

CONSOLIDATED FINANCIAL STATEMENTS

BRIDGES TO PROSPERITY, INC.

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018**

BRIDGES TO PROSPERITY, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Bridges to Prosperity, Inc. and Related Entity (Bridges to Prosperity), which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bridges to Prosperity as of August 31, 2019, and the consolidated change in its net assets, consolidated functional expenses and its consolidated 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

The prior year summarized comparative information has been derived from Bridges to Prosperity's 2018 financial statements, which were audited by other auditors and, in their report dated January 30, 2019, they expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 30, 2020

BRIDGES TO PROSPERITY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 867,391	\$ 677,111
Contributions and grants receivable, net of allowance for doubtful amounts of \$15,212	859,073	883,131
Foreign government receivable	326,375	82,020
Prepaid expenses	127,493	83,469
Other receivables	<u>5,030</u>	<u>25,889</u>
Total current assets	<u>2,185,362</u>	<u>1,751,620</u>
PROPERTY AND EQUIPMENT		
Equipment	16,035	17,965
Furniture	61,418	42,023
Vehicles	<u>190,058</u>	<u>248,356</u>
	267,511	308,344
Less: Accumulated depreciation and amortization	<u>(74,094)</u>	<u>(122,482)</u>
Net property and equipment	<u>193,417</u>	<u>185,862</u>
NONCURRENT ASSETS		
Contributions and grants receivable, net of current portion	-	30,000
Security deposits	<u>8,017</u>	<u>8,017</u>
Total noncurrent assets	<u>8,017</u>	<u>38,017</u>
TOTAL ASSETS	<u>\$ 2,386,796</u>	<u>\$ 1,975,499</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 565,413	\$ 426,115
Deferred rent liability	<u>3,693</u>	<u>3,928</u>
Total liabilities	<u>569,106</u>	<u>430,043</u>
NET ASSETS		
Without donor restrictions	1,682,114	979,650
With donor restrictions	<u>135,576</u>	<u>565,806</u>
Total net assets	<u>1,817,690</u>	<u>1,545,456</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,386,796</u>	<u>\$ 1,975,499</u>

See accompanying notes to consolidated financial statements.

BRIDGES TO PROSPERITY, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 2,878,681	\$ 1,380,850	\$ 4,259,531	\$ 3,728,326
In-kind contributions	2,958,526	-	2,958,526	2,611,356
Other	37,762	-	37,762	47,990
Net assets released from donor restrictions	<u>1,811,080</u>	<u>(1,811,080)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>7,686,049</u>	<u>(430,230)</u>	<u>7,255,819</u>	<u>6,387,672</u>
EXPENSES				
Program Services:				
Bridge Building	<u>5,906,943</u>	<u>-</u>	<u>5,906,943</u>	<u>5,295,042</u>
Supporting Services:				
Management and General	371,781	-	371,781	302,129
Fundraising	<u>704,861</u>	<u>-</u>	<u>704,861</u>	<u>644,174</u>
Total supporting services	<u>1,076,642</u>	<u>-</u>	<u>1,076,642</u>	<u>946,303</u>
Total expenses	<u>6,983,585</u>	<u>-</u>	<u>6,983,585</u>	<u>6,241,345</u>
Change in net assets	702,464	(430,230)	272,234	146,327
Net assets at beginning of year	<u>979,650</u>	<u>565,806</u>	<u>1,545,456</u>	<u>1,399,129</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,682,114</u>	<u>\$ 135,576</u>	<u>\$ 1,817,690</u>	<u>\$ 1,545,456</u>

BRIDGES TO PROSPERITY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019				2018	
	Program Services	Supporting Services				
	Bridge Building	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and related expenses	\$ 1,617,519	\$ 191,695	\$ 537,645	\$ 729,340	\$ 2,346,859	\$ 1,916,967
Travel and meetings	377,515	4,363	62,767	67,130	444,645	335,163
Bridge building supplies	281,416	-	-	-	281,416	350,339
Professional services	191,096	27,597	39,683	67,280	258,376	157,501
Office costs	121,860	13,932	13,463	27,395	149,255	125,223
Volunteer travel	137,966	-	-	-	137,966	279,585
Occupancy	28,362	73,559	-	73,559	101,921	70,869
Other expenses	47,477	43,752	2,240	45,992	93,469	127,504
Promotion	12,735	1,420	36,496	37,916	50,651	145,594
Other employee costs	39,417	8,126	4,531	12,657	52,074	26,712
Depreciation	41,751	2,909	3,127	6,036	47,787	54,924
Insurance	32,054	4,428	-	4,428	36,482	25,247
Equipment and maintenance	24,158	-	-	-	24,158	14,361
Subtotal expenses	2,953,326	371,781	699,952	1,071,733	4,025,059	3,629,989
In-kind expenses:						
Professional services, travel and other	1,685,037	-	4,909	4,909	1,689,946	1,293,446
Bridge building supplies	1,103,436	-	-	-	1,103,436	1,081,400
Field labor	165,144	-	-	-	165,144	236,510
Subtotal in-kind expenses	2,953,617	-	4,909	4,909	2,958,526	2,611,356
TOTAL	\$ 5,906,943	\$ 371,781	\$ 704,861	\$ 1,076,642	\$ 6,983,585	\$ 6,241,345

See accompanying notes to consolidated financial statements.

