	643,683
With Donor Restriction		
Purpose and time restrictions	214,626	292,496
Perpetual in nature	<u>503,715</u>	<u>502,215</u>
Total Net Assets With Donor Restriction	<u>718,341</u>	<u>794,711</u>
Total Net Assets	<u>1,244,270</u>	<u>1,438,394</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,441,704</u></u>	<u><u>\$ 1,536,356</u></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, 2023
With Comparative Totals for the Year Ended March 31, 2022

	2023			2022	
	Without Donor Restriction	With Donor Restrictions Purpose and Time Restrictions	Perpetual in Nature	Total	Total
Public Support and Revenue					
Individual Contributions	\$ 842,753	\$ 20,650	\$ 1,500	\$ 864,903	\$ 906,345
Church Contributions	58,133	-	-	58,133	69,541
Corporate Contributions	121,326	-	-	121,326	71,348
Foundation Grants	252,819	40,540	-	293,359	160,664
Special Fundraising Events					
Donations and Sponsors	90,878	118,872	-	209,750	228,878
Sales	27,985	-	-	27,985	27,985
Less Cost of Direct Benefits to Donors	(23,467)	-	-	(23,467)	(17,008)
Net Special Fundraising Events	95,396	118,872	-	214,268	239,855
Location Fees, Resources, and					
Conference Registration	35,379	-	-	35,379	35,119
Conference Sponsorships	7,200	17,250	-	24,450	30,912
Interest Income	90	-	23,233	23,323	37,227
Realized Gains (Losses) on Investments	-	-	(15,630)	(15,630)	25,673
Unrealized Gains (Losses) on Investments	(75,688)	-	(7,603)	(83,291)	(52,040)
Contributed nonfinancial services and assets	273,500	-	-	273,500	180,459
Net Assets Released from Restrictions	275,182	(275,182)	-	-	-
Total Public Support and Revenue	<u>1,886,090</u>	<u>(77,870)</u>	<u>1,500</u>	<u>1,809,720</u>	<u>1,705,103</u>
Functional Expenses					
Program Services					
National	623,400	-	-	623,400	554,328
Chester Affiliate	447,841	-	-	447,841	316,779
Lancaster Affiliate	548,276	-	-	548,276	406,476
Support Services					
General and Administrative	91,945	-	-	91,945	83,652
Fundraising	292,382	-	-	292,382	218,733
Total Expenses	<u>2,003,844</u>	<u>-</u>	<u>-</u>	<u>2,003,844</u>	<u>1,579,968</u>
Change in Net Assets	(117,754)	(77,870)	1,500	(194,124)	125,135
Net Assets at Beginning of Year (restated)	<u>643,683</u>	<u>292,496</u>	<u>502,215</u>	<u>1,438,394</u>	<u>1,313,259</u>
Net Assets at End of Year	<u>\$ 525,929</u>	<u>\$ 214,626</u>	<u>\$ 503,715</u>	<u>\$ 1,244,270</u>	<u>\$ 1,438,394</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, 2023

