

BRIDGES TO PROSPERITY, INC.

Financial Statements

August 31, 2015

(Together with Independent Auditors' Report)



BRIDGES
TO PROSPERITY

BRIDGES TO PROSPERITY, INC.
Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bridges to Prosperity, Inc.
Denver, Colorado

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, 2015, 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 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.

Board of Directors
Bridges to Prosperity, Inc.
Denver, Colorado

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, 2015, 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 Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bauerle and Company, P.C.
Denver, Colorado

January 28, 2016

BRIDGES TO PROSPERITY, INC.

**Statement of Financial Position
August 31, 2015
(With Comparative Totals for August 31, 2014)**

	<u>ASSETS</u>	2015	2014
Current Assets			
Cash and cash equivalents	\$	347,064	\$ 174,965
Contributions and grants receivable		362,066	414,969
Other receivables		76,671	36,921
Bridge building inventory		336,432	135,151
Prepaid expenses		36,074	30,539
Total Current Assets		<u>1,158,307</u>	<u>792,545</u>
Property and Equipment			
Vehicles		76,100	63,100
Furniture, fixtures, and equipment		10,997	7,081
Machinery and equipment		5,370	1,995
		<u>92,467</u>	<u>72,176</u>
Less: accumulated depreciation		32,022	15,902
Net Property and Equipment		<u>60,445</u>	<u>56,274</u>
Total Assets		<u>\$ 1,218,752</u>	<u>\$ 848,819</u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities			
Accounts payable	\$	16,664	\$ 31,003
Accrued liabilities		94,802	106,703
Deferred revenues		32,549	22,965
Total Current Liabilities		<u>144,015</u>	<u>160,671</u>
Net Assets			
Unrestricted		326,073	91,883
Temporarily restricted		748,664	596,265
Total Net Assets		<u>1,074,737</u>	<u>688,148</u>
Total Liabilities and Net Assets		<u>\$ 1,218,752</u>	<u>\$ 848,819</u>

The accompanying notes are an integral part of the financial statements.

BRIDGES TO PROSPERITY, INC.**Statement of Activities
Year Ended August 31, 2015
(With Comparative Totals for the Year Ended August 31, 2014)**

	Year Ended August 31, 2015			Total 2014
	Unrestricted	Temporarily Restricted	Total 2015	
Support and Revenues				
Contributions and grants	\$ 971,200	\$ 939,956	\$ 1,911,156	\$ 1,373,279
In-kind contributions	1,612,854	187,518	1,800,372	1,442,295
Program-related sales and fees	69,709	-	69,709	63,337
Investment income	1,548	-	1,548	2,530
Net assets released from restrictions	975,075	(975,075)	-	-
Total Support and Revenues	3,630,386	152,399	3,782,785	2,881,441
Expenses				
Program Services				
Bridge building	3,037,218	-	3,037,218	2,419,109
Total Program Services	3,037,218	-	3,037,218	2,419,109
Supporting Services				
Management and general	149,807	-	149,807	166,909
Fundraising	209,171	-	209,171	57,709
Total Supporting Services	358,978	-	358,978	224,618
Total Expenses	3,396,196	-	3,396,196	2,643,727
Change in Net Assets	234,190	152,399	386,589	237,714
NET ASSETS, Beginning of Year	91,883	596,265	688,148	450,434
NET ASSETS, End of Year	\$ 326,073	\$ 748,664	\$ 1,074,737	\$ 688,148

The accompanying notes are an integral part of the financial statements.