BRIDGES TO PROSPERITY, INC.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 272,234	\$ 146,327
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,788	54,924
Change in allowance for bad debt	15,212	-
Gain on sales and disposals of property and equipment	(16,224)	-
Decrease (increase) in:		
Contributions and grants receivable	38,846	(83,413)
Foreign government receivable	(244,355)	(82,020)
Prepaid expenses	(44,024)	(32,840)
Other receivables	20,859	923
Security deposits	-	(6,777)
Increase (decrease) in:		
Accounts payable and accrued liabilities	139,298	232,003
Deferred rent liability	(235)	3,928
Net cash provided by operating activities	<u>229,399</u>	<u>233,055</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(125,226)	(72,402)
Proceeds from sales of property and equipment	<u>86,107</u>	<u>-</u>
Net cash used by investing activities	<u>(39,119)</u>	<u>(72,402)</u>
Net increase in cash and cash equivalents	190,280	160,653
Cash and cash equivalents at beginning of year	<u>677,111</u>	<u>516,458</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 867,391	\$ 677,111

BRIDGES TO PROSPERITY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Bridges to Prosperity, Inc. (Bridges to Prosperity) envisions a world where poverty caused by rural isolation no longer exists. Rural isolation is a root cause of poverty, and we believe that connection is the foundation to opportunity. We work with local communities, partners and foundations, to build footbridges that connect residents to education, health care and economic opportunity. With a sophisticated data collection and evaluation program, the organization is able to prove that the value and impact of its work is sustained long after the opening celebration.

Bridges to Prosperity is a non-profit organization, incorporated in the State of Virginia and located in Denver, Colorado. Bridges to Prosperity also maintains representative offices in Uganda and Rwanda in support of its local program activity.

Puentes Para La Prosperidad Bolivia Limitada (PPLPBL) is a for-profit entity established and registered in May 2014 in Cochabamba, Bolivia. The purpose of PPLPBL is to support Bridges to Prosperity's program activities in Bolivia. The entity type elected at the time of registration was determined by management to be the most appropriate in order to ensure ease in establishing Bridges to Prosperity's in-country presence as well as a reasonable timeliness in commencing its program activities. Bridges to Prosperity continues to evaluate other entity options and will consider seeking local registration as an international non-governmental organization in the future.

Principles of consolidation -

The accounts of Bridges to Prosperity, Inc. have been consolidated with PPLPBL (together, Bridges to Prosperity) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated (and controlled or majority owned) organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended August 31, 2019 and applied retrospectively.

The consolidated 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with Bridges to Prosperity's consolidated financial statements for the year ended August 31, 2018, from which the summarized information was derived.

Cash and cash equivalents -

Bridges to Prosperity considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Bridges to Prosperity maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

BRIDGES TO PROSPERITY, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

Bridges to Prosperity maintained \$45,967 of cash and cash equivalents on hand and at financial institutions in foreign countries as of August 31, 2019; all such funds maintained in foreign countries are uninsured.

Receivables -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with those donors.

Local government reimbursement receivables consist of amounts due from local government districts that Bridges to Prosperity partners with in connection with its bridge building projects, and are recorded at their net realizable value, which approximates fair value. All local government reimbursement receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. All receivables are expected to be collected in one year or less.

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended August 31, 2019 totaled \$47,788.

Costs incurred to construct bridges are expensed as incurred. Bridges to Prosperity does not capitalize or track the completion of bridges since the organization does not take possession of the bridges upon completion.

Income taxes -

Bridges to Prosperity is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Bridges to Prosperity is not a private foundation.

PPLPBL is a for-profit entity that is subject to local tax on its activities (assuming a net profit is realized). During the year ended August 31, 2019, PPLPBL paid \$13,510 in taxes, which is included in Other Expenses in the accompanying Consolidated Statement of Functional Expenses.

Uncertain tax positions -

For the year ended August 31, 2019, Bridges to Prosperity has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Net assets classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions.

BRIDGES TO PROSPERITY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Net assets classification (continued) -

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 restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

In-kind contributions -

In-kind contributions consist of donated services and materials for bridge construction projects. In-kind contributions are recorded at their fair value as of the date of the gift.

