

***Bridges to Prosperity, Inc.***

---

**Audited Financial Statements**

**August 31, 2013**

**Malvin, Riggins & Company, P.C.**  
Certified Public Accountants  
44081 Pipeline Plaza  
Suite 310  
Ashburn, Virginia 20147  
(703) 723-2838

***Bridges to Prosperity, Inc.***

Table of Contents

August 31, 2013

---

---

	<b>Page</b>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9



**MALVIN RIGGINS+COMPANY**<sub>PC</sub>  
CERTIFIED PUBLIC ACCOUNTANTS

Licensed  
Certified Public Accountants  
Virginia  
Washington DC  
Maryland  
North Carolina  
West Virginia

www.MalvinRiggins.com

Members of

American Institute of Certified  
Public Accountants

Virginia Society of Certified  
Public Accountants

Greater Washington Society of  
Certified Public Accountants

Maryland Association of  
Certified Public Accountants

North Carolina Association of  
Certified Public Accountants

Professional Organizations

Community Associations  
Institute

Center for Nonprofit  
Advancement

Association of Certified Fraud  
Examiners

Chambers of Commerce

Virginia Peninsula Chamber of  
Commerce

DC Chamber of Commerce

Loudoun County Chamber of  
Commerce

Greater Raleigh Chamber of  
Commerce

Chapel Hill Carrboro Chamber  
of Commerce

Greater Durham Chamber of  
Commerce

Greater Bethesda-Chevy Chase  
Chamber of Commerce

Baltimore City Chamber of  
Commerce

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Bridges to Prosperity, Inc.

We have audited the accompanying financial statements of Bridges to Prosperity, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, 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.

### Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Bridges to Prosperity, Inc. as of August 31, 2013, 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.

*Malvin Riggins + Company, P.C.*

Ashburn, VA  
November 29, 2013

**Bridges to Prosperity, Inc.**  
Statement of Financial Position  
August 31, 2013

---

---

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	283,642
Pledges receivable		187,246
<b>Total current assets</b>		<u>470,888</u>

**Property and equipment - net**

2,322

**Total assets**

\$ 473,210

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable	\$	22,776
------------------	----	--------

**Net assets**

Unrestricted	347,183
Temporarily restricted	103,251
	<u>450,434</u>

**Total net assets**

450,434

**Total liabilities and net assets**

\$ 473,210

*The accompanying notes are an integral part of these financial statements.*

**Bridges to Prosperity, Inc.**

## Statement of Activities

Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 618,749	\$ 789,189	\$ 1,407,938
Noncash contributions	1,444,825	-	1,444,825
Membership	-	-	-
Gain on sale of partnership interest	-	-	-
Interest	1,710	-	1,710
Other	7,839	-	7,839
Net assets released from from restrictions	746,874	(746,874)	-
<b>Total support and revenue</b>	<u>2,819,997</u>	<u>42,315</u>	<u>2,862,312</u>
<b>Expenses and losses</b>			
Program Services	2,436,268	-	2,436,268
Management and general	140,799	-	140,799
Fundraising	27,311	-	27,311
<b>Total expenses</b>	<u>2,604,378</u>	<u>-</u>	<u>2,604,378</u>
<b>Change in net assets</b>	215,619	42,315	257,934
<b>Net assets - beginning of year</b>	<u>131,564</u>	<u>60,936</u>	<u>192,500</u>
<b>Net assets - end of year</b>	<u>\$ 347,183</u>	<u>\$ 103,251</u>	<u>\$ 450,434</u>

*The accompanying notes are an integral part of these financial statements.*

***Bridges to Prosperity, Inc.***  
**Statement of Functional Expenses**  
**Year Ended August 31, 2013**

	Program Services	Management and General	Fundraising	Total
Bridge materials and services	\$ 1,888,469	\$ 26,122	\$ 22,340	\$ 1,936,931
Volunteer reimbursements	87,451	-	-	87,451
Office	-	32,264	-	32,264
Travel	89,780	-	-	89,780
Professional fees	-	13,215	-	13,215
Payroll	227,675	2,705	-	230,380
Development	19,666	-	4,971	24,637
Advertising and promotion	-	12,378	-	12,378
Insurance	-	17,868	-	17,868
Dues and subscriptions	-	2,498	-	2,498
Rent	24,251	-	-	24,251
Vehicle expense	33,711	15,223	-	48,934
Consultants	38,618	-	-	38,618
Conference	10,324	-	-	10,324
Miscellaneous	524	9,773	-	10,297
Bank charges	-	5,501	-	5,501
Equipment	15,799	-	-	15,799
Depreciation	-	2,412	-	2,412
Business licenses	-	840	-	840
	<u>\$ 2,436,268</u>	<u>\$ 140,799</u>	<u>\$ 27,311</u>	<u>\$ 2,604,378</u>