BRIDGES TO PROSPERITY, INC.**Statement of Functional Expenses
Year Ended August 31, 2015****(With Summarized Totals for the Year Ended August 31, 2014)**

	Program	Supporting Services			Total	Total
	Bridge Building	Management and General	Fund-Raising	Total	Year Ended August 31, 2015	Year Ended August 31, 2014
Salaries and related expenses	\$ 316,458	\$ 98,628	\$ 109,136	\$ 207,764	\$ 524,222	\$ 280,548
Field labor	346,039	-	-	-	346,039	292,417
Travel and meetings	246,315	6,595	29,849	36,444	282,759	118,308
Bridge building supplies	276,850	-	-	-	276,850	204,660
Contract services	98,109	1,950	47,809	49,759	147,868	138,144
Facility and equipment	45,717	21,623	-	21,623	67,340	42,303
Business expenses	45,132	2,858	-	2,858	47,990	20,291
Office costs	14,952	9,430	824	10,254	25,206	27,972
Promotion	8,622	888	15,470	16,358	24,980	22,006
Grants and direct assistance	17,102	-	-	-	17,102	84,859
Other expenses	12,739	2,683	1,598	4,281	17,020	33,437
Other employee costs	3,602	2,049	67	2,116	5,718	36,745
	<u>1,431,637</u>	<u>146,704</u>	<u>204,753</u>	<u>351,457</u>	<u>1,783,094</u>	<u>1,301,690</u>
In-Kind Expenses						
Contract services and travel	1,062,278	3,103	4,418	7,521	1,069,799	1,011,274
Bridge building supplies	479,368	-	-	-	479,368	272,763
Field labor	63,935	-	-	-	63,935	58,000
	<u>1,605,581</u>	<u>3,103</u>	<u>4,418</u>	<u>7,521</u>	<u>1,613,102</u>	<u>1,342,037</u>
Total Expenses	<u><u>\$ 3,037,218</u></u>	<u><u>\$ 149,807</u></u>	<u><u>\$ 209,171</u></u>	<u><u>\$ 358,978</u></u>	<u><u>\$ 3,396,196</u></u>	<u><u>\$ 2,643,727</u></u>

The accompanying notes are an integral part of the financial statements.

BRIDGES TO PROSPERITY, INC.

Statement of Cash Flows
Year Ended August 31, 2015
(With Summarized Totals for the Year Ended August 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 386,589	\$ 237,714
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,120	11,776
Donated bridge building inventory	(187,518)	(100,258)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions and grants receivable	52,903	(227,723)
Other receivables	(39,750)	(36,921)
Bridge building inventory	(13,763)	(34,893)
Prepaid expenses	(5,535)	(30,539)
Increase (decrease) in:		
Accounts payable	(14,339)	8,227
Accrued liabilities	(11,901)	106,703
Deferred revenues	9,584	22,965
Net cash provided by (used in) operating activities	<u>192,390</u>	<u>(42,949)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(20,291)</u>	<u>(65,728)</u>
Net cash provided by (used in) investing activities	<u>(20,291)</u>	<u>(65,728)</u>
Net Change in Cash and Cash Equivalents	172,099	(108,677)
CASH AND CASH EQUIVALENTS, beginning of year	<u>174,965</u>	<u>283,642</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 347,064</u></u>	<u><u>\$ 174,965</u></u>

The accompanying notes are an integral part of the financial statements.

BRIDGES TO PROSPERITY, INC.

Notes to Financial Statements

August 31, 2015

1. Organization and Summary of Significant Accounting Policies

Organization

Bridges to Prosperity, Inc. (the Organization) is a nonprofit organization incorporated in the State of Virginia in 2001. The Organization, headquartered in Denver, Colorado is a volunteer based charity that works with isolated communities to create access to essential healthcare, education, and economic activities by building footbridges over impassable rivers.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements include a statement of financial position that presents the amounts for each of the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions and a statement of activities that reflects the changes in those categories of net assets.

Unrestricted Net Assets - Accounts for all unrestricted resources over which the Board of Directors has discretionary control to use in carrying on the operations of the Organization in accordance with the limitations of its charter and bylaws. The principal sources of unrestricted resources are contributions and grants, program-related revenues, and investment income. Decreases in unrestricted resources generally result from expenses incurred for program and supporting services conducted by the Organization.

Temporarily Restricted Net Assets - Accounts for those resources currently available for use, but expendable only for operating purposes specified by the donor or grantor. Items which increase this net asset category are contributions and grants or other similar sources for which donor-imposed restrictions have not been met.

Permanently Restricted Net Assets - Accounts for those resources subject to donor-imposed restrictions stipulating that the corpus be held in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets. The Organization has no permanently restricted net assets at August 31, 2015.

