

FINANCIAL STATEMENTS

BRIDGES TO PROSPERITY, INC.

**FOR THE YEARS ENDED
AUGUST 31, 2022 AND 2021**

BRIDGES TO PROSPERITY, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Bridges to Prosperity, Inc. (Bridges to Prosperity), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 Bridges to Prosperity as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Bridges to Prosperity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of 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 auditor's 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.

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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, including omissions, 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 Bridges to Prosperity'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 Bridges to Prosperity'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.

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

February 22, 2023

BRIDGES TO PROSPERITY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,213,099	\$ 1,272,000
Contributions and grants receivable	1,239,538	923,486
Foreign government grants receivable, net of allowance of \$113,111 in 2022 and \$26,179 in 2021	761,770	439,532
Prepaid expenses	156,169	130,271
Other receivables	<u>1,109</u>	<u>13,599</u>
Total current assets	<u>7,371,685</u>	<u>2,778,888</u>
PROPERTY AND EQUIPMENT		
Equipment	30,255	26,679
Furniture	118,191	71,211
Vehicles	<u>259,943</u>	<u>232,032</u>
	408,389	329,922
Less: Accumulated depreciation and amortization	<u>(183,910)</u>	<u>(170,970)</u>
Net property and equipment	<u>224,479</u>	<u>158,952</u>
NONCURRENT ASSETS		
Contributions and grants receivable, net of current portion	<u>33,333</u>	<u>300,000</u>
TOTAL ASSETS	<u>\$ 7,629,497</u>	<u>\$ 3,237,840</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 558,042	\$ 342,610
Loans payable	<u>-</u>	<u>349,100</u>
Total liabilities	<u>558,042</u>	<u>691,710</u>
NET ASSETS		
Without donor restrictions	1,624,561	1,568,419
With donor restrictions	<u>5,446,894</u>	<u>977,711</u>
Total net assets	<u>7,071,455</u>	<u>2,546,130</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,629,497</u>	<u>\$ 3,237,840</u>

BRIDGES TO PROSPERITY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants:			
Corporate, foundations and individuals	\$ 4,076,305	\$ 8,914,514	\$ 12,990,819
Government	1,439,511	-	1,439,511
In-kind contributions	883,564	-	883,564
Other	11,814	-	11,814
Net assets released from donor restrictions	<u>4,445,331</u>	<u>(4,445,331)</u>	<u>-</u>
Total support and revenue	<u>10,856,525</u>	<u>4,469,183</u>	<u>15,325,708</u>
EXPENSES			
Program Services:			
Bridge Building	<u>9,533,476</u>	<u>-</u>	<u>9,533,476</u>
Supporting Services:			
Management and General	698,046	-	698,046
Fundraising	<u>568,861</u>	<u>-</u>	<u>568,861</u>
Total supporting services	<u>1,266,907</u>	<u>-</u>	<u>1,266,907</u>
Total expenses	<u>10,800,383</u>	<u>-</u>	<u>10,800,383</u>
Changes in net assets	56,142	4,469,183	4,525,325
Net assets at beginning of year	<u>1,568,419</u>	<u>977,711</u>	<u>2,546,130</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,624,561</u>	<u>\$ 5,446,894</u>	<u>\$ 7,071,455</u>

BRIDGES TO PROSPERITY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants:			
Corporate, foundations and individuals	\$ 2,852,558	\$ 1,185,020	\$ 4,037,578
Government	749,057	-	749,057
In-kind contributions	628,595	-	628,595
Other	5,183	-	5,183
Net assets released from donor restrictions	<u>296,634</u>	<u>(296,634)</u>	<u>-</u>
Total support and revenue	<u>4,532,027</u>	<u>888,386</u>	<u>5,420,413</u>
EXPENSES			
Program Services:			
Bridge Building	<u>3,952,964</u>	<u>-</u>	<u>3,952,964</u>
Supporting Services:			
Management and General	559,656	-	559,656
Fundraising	<u>546,095</u>	<u>-</u>	<u>546,095</u>
Total supporting services	<u>1,105,751</u>	<u>-</u>	<u>1,105,751</u>
Total expenses	<u>5,058,715</u>	<u>-</u>	<u>5,058,715</u>
Changes in net assets	(526,688)	888,386	361,698
Net assets at beginning of year	<u>2,095,107</u>	<u>89,325</u>	<u>2,184,432</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,568,419</u>	<u>\$ 977,711</u>	<u>\$ 2,546,130</u>