*The accompanying notes are an integral part of these financial statements.*

***Bridges to Prosperity, Inc.***

Statement of Cash Flows

Year Ended August 31, 2013

---

---

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 257,934
Adjustments to reconcile to net cash from operating activities:	
Depreciation	2,412
Change in:	
Pledges receivable	(144,745)
Accounts payable	15,714
<b>Net cash used in operating activities</b>	<u>131,315</u>
<b>Cash flows from investing activities</b>	
Purchase of fixed assets	<u>(3,023)</u>
<b>Net change in cash and cash equivalents</b>	128,292
<b>Cash and cash equivalents - beginning of year</b>	<u>155,350</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 283,642</u>

*The accompanying notes are an integral part of these financial statements*

***Bridges to Prosperity, Inc.***

Notes to Financial Statements

August 31, 2013

---

---

**NOTE 1 – Nature of Operations**

Bridges to Prosperity, Inc. (Organization) is a not-for-profit organization which was incorporated under the laws of the Commonwealth of Virginia in 2001. The Organization, located in Yorktown, Virginia, is a volunteer based charity that seeks to empower poor African, Asian, and South American rural communities through footbridge building, thereby advancing personal responsibility, community public works, economic prosperity, and access to schools, clinics, jobs and markets.

**NOTE 2 – Significant Accounting Policies**

**Method of Accounting**

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America; revenue and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Presentation**

The financial statements report amounts separately by classes of net assets.

**Unrestricted** amounts are those currently available at the discretion of the Organization's Board of Directors for use in operations and those resources invested in property and equipment.

**Temporarily restricted** amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property and equipment. When a donor 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.

**Permanently restricted** amounts are those restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Organization currently has no permanently restricted net assets. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers cash and cash equivalents to include all highly liquid investments and certificates of deposit with an initial maturity of three months or less that are unrestricted and are both readily convertible to known amounts of cash and so near their maturity, that there is insignificant risk of value changes because of interest rate changes.

**Credit Risk**

The Organization maintains cash amounts in high credit quality financial institutions. Collected funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to the legal limit. At August 31, 2013, there were no deposits in excess of the FDIC limit.

*See the independent auditor's report.*



***Bridges to Prosperity, Inc.***

Notes to Financial Statements

August 31, 2013

---

---

**NOTE 2 – Significant Accounting Policies (Continued)**

**Pledges Receivable**

The Organization records as pledges receivable unconditional promises to give. These unconditional promises represent written or oral agreements to contribute cash or other assets to the Organization. The Organization experiences credit risk in relation to the uncollected pledges. At August 31, 2013, management deemed pledges receivable to be fully collectible; accordingly, no allowance for uncollectible pledges receivable was required. At August 31, 2013, all pledges receivable were due within one year.

**Property and Equipment**

Acquisitions of property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment, which at August 31, 2013, consisted only of office equipment, with a cost of \$1,000 or more is capitalized. The estimated useful life of office equipment is 5 years.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services.

**Temporarily Restricted Net Assets**

Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that temporarily limit the use of the donated assets. When a donor restriction is satisfied by either passage of time or action, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

**Donated Materials and Services**

The Organization records the value of donated materials or services when there is an objective basis available to measure their value. The Organization recognized their estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

A substantial number of volunteers donated significant amounts of time in the Organization's program services, some of which do not meet the criteria above. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contribution of property and equipment are recorded as unrestricted support.

*See the independent auditor's report.*

**Bridges to Prosperity, Inc.**

Notes to Financial Statements

August 31, 2013

---

---

**NOTE 2 – Significant Accounting Policies (Continued)**

**Advertising and Promotion Costs**

The Organization expenses advertising and promotion costs as they are incurred. Advertising and promotion expense was \$12,378 for 2013.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asserts and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – Property and Equipment**

Property and equipment as August 31, 2013, are summarized as follows:

Office Equipment	\$ 6,448
Less: Accumulated Depreciation	<u>(4,126)</u>
Property and Equipment - Net	<u>\$ 2,322</u>

**NOTE 4 – Temporarily Restricted Net Assets**

Temporarily restricted net assets of \$103,251 at August 31, 2013 are available for bridge building. Also, \$746,874 was released from temporarily restricted net assets during the year ended August 31, 2013, and was used for bridge expenses as stipulated by the donors.

**NOTE 5 – Noncash Contributions**

The Organization receives a significant amount of bridge building materials and donated services from unpaid volunteers who assist in fundraising and special projects.

Contributed bridge building materials and services are summarized as follows:

Contributed services	\$ 1,221,881
Contributed materials	<u>222,944</u>
Total noncash contributions	<u>\$ 1,444,825</u>

There were additional contributions during the year ended August 31, 2013 which were not recognized in the statement of activities and net assets because the criteria for recognition were not satisfied.

*See the independent auditor's report.*

***Bridges to Prosperity, Inc.***

Notes to Financial Statements

August 31, 2013

---

---

**NOTE 6 – Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for maximum deductible contributions as provided in Section 170(b)(1)(A)(vi). As a result, the accompanying financial statements include no provision for income or excise taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of August 31, 2013. Fiscal years ending on or after August 31, 2010, remain subject to examination by federal and state tax authorities.

**NOTE 7 – Subsequent Events**

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 29, 2013, the date the financial statements were available to be issued.

*See the independent auditor's report.*