Use of 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 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.

Functional Allocation of Expenses

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

BRIDGES TO PROSPERITY, INC.

Notes to Financial Statements

August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A) and Bridges to Prosperity, Inc. has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of August 31, 2015. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as miscellaneous administrative expense. No interest or penalties have been assessed as of August 31, 2015.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to August 31, 2012. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax law and regulations. Although the outcome of tax audits is uncertain, management believes no issues would arise.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality financial institutions. At various times during the fiscal year, the Organization's cash balances exceeded the federally insured limits. The Organization has never experienced any losses related to these balances.

Credit risk with respect to contributions and grants receivable is limited due to the number and creditworthiness of the entities from which the amounts are due.

The Organization receives substantially all of its revenues from public support. A significant reduction in the level of such support, if it were to occur, may have an adverse effect on the Organization's programs and activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Bridge Building Inventory

Inventory consists primarily of cables and clamps that have been donated to the Organization. Purchased inventory is recorded at the lower of cost or fair market value. Donated inventory is recorded at the fair market value on the date of donation.

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Grants Receivable

The Organization records as contributions and grants receivable unconditional promises to give. These unconditional promises represent written or oral agreements to contribute cash or other assets to the Organization. At August 31, 2015, management deemed all contributions and grants receivable to be fully collectible; accordingly, no allowance for uncollectible contributions and grants receivable was required. All contributions and grants receivable are due within one year.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years. All assets with a useful life of more than 1 year and a cost of more than \$1,000 are capitalized.

Recognition of Revenues and Support

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted gift and grant support is reflected as revenue in the year of receipt.

Revenues and support that are restricted by the donor, grantor, or other outside party for particular operating purposes are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions for support of future operations and fundraising activities are recorded as temporarily restricted support in the year the contribution is made.

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 the 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 have donated significant amounts of time to the Organization, some of which do not meet the criteria above.

Deferred Revenues

Deferred revenues represent registration fees collected before the end of the year for the following year's event.

BRIDGES TO PROSPERITY, INC.

Notes to Financial Statements

August 31, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Advertising and Promotion

Advertising and promotion costs totaled \$24,980 for the year ended August 31, 2015. Advertising and promotion costs are expensed as incurred.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles 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 August 31, 2014, from which the summarized information was derived.

Subsequent Events

In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on January 28, 2016, and this is the date through which subsequent events were evaluated.

2. Line-of-Credit

The Organization has a \$150,000 revolving line-of-credit with a commercial bank with interest due at the prime rate plus 3% (6.25% at August 31, 2015). The line matures on May 5, 2016, and is secured by essentially all Organization assets. As of August 31, 2015, there was no outstanding balance on the line.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at August 31, 2015:

	<u>Amount</u>
Bridge building support	\$ 684,914
Development expenses	<u>63,750</u>
Total Temporarily Restricted Net Assets	<u>\$ 748,664</u>

BRIDGES TO PROSPERITY, INC.
Notes to Financial Statements
August 31, 2015

4. In-Kind Contributions

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

Donated bridge building materials and services consist of the following for the year ended August 31, 2015:

	<u>Amount</u>
Contributed services and travel	\$ 1,133,735
Contributed materials	<u>479,119</u>
	1,612,854
Increase in contributed inventory	<u>187,518</u>
Total In-Kind Contributions	<u>\$ 1,800,372</u>

5. Employee Benefit Plan

The Organization has adopted a Savings Incentive Match Plan for all eligible employees. The Organization contributed \$9,913 to the plan for the year ended August 31, 2015.

6. Operating Lease

The Organization is leasing its Denver, Colorado office facility under an operating lease expiring on September 30, 2017. Rent expense for Colorado and other facilities totaled \$28,644 for the year ended August 31, 2015.

Future minimum lease payments under operating leases with terms in excess of one year as of August 31, 2015, are approximately:

Year Ending August 31:	
2016	\$ 32,000
2017	34,000
2018	<u>3,000</u>
	<u>\$ 69,000</u>