

FINANCIAL STATEMENTS

BRIDGES TO PROSPERITY, INC.

**FOR THE YEARS ENDED
AUGUST 31, 2023 AND 2022**

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, 2023 and 2022, 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, 2023 and 2022, 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".

March 6, 2024

BRIDGES TO PROSPERITY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,819,589	\$ 5,213,099
Contributions and grants receivable	1,125,050	1,239,538
Foreign government grants receivable, net of allowance of \$11,559 in 2023 and \$113,111 in 2022	882,699	761,770
Prepaid expenses	180,122	156,169
Other receivables	<u>8,916</u>	<u>1,109</u>
Total current assets	<u>8,016,376</u>	<u>7,371,685</u>
PROPERTY AND EQUIPMENT		
Equipment	30,255	30,255
Furniture	116,970	118,191
Vehicles	<u>348,542</u>	<u>259,943</u>
	495,767	408,389
Less: Accumulated depreciation and amortization	<u>(234,504)</u>	<u>(183,910)</u>
Net property and equipment	<u>261,263</u>	<u>224,479</u>
NONCURRENT ASSETS		
Contributions and grants receivable, net of current portion	<u>-</u>	<u>33,333</u>
TOTAL ASSETS	<u>\$ 8,277,639</u>	<u>\$ 7,629,497</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 448,817	\$ 558,042
Loans payable	1,100,000	-
Subgrants payable	<u>260,000</u>	<u>-</u>
Total current liabilities	<u>1,808,817</u>	<u>558,042</u>
NONCURRENT LIABILITIES		
Subgrants payable, net of current portion	<u>90,000</u>	<u>-</u>
Total liabilities	<u>1,898,817</u>	<u>558,042</u>
NET ASSETS		
Without donor restrictions	1,808,699	1,624,561
With donor restrictions	<u>4,570,123</u>	<u>5,446,894</u>
Total net assets	<u>6,378,822</u>	<u>7,071,455</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,277,639</u>	<u>\$ 7,629,497</u>

See accompanying notes to financial statements.

BRIDGES TO PROSPERITY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants:			
Corporate, foundations and individuals	\$ 4,132,489	\$ 3,459,727	\$ 7,592,216
Government	1,596,516	-	1,596,516
In-kind contributions	1,100,962	-	1,100,962
Other	89,757	-	89,757
Net assets released from donor restrictions	<u>4,336,498</u>	<u>(4,336,498)</u>	<u>-</u>
Total support and revenue	<u>11,256,222</u>	<u>(876,771)</u>	<u>10,379,451</u>
EXPENSES			
Program Service:			
Bridge Building	<u>10,113,965</u>	<u>-</u>	<u>10,113,965</u>
Supporting Services:			
Management and General	335,671	-	335,671
Fundraising	<u>622,448</u>	<u>-</u>	<u>622,448</u>
Total supporting services	<u>958,119</u>	<u>-</u>	<u>958,119</u>
Total expenses	<u>11,072,084</u>	<u>-</u>	<u>11,072,084</u>
Changes in net assets	184,138	(876,771)	(692,633)
Net assets at beginning of year	<u>1,624,561</u>	<u>5,446,894</u>	<u>7,071,455</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,808,699</u>	<u>\$ 4,570,123</u>	<u>\$ 6,378,822</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 Service:			
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

	Program Service	Supporting Services			Total Expenses
	Bridge Building	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 3,186,307	\$ 228,123	\$ 506,880	\$ 735,003	\$ 3,921,310
Travel and meetings	708,302	36,352	47,187	83,539	791,841
Professional services	825,152	71,879	17,917	89,796	914,948
Volunteer travel	167,773	-	-	-	167,773
Subgrants	450,000	-	-	-	450,000
Bridge building materials and labor	2,947,152	20	155	175	2,947,327
Other expenses	38,039	58,072	1,911	59,983	98,022
Recovery of uncollectable balances	-	(101,552)	-	(101,552)	(101,552)
Office costs	298,030	14,166	12,134	26,300	324,330
Occupancy	63,180	5,132	-	5,132	68,312
Depreciation and amortization	103,278	846	-	846	104,124
Equipment and maintenance	69,546	-	-	-	69,546
Insurance	37,614	13,712	-	13,712	51,326
Other employee costs	103,445	8,688	4,870	13,558	117,003
Promotion	15,185	233	31,394	31,627	46,812
Subtotal expenses	9,013,003	335,671	622,448	958,119	9,971,122
In-kind expenses:					
Bridge building supplies	1,100,962	-	-	-	1,100,962
TOTAL	\$ 10,113,965	\$ 335,671	\$ 622,448	\$ 958,119	\$ 11,072,084

See accompanying notes to financial statements.

BRIDGES TO PROSPERITY, INC.