BRIDGES TO PROSPERITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	Program Services	Supporting Services			Total Expenses
	Bridge Building	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 1,998,275	\$ 368,092	\$ 461,088	\$ 829,180	\$ 2,827,455
Travel and meetings	442,352	27,424	29,257	56,681	499,033
Professional services	402,800	61,633	31,941	93,574	496,374
Volunteer travel	111,770	-	-	-	111,770
Subgrants	2,969,354	-	-	-	2,969,354
Bridge building materials and labor	2,181,664	-	-	-	2,181,664
Other expenses	(1,565)	32,962	11,128	44,090	42,525
Bad debt	-	153,505	-	153,505	153,505
Office costs	221,746	13,157	13,564	26,721	248,467
Occupancy	38,058	5,111	-	5,111	43,169
Depreciation and amortization	77,086	2,095	-	2,095	79,181
Equipment and maintenance	55,603	-	-	-	55,603
Insurance	44,331	11,615	-	11,615	55,946
Other employee costs	95,009	22,432	1,130	23,562	118,571
Promotion	13,429	20	20,753	20,773	34,202
Subtotal expenses	8,649,912	698,046	568,861	1,266,907	9,916,819
In-kind expenses:					
Bridge building supplies	883,564	-	-	-	883,564
TOTAL	\$ 9,533,476	\$ 698,046	\$ 568,861	\$ 1,266,907	\$ 10,800,383

See accompanying notes to financial statements.

BRIDGES TO PROSPERITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021

	Program Services	Supporting Services			Total Expenses
	Bridge Building	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 1,678,666	\$ 425,567	\$ 424,733	\$ 850,300	\$ 2,528,966
Travel and meetings	233,623	2,897	9,093	11,990	245,613
Professional services	229,882	49,309	53,605	102,914	332,796
Bridge building materials and labor	828,088	-	-	-	828,088
Other expenses	10,768	11,011	974	11,985	22,753
Office costs	113,617	13,058	11,408	24,466	138,083
Occupancy	17,124	3,969	-	3,969	21,093
Depreciation and amortization	70,375	2,095	-	2,095	72,470
Equipment and maintenance	43,422	-	-	-	43,422
Insurance	36,152	11,872	-	11,872	48,024
Other employee costs	54,250	39,029	23,913	62,942	117,192
Promotion	8,402	849	22,369	23,218	31,620
Subtotal expenses	3,324,369	559,656	546,095	1,105,751	4,430,120
In-kind expenses:					
Bridge building supplies	584,008	-	-	-	584,008
Professional services, travel and other	15,000	-	-	-	15,000
Field labor	29,587	-	-	-	29,587
Subtotal in-kind expenses	628,595	-	-	-	628,595
TOTAL	\$ 3,952,964	\$ 559,656	\$ 546,095	\$ 1,105,751	\$ 5,058,715

See accompanying notes to financial statements.

BRIDGES TO PROSPERITY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,525,325	\$ 361,698
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	79,181	72,470
Change in allowance for bad debt	113,111	(11,232)
Federal loan forgiveness	(249,100)	(249,800)
(Gain) loss on sales and disposals of property and equipment	(29,236)	5,754
(Increase) decrease in:		
Contributions and grants receivable	(49,385)	(360,919)
Foreign government grants receivable	(435,349)	(121,850)
Prepaid expenses	(25,898)	71,939
Other receivables	12,490	28,739
Increase in:		
Accounts payable and accrued liabilities	<u>215,432</u>	<u>9,660</u>
Net cash provided (used) by operating activities	<u>4,156,571</u>	<u>(193,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(164,217)	(42,381)
Proceeds from sales of property and equipment	<u>48,745</u>	<u>16,297</u>
Net cash used by investing activities	<u>(115,472)</u>	<u>(26,084)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Federal loan	-	249,100
Proceeds from other loans	500,000	350,000
Loan repayments made	<u>(600,000)</u>	<u>(250,000)</u>
Net cash (used) provided by financing activities	<u>(100,000)</u>	<u>349,100</u>
Net increase in cash and cash equivalents	3,941,099	129,475
Cash and cash equivalents at beginning of year	<u>1,272,000</u>	<u>1,142,525</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,213,099</u>	<u>\$ 1,272,000</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 16,759</u>	<u>\$ 2,723</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Federal Loan Forgiveness	<u>\$ 249,100</u>	<u>\$ 249,800</u>

BRIDGES TO PROSPERITY, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Bridges to Prosperity, Inc. envisions a world where poverty caused by rural isolation no longer exists. Rural isolation is a root cause of poverty, and Bridges to Prosperity, Inc. believes that connection is the foundation to opportunity. Bridges to Prosperity, Inc. works with local communities, partners and foundations to build trailbridges 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, Inc. is a non-profit organization, incorporated in the State of Virginia and located in Denver, Colorado. Bridges to Prosperity, Inc. also maintains activities in Uganda, Rwanda and Ethiopia. Bridges to Prosperity, Inc.'s principal headquarters is located in Denver, Colorado. Bridges to Prosperity, Inc.'s employees connect virtually with other employees and with the work going on in local communities.