Use of estimates -

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Bridges to Prosperity are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

BRIDGES TO PROSPERITY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of August 31, 2018 as unrestricted net assets in the amount of \$979,650 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$565,806 are now classified as "net assets with donor restrictions".

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by one year; thus, the effective date is for fiscal years beginning after December 15, 2018. Early adoption is permitted. Bridges to Prosperity has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. Bridges to Prosperity has not yet decided on a transition method. This ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities beginning after December 15, 2020. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

Bridges to Prosperity plans to adopt the new ASUs at the respective required implementation dates.

2. LINE OF CREDIT

Bridges to Prosperity maintained a \$300,000 revolving line of credit that matured subsequent to August 31, 2019. Amounts borrowed under this agreement bore interest at the bank's prime rate plus 1.5%. As of August 31, 2019, there were no outstanding borrowings on the line of credit.

BRIDGES TO PROSPERITY, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019**

2. LINE OF CREDIT (Continued)

On December 3, 2019, Bridges to Prosperity renewed the existing line of credit, increasing the available borrowing amount to \$500,000, bearing interest at the Federal prime rate plus 0.50%. The renewed line of credit matures on March 3, 2021. The line is secured by all the assets of Bridges to Prosperity.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at August 31, 2019:

Bridge Building	<u>\$ 135,576</u>
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The following net assets with donor restrictions were released from donor restrictions by incurring expenses, satisfying the restricted purposes specified by the donors:

Bridge Building	<u>\$ 1,811,080</u>
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4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 867,391
Contributions and grants receivable	859,073
Foreign government receivable	326,375
Other receivables	<u>5,030</u>
Subtotal financial assets available within one year	2,057,869
Less: donor restricted funds	<u>(135,576)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,922,293</u>

Bridges to Prosperity has a policy to structure its financial assets to be available and liquid as its obligations become due. As of August 31, 2019, Bridges to Prosperity has financial assets equal to approximately three months of operating expenses. In addition, Bridges to Prosperity has a line of credit agreement (as further discussed in Note 2) which allows for additional available borrowings up to \$500,000.

5. IN-KIND CONTRIBUTIONS

During the year ended August 31, 2019, Bridges to Prosperity was the beneficiary of donated goods and services which allowed Bridges to Prosperity to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended August 31, 2019.

Donated engineering services	\$ 1,689,946
Other donated services	165,144
Other materials and supplies	<u>1,103,436</u>
	<u>\$ 2,958,526</u>

BRIDGES TO PROSPERITY, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019**

6. LEASE COMMITMENTS

Bridges to Prosperity leases office space under a three-year agreement, which originated in May 2018. Base rent is \$46,682 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statement of Financial Position. As of August 31, 2019, the deferred rent liability aggregated \$3,693.

The following is a schedule of the future minimum lease payments:

Year Ending August 31,

2020	\$ 48,443
2021	<u>37,144</u>
	<u>\$ 85,587</u>

Rent expense for the Colorado and other foreign offices for the year ended August 31, 2019 totaled \$101,921.

7. RETIREMENT PLAN

Bridges to Prosperity provides retirement benefits to its employees through a Simple IRA Plan covering all full-time employees. Employees are eligible for the plan one month after their hire date. Bridges to Prosperity contributes 2% of each eligible employee's compensation. Contributions to the plan during the year ended August 31, 2019 totaled \$25,405. This plan terminated on December 31, 2019 and was replaced with a 403(b) plan. Employees are eligible to participate in the plan on their hire date. Bridges to Prosperity will determine the amount of any nonelective or matching contribution percentages on an annual basis.

8. RELATED PARTY TRANSACTIONS

During the year ended August 31, 2019, Bridges to Prosperity received \$340,000 in contributions from donors (in which those funds were transferred through Bridges to Prosperity Charitable Trust, a Trust formed in the United Kingdom). The Trust was formed for the charitable purpose of raising funds to prevent or relieve poverty in rural communities anywhere in the world and to provide grant or other financial support for infrastructure and transportation projects. The chair of the board of directors for the Trust is on the board of directors of Bridges to Prosperity and the chair of the board of directors for Bridges to Prosperity is on the board of directors for the Trust.

As of August 31, 2019, four donors owed Bridges to Prosperity \$132,000, which will be received by Bridges to Prosperity through the Trust, and is recorded in contributions and grants receivable in the accompanying Consolidated Statement of Financial Position

A board member of Bridges to Prosperity requested the return of funds donated during the year ended August 31, 2019. The return of the funds was not the result of poor performance or dissatisfaction with Bridges to Prosperity's program activities. Accordingly, Bridges to Prosperity has included \$175,000 in accounts payable and accrued expenses in the accompanying Consolidated Statement of Financial Position.

BRIDGES TO PROSPERITY, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019**

9. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Bridges to Prosperity has evaluated events and transactions for potential recognition or disclosure through March 30, 2020, the date the consolidated financial statements were issued.