With Comparative Totals for the Year Ended March 31, 2022

	2023							2022
	Program Services				Support Services			Total
	National	Chester Affiliate	Lancaster Affiliate	Total	General & Admin	Fund Raising	Total	
Payroll and Related Expenses								
Salaries	\$ 377,943	\$ 221,886	\$ 271,289	\$ 871,118	\$ 64,993	\$ 198,157	\$ 1,134,268	\$ 870,509
Employee Benefits	28,751	3,321	21,296	53,368	3,982	12,140	69,490	32,502
Payroll Taxes	31,049	17,357	21,074	69,480	5,184	15,805	90,469	69,553
Total Payroll and Related Expenses	<u>437,743</u>	<u>242,564</u>	<u>313,659</u>	<u>993,966</u>	<u>74,159</u>	<u>226,102</u>	<u>1,294,227</u>	<u>972,564</u>
Location Development								
Conference for Locations	22,335	-	-	22,335	-	-	22,335	19,197
Programing in Lancaster and Chester Counties	785	86,357	78,944	166,086	-	-	166,086	158,852
Outreach Initiative	10,491	235	1,513	12,239	-	-	12,239	13,529
Program/One Church	1,542	-	-	1,542	-	-	1,542	2,632
Support	66,134	55	55	66,244	-	-	66,244	86,136
Contributed nonfinancial services	-	105,064	129,722	234,786	-	-	234,786	153,619
Travel	13,543	-	-	13,543	-	-	13,543	8,231
Total Location Development	<u>114,830</u>	<u>191,711</u>	<u>210,234</u>	<u>516,775</u>	<u>-</u>	<u>-</u>	<u>516,775</u>	<u>442,196</u>
Other Expenses								
Consultants	7,637	131	650	8,418	-	-	8,418	6,584
Cost of Direct Benefits to Donors	-	-	-	-	-	23,467	23,467	17,008
Depreciation	-	-	-	-	-	-	-	-
Contributed nonfinancial assets	3,466	-	-	3,466	2,395	32,853	38,714	26,840
Insurance	3,648	1,386	1,386	6,420	479	1,460	8,359	6,408
Legal and Accounting	847	-	-	847	8,225	-	9,072	8,850
Miscellaneous	21,556	3,793	3,848	29,197	2,178	6,641	38,016	32,956
Office Supplies and Postage	6,170	91	2,746	9,007	672	2,049	11,728	22,533
Rent Expense	13,085	6,916	13,264	33,265	2,482	7,567	43,314	29,492
Supplies for Events	-	-	-	-	-	11,580	11,580	16,181
Telephone	1,863	812	1,907	4,582	342	1,042	5,966	5,934
Training	12,555	437	582	13,574	1,013	3,088	17,675	9,430
Total Other Expenses	<u>70,827</u>	<u>13,566</u>	<u>24,383</u>	<u>108,776</u>	<u>17,786</u>	<u>89,747</u>	<u>216,309</u>	<u>182,216</u>
Total Functional Expenses	<u>623,400</u>	<u>447,841</u>	<u>548,276</u>	<u>1,619,517</u>	<u>91,945</u>	<u>315,849</u>	<u>2,027,311</u>	<u>1,596,976</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(23,467)	(23,467)	(17,008)
Total expenses included in the expense section on the statement of activities	<u>\$ 623,400</u>	<u>\$ 447,841</u>	<u>\$ 548,276</u>	<u>\$ 1,619,517</u>	<u>\$ 91,945</u>	<u>\$ 292,382</u>	<u>\$ 2,003,844</u>	<u>\$ 1,579,968</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, 2023
With Comparative Totals for the Year Ended March 31, 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (194,124)	\$ 125,135
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Unrealized (Gains) Loss in Investments	83,291	52,040
(Increase) Decrease in Operating Assets		
Accounts Receivable	(2,995)	-
Promises to Give	676	(8,836)
Prepaid Expenses	(896)	1,800
Right of Use Asset	(73,225)	-
Security Deposit	-	(985)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(7,546)	30,446
Accrued Vacation	14,231	2,746
Payroll Taxes Withheld and Accrued	(1,156)	2,220
Funds Held for Affiliates	14,109	(150)
Lease Liability	79,834	-
Net Cash Provided by (Used in) Operating Activities	<u>(87,801)</u>	<u>204,416</u>
Cash Flows From Investing Activities		
Purchase of Investments	(39,066)	(309,593)
Sale of Investments	93,005	232,725
Net Cash Provided by (Used in) Investing Activities	<u>53,939</u>	<u>(76,868)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(33,862)	127,548
Cash and Cash Equivalents at Beginning of Year	<u>665,723</u>	<u>538,175</u>
Cash and Cash Equivalents at End of Year	<u>\$ 631,861</u>	<u>\$ 665,723</u>
Supplemental Information		
Unrestricted Cash and Cash Equivalents	\$ 533,413	\$ 621,278
Endowment Cash	<u>98,448</u>	<u>44,445</u>
Total Cash	<u>\$ 631,861</u>	<u>\$ 665,723</u>

See independent auditors' report and
accompanying notes to financial statements

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(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, 2022, 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, 2023

(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, 2023

(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. There was no depreciation expense for the year ended March 31, 2023.

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.

Leases: The Organization is subject to a long-term noncancellable lease agreement for office space. The Organization recognizes a right of use asset and a lease. Lease assets are recognized at commencement date based on the value of the lease liability. Lease liabilities represent our contractual obligation to make lease payments. At the commencement date, the lease liabilities equal the present value of minimum lease payments over the lease term. The Organization uses a risk-free rate (U.S Treasury) calculate the present value of these lease payments. The lease term includes the noncancellable period of the lease plus any options to extend. Lease payments included in the measurement of the lease liability is composed of fixed payments from the lessee.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

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.