Basis of presentation -

The accompanying 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 of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are 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 Statements of Activities and Changes 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.

New accounting pronouncement adopted -

During the year ended June 30, 2022, Bridges to Prosperity adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was applied on a retrospective basis. The amendment did not change the recognition and measurement requirements for those contributed nonfinancial assets.

BRIDGES TO PROSPERITY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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

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 maintained \$91,010 and \$40,650, respectively, of cash and cash equivalents on hand and at financial institutions in foreign countries as of August 31, 2022 and 2021; 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. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Foreign government grants receivable 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 receivables are expected to be collected in one year or less. 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 the governments.

Property and equipment -

Property and equipment in excess of \$1,500 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 years ended August 31, 2022 and 2021 totaled \$79,181 and \$72,470, respectively.

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, Inc. 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, Inc. is not a private foundation.

Uncertain tax positions -

For the years ended August 31, 2022 and 2021, 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 financial statements.

BRIDGES TO PROSPERITY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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

Revenue recognition -

The majority of Bridges to Prosperity's revenue is received through support from individuals, foundations, corporations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. Bridges to Prosperity performs an analysis of the individual award to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Awards qualifying as contributions that are unconditional that have 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 financial statements.

Awards qualifying as conditional contributions contain a "barrier" and a right of return or right of release from obligation (and the entity has limited discretion over how funds transferred should be spent). Conditional awards are not recognized until the conditions on which they depend are substantially met; revenue is recognized when the condition or conditions are satisfied. During the year ended August 31, 2022, Bridges to Prosperity did not receive assistance from donors under conditional awards.

In-kind contributions -

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

Foreign currency translation -

The US Dollar is the functional currency for Bridges to Prosperity' worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than US Dollars are translated into dollars at the exchange rate in effect at the date of the Statements of Financial Position. During the years ended August 31, 2022 and 2021, the total foreign currency (loss) gain recognized in the accompanying Statement of Activities and Changes in Net Assets (in "Other" income) totaled \$(24,318) and \$6,349, respectively.

Use of estimates -

The preparation of the 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 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 Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

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

Functional allocation of expenses (continued) -

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.

Subgrants expense -

Subgrants are recognized as expense in the year of award.

2. CONTRIBUTIONS AND GRANTS RECEIVABLE

As of August 31, 2022 and 2021, donors to Bridges to Prosperity have made written promises to give, of which \$1,272,871 and \$1,223,486, respectively, remained due and outstanding.

Following is a schedule of amounts due, by year, as of August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 1,239,538	\$ 923,486
One to five years	<u>33,333</u>	<u>300,000</u>
Subtotal	1,272,871	1,223,486
Less: Current portion	<u>(1,239,538)</u>	<u>(923,486)</u>
NONCURRENT RECEIVABLES	<u>\$ 33,333</u>	<u>\$ 300,000</u>

Additionally, all foreign government grants receivable are considered current as of August 31, 2022 and 2021.

3. LINE OF CREDIT

Bridges to Prosperity maintains a \$500,000 revolving line of credit with a local financial institution. The line of credit bears interest of 6.00% (Federal Prime plus 0.50%) on outstanding borrowings. The line of credit matures on March 2, 2023, and is secured by Bridges to Prosperity's inventory, chattel paper, accounts, equipment and general intangibles. During the year ended (and as of) August 31, 2022, there were no outstanding borrowings on the line of credit.

4. LOANS PAYABLE

On April 13, 2020, Bridges to Prosperity received loan proceeds in the amount of \$249,800 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest (1%) payments amortized over the loan term with a deferral of payments for the first sixteen months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note could qualify for forgiveness by the Small Business Administration (SBA) in whole or in part. Bridges to Prosperity used the proceeds for purposes consistent with the PPP, and full forgiveness was granted by the SBA on April 26, 2021. Accordingly, the entire amount of the forgiven loan has been included in "Contributions and grants" revenue during the year ended August 31, 2021.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

4. LOANS PAYABLE (Continued)

On February 10, 2021, Bridges to Prosperity received loan proceeds in the amount of \$249,100 under the Paycheck Protection Program (PPP). While the term of the loan was five years, the entire amount of the loan was forgiven on November 8, 2021. Accordingly, the full value of the loan was recorded in "Contributions and grants" revenue during the year ended August 31, 2022.

On August 6, 2020, Bridges to Prosperity entered into a \$250,000 loan facility with a private charitable foundation. The loan facility was unsecured, and bore interest at 2% per annum on all outstanding borrowings. During the year ended August 31, 2021, Bridges to Prosperity drew the entire available balance of \$250,000, and the full amount (plus accrued interest of \$2,753) was repaid in full before fiscal year-end.