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. The difference would not materially impact the financial statements.

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.

The Organization receives significant volunteer time for help in fundraising and in completing various office and administrative duties. However, a value is only placed on professional services donated.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(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. 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.

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. 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, 2023, 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, 2023

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements: 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. This standard was implemented in the fiscal year ending March 31, 2023. The standard enhanced disclosures but had no effect on net assets.

ASU 2016-02 (Topic 842), Leases: This standard substantially changes current GAAP regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. This standard was implemented in the fiscal year ending March 31, 2023. The standard permits entities to use the effective date of the new lease accounting standard as the date of initial application; thus, the financial statements for the year ended March 31, 2022 do not reflect effects of the standard.

The Organization recorded an Operating Right of Use intangible asset of \$73,225, net of amortization, and corresponding Lease Liability of \$79,834 as of April 1, 2022 related to its operating lease of the office space. Thereafter, the lease liability is stated at the present value of the unpaid lease payments. The right of use asset is stated at the initial lease liability less amortization on the asset.

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	\$ 631,861
Accounts receivable	2,995
Promises to Give	10,874
Investments	<u>711,346</u>
Total Financial Assets	<u>1,357,076</u>
Less amounts not available to be used within one year	
Board Designated	234,551
Restricted in Perpetuity	<u>503,715</u>
Financial assets available to be used within one year	<u>\$ 618,810</u>

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 2. Liquidity and Availability (Continued)

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.

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.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 3. Fair Value Measurements and Disclosure (Continued)

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.

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Domestic Fixed Income	\$ 165,051	\$ -	\$ -	\$ 165,051
International Fixed Income	22,425	-	-	22,425
Domestic Equities	270,366	-	-	270,366
International Equities	151,320	-	-	151,320
REITs	46,577	-	-	46,577
Other Investments	55,607	-	-	55,607
	<u>\$ 711,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,346</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, 2023 all promises to give were considered due within one year.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

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.

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 for Donor Restricted and Board Designated funds and changes in endowment net assets for the fiscal year ended March 31, 2023 consisted of the following:

	<u>Board</u> <u>Designated</u>	<u>Donor</u> <u>Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of the Year	\$ 216,285	\$ 502,215	\$ 718,500
Interest Income	-	29,973	29,973
Net Appreciation (Realized and Unrealized)	-	(23,233)	(23,233)
Contributions	18,266	1,500	19,766
Fees	-	(6,740)	(6,740)
Endowment Net Assets, End of the Year	<u>\$ 234,551</u>	<u>\$ 503,715</u>	<u>\$ 738,266</u>

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 5. Endowments (Continued)

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.

Allocation of losses: The Organization recognizes that the value of the endowment may occasionally fall below the original value of the restricted donations. The Organization believes future appreciation of the investments will restore the value to the required level. The current required level of the donor restricted endowment is \$503,715 creating a deficit of \$129,810.

NOTE 6. Prior Period Adjustment

It was noted that in the prior year, a portion of net assets with donor restriction perpetual in nature were reported as net assets without donor restriction. The prior period net assets were subsequently restated. The following adjustments were made to net assets:

	<u>Originally Reported</u>	<u>Restated Amounts</u>
Net Assets		
Without Donor Restriction		
Unrestricted	\$ 481,519	\$ 427,398
Unrestricted, Board Designated for Endowment	<u>216,285</u>	<u>216,285</u>
Total Net Assets Without Donor Restriction	697,804	643,683
With Donor Restriction		
Purpose and time restrictions	292,496	292,496
Perpetual in nature	<u>448,094</u>	<u>502,215</u>
Total Net Assets With Donor Restriction	<u>740,590</u>	<u>794,711</u>
Total Net Assets	<u>\$ 1,438,394</u>	<u>\$ 1,438,394</u>

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 7. 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, 2023, are reflected below:

	<u>Beginning</u>	<u>Contributions Reserved</u>	<u>Distributions</u>	<u>Ending</u>
BuxMont	\$ -	\$ 985	\$ (985)	\$ -
Harrisburg	-	1,100	(1,100)	-
Centre County	-	1,550	(1,550)	-
Harrisonburg-Rockingham	-	6,833	(6,883)	-
Greater Denver	1,000	4,493	(5,493)	-
Baltimore Regional	150	4,842	(4,967)	25
Christian Caring	250	158	(408)	-
Hope Ministries	-	100	(100)	-
Warren County	-	-	15,484	15,484
Emmaus House, GA	-	1,500	(1,500)	-
Totals	<u>\$ 1,400</u>	<u>\$ 21,561</u>	<u>\$ (7,502)</u>	<u>\$ 15,509</u>

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 8. Net Assets With Donor Restrictions

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

	<u>2023</u>
Time Restriction	
Special Events	\$ 118,872
Conference	17,250
Contributions	42,540
Purpose Restricted	
Education fund	3,803
Stable housing	18,611
Support a family	<u>13,550</u>
	<u>\$ 214,626</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>2023</u>
Time Restrictions Accomplished	
Special Events	\$ 142,765
Conference fees	21,500
Time restrictions	84,555
Purpose Restricted	
Education fund	6,812
Support a family	<u>19,550</u>
	<u>\$ 275,182</u>

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, 2023 the liability was \$36,488.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 10. Special Events

The Organization had special events for the year ended March 31, 2023 as follows:

	Gala <u>Luncheon</u>	Signature <u>Golf</u>	<u>Total</u>
Gross Revenues	\$ 194,943	\$ 66,685	\$ 261,628
Direct Expenses	(6,782)	(16,685)	(23,467)
Indirect Expenses	<u>(11,580)</u>	<u>-</u>	<u>(11,580)</u>
Net	<u>\$ 176,581</u>	<u>\$ 50,000</u>	<u>226,581</u>
Revenue received in prior year			(142,765)
Revenue received in advance			<u>118,872</u>
Total Fundraising for Special Events			<u>\$ 202,688</u>

NOTE 11. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the year ending December 31:

Auction items	\$ 23,759
Household goods and items	14,405
Office equipment	550
Neighboring services	<u>234,786</u>
Total	<u>\$273,500</u>

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed services that are reported using current rates for similar services. The services contributed included consulting services provided by certified neighboring volunteers. The services are used with the Chester and Lancaster County Affiliates. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 11. Contributions of Nonfinancial Assets (Continued)

Contributed materials received by the Organization are recorded as contribution nonfinancial assets revenue when received. The materials donated included items auctioned at fundraising events and household goods and items donated to assist families in need in our Chester and Lancaster County Affiliates. The organization also received donated office equipment for use at our National offices. Contributed auction items are valued at the gross selling price received and monetized when sold. There are no donor restrictions on contributed auction items or their proceeds. Contributed household goods and items are valued based on their fair value at time of donation. Office equipment is valued based on their fair value at time of donation.

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, 2023 the retirement plan benefit included in employee benefits expense was \$ 23,345.

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, 2023. Future minimum rental payments for the Malvern office space are as follows:

Year Ended	
<u>March 31,</u>	<u>Amount</u>
2024	\$ 16,656
Total	<u>\$ 16,656</u>

Bridge of Hope, Inc.

Notes to Financial Statements

March 31, 2023

(See Independent Auditors' Report)

NOTE 13. Rent Expense (Continued)

The following table summarizes the amounts presented on the Statements of Financial Position regarding the right of use asset and corresponding lease liability created by the lease. The Organization's office lease is an operating lease.

Asset	
Operating right of use asset less	146,169
accumulated amortization	<u>(72,944)</u>
Net right of use asset	<u>\$ 73,225</u>
Liability	
Operating lease liability - Current	18,200
Operating lease liability - long term	<u>61,634</u>
	<u>\$ 79,834</u>

The remaining lease term is 9 months with the option to extend for an additional 3 years. The discount rate used was 6.6%.

Effective April 15, 2022, the Organization entered into a one-year lease to rent additional office space in Lancaster from an unrelated party. Leases with a term of 12 months or less are excluded from establishing a right of use asset and corresponding lease liability. Future minimum rental payments for the Lancaster office space are as follows:

<u>March 31,</u>	<u>Amount</u>
2024	<u>\$ 985</u>
Total	<u>\$ 985</u>