On September 21, 2020, Bridges to Prosperity received a \$100,000 unsecured, non-interest bearing loan from a foundation (through a donor advised fund). As of August 31, 2021, the entire principal balance remained outstanding. During the year ended August 31, 2022, Bridges to Prosperity repaid the loan in full.

On September 2, 2021, Bridges to Prosperity entered into a loan facility totaling \$500,000 (with a private charitable foundation). The loan facility was unsecured, and bore interest at 5.50% per annum on all outstanding borrowings. During the year ended August 31, 2022, Bridges to Prosperity drew the full amount of the loan, and repaid it in full prior to fiscal year-end.

As of August 31, 2022, there were no outstanding borrowings. During the year ended August 31, 2022, interest expense incurred on all aforementioned loans payable totaled \$16,759.

As of August 31, 2021, loans payable aggregated \$349,100. During the year ended August 31, 2021, interest expense incurred on all aforementioned loans payable totaled \$2,723.

Subsequent to August 31, 2022, Bridges to Prosperity entered into a loan facility totaling \$300,000 (with another private charitable foundation). The loan facility is unsecured, and bears interest at 6.95% per annum on all outstanding borrowings (which will float down to 6.50% when certain bridge projects are completed). Subsequent to August 31, 2022 and through the date of this audit report, Bridges to Prosperity has drawn \$200,000 (and accrued \$2,316 of interest) under this loan facility.

Also subsequent to August 31, 2022, Bridges to Prosperity entered into another loan facility totaling \$1,000,000 (with another private charitable foundation). The loan facility is unsecured, and bears interest at 6.50% per annum on all outstanding borrowings. Subsequent to August 31, 2022 and through the date of this audit report, Bridges to Prosperity has drawn \$500,000 (and accrued \$3,972 of interest) under this loan facility.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Bridge Building	\$ <u>5,446,894</u>	\$ <u>977,711</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses, satisfying the restricted purposes specified by the donors:

	<u>2022</u>	<u>2021</u>
Bridge Building	\$ <u>4,445,331</u>	\$ <u>296,634</u>

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position dates comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,213,099	\$ 1,272,000
Contributions and grants receivable	1,272,871	1,223,486
Foreign government grants receivable, net of allowance	761,770	439,532
Other receivables	<u>1,109</u>	<u>13,599</u>
Subtotal financial assets available within one year	7,248,849	2,948,617
Less: donor restricted funds	<u>(5,446,894)</u>	<u>(977,711)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,801,955</u>	<u>\$ 1,970,906</u>

Bridges to Prosperity has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, Bridges to Prosperity maintains two lines of credit (as further discussed in Notes 3 and 4) which allows for additional available borrowings of up to \$1,800,000.

7. IN-KIND CONTRIBUTIONS

During the years ended August 31, 2022 and 2021, Bridges to Prosperity was the beneficiary of donated goods and services which allowed Bridges to Prosperity to provide greater resources toward various programs.

In-kind contributions include new and used materials used in the construction of trail bridges as well as software used in operations. Material values are determined annually based on the quantities used in construction at fair market value. Fair market pricing is determined by obtaining third party quotes for similar or same materials and published pricing. Additionally, there are no restrictions related to these in-kind contributions.

The following donations have been included in revenue and program services (bridge building) expenses during the years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Professional services	\$ -	\$ 15,000
Community and municipality labor	-	29,587
Materials and supplies	<u>883,564</u>	<u>584,008</u>
TOTAL	<u>\$ 883,564</u>	<u>\$ 628,595</u>

8. RETIREMENT PLAN

Bridges to Prosperity provides retirement benefits to its employees through a 403(b) plan which covers all full-time employees on their date of hire. Bridges to Prosperity determines the amount of any nonelective or matching contributions to the 403(b) plan on an annual basis. Contributions to the Plan during the years ended August 31, 2022 and 2021 totaled \$23,547 and \$26,418, respectively.

BRIDGES TO PROSPERITY, INC.
NOTES TO FINANCIAL STATEMENTS
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9. OCCUPANCY EXPENSE

Bridges to Prosperity maintains office space in Rwanda and Uganda under short-term agreements. During the years ended August 31, 2022 and 2021 occupancy expense totaled \$43,169 and \$21,093, respectively.

10. RELATED PARTY TRANSACTIONS

During the years ended August 31, 2022 and 2021, Bridges to Prosperity received \$144,255 and \$40,000, respectively in contributions which were paid 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 both organizations also serves on the Board of the other organization. However, the Trust is functionally independent of Bridges to Prosperity, and therefore the financial statements of the two organizations are not consolidated.

11. SUBSEQUENT EVENTS

In preparing these financial statements, Bridges to Prosperity has evaluated events and transactions for potential recognition or disclosure through February 22, 2023, the date the financial statements were issued.