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

	Program Service	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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (692,633)	\$ 4,525,325
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	104,124	79,181
Change in allowance for bad debt	(101,552)	86,932
Federal loan forgiveness	-	(249,100)
Gain on sales and disposals of property and equipment	(37,205)	(29,236)
Decrease (increase) in:		
Contributions and grants receivable	147,821	(49,385)
Foreign government grants receivable	(19,377)	(409,170)
Prepaid expenses	(23,953)	(25,898)
Other receivables	(7,807)	12,490
(Decrease) increase in:		
Accounts payable and accrued liabilities	(109,225)	215,432
Subgrants payable	<u>350,000</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(389,807)</u>	<u>4,156,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(149,301)	(164,217)
Proceeds from sales of property and equipment	<u>45,598</u>	<u>48,745</u>
Net cash used by investing activities	<u>(103,703)</u>	<u>(115,472)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds received	1,300,000	500,000
Loan repayments made	<u>(200,000)</u>	<u>(600,000)</u>
Net cash provided (used) by financing activities	<u>1,100,000</u>	<u>(100,000)</u>
Net increase in cash and cash equivalents	606,490	3,941,099
Cash and cash equivalents at beginning of year	<u>5,213,099</u>	<u>1,272,000</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,819,589</u>	<u>\$ 5,213,099</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 53,264</u>	<u>\$ 16,759</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Federal Loan Forgiveness	<u>\$ -</u>	<u>\$ 249,100</u>

See accompanying notes to financial statements.

BRIDGES TO PROSPERITY, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2023 AND 2022

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 trail bridges 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.

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 \$143,674 and \$91,010, respectively, of cash and cash equivalents on hand and at financial institutions in foreign countries as of August 31, 2023 and 2022; all such funds maintained in foreign countries are uninsured.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

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

Receivables -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Foreign government grants receivable consist of amounts due (billed and unbilled) 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 \$2,500 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, 2023 and 2022 totaled \$104,124 and \$79,181, 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, 2023 and 2022, 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.

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.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

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

Revenue recognition (continued) -

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.

Bridges to Prosperity had approximately \$2,648,000 and \$5,460,000 in unrecognized conditional awards as of August 31, 2023 and 2022, respectively.

In-kind contributions -

In-kind contributions consist of donated services and materials for bridge construction projects. Donated services are recognized at their fair value at the time the service is performed. Donated bridge materials are recorded at fair value on the date received.

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, 2023 and 2022, the total foreign currency loss recognized in the accompanying Statements of Activities and Changes in Net Assets (in "Other" income) totaled \$(36,622) and \$(24,318), 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. 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.

New accounting pronouncement (not yet adopted) -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

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

New accounting pronouncement (not yet adopted) (continued) -

The ASU is effective for Bridges to Prosperity for the year ending August 31, 2024 but early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

Bridges to Prosperity plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. CONTRIBUTIONS AND GRANTS RECEIVABLE

As of August 31, 2023 and 2022, donors to Bridges to Prosperity have made written promises to give, of which \$1,125,050 and \$1,272,871, respectively, remained due and outstanding.

Following is a schedule of amounts due, by year, as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 1,125,050	\$ 1,239,538
One to five years	<u>-</u>	<u>33,333</u>
Subtotal	1,125,050	1,272,871
Less: Current portion	<u>(1,125,050)</u>	<u>(1,239,538)</u>
NONCURRENT RECEIVABLES	<u>\$ -</u>	<u>\$ 33,333</u>

Additionally, all foreign government grants receivable are considered current as of August 31, 2023 and 2022.

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 matured on February 29, 2024, and was secured by Bridges to Prosperity's inventory, chattel paper, accounts receivable, bridge materials and general intangibles. During the years ended (and as of) August 31, 2023 and 2022, there were no outstanding borrowings on the line of credit.

4. LOANS PAYABLE

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.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

4. LOANS PAYABLE (Continued)

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.

On October 1, 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). As of August 31, 2023, Bridges to Prosperity has drawn \$100,000 (and accrued \$2,316 of interest) under this loan facility and through the date of this report has fully repaid the loan.

On January 1, 2023, 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. As of August 31, 2023 and through the date of this audit report, Bridges to Prosperity has repaid the loan in full.

As of August 31, 2023, loans payable aggregated \$1,100,000. During the year ended August 31, 2023, interest expense incurred on all aforementioned loans payable totaled \$53,264.

Subsequent to August 31, 2023, Bridges to Prosperity entered into a loan facility totaling \$1,000,000 (with two private charitable foundations). The loan facility is unsecured and bears interest at 6.95%.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Bridge Building	<u>\$ 4,570,123</u>	<u>\$ 5,446,894</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>2023</u>	<u>2022</u>
Bridge Building	<u>\$ 4,336,498</u>	<u>\$ 4,445,331</u>

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

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:

	2023	2022
Cash and cash equivalents	\$ 5,819,589	\$ 5,213,099
Contributions and grants receivable	1,125,050	1,272,871
Foreign government grants receivable, net of allowance	882,699	761,770
Other receivables	8,916	1,109
Subtotal financial assets available within one year	7,836,254	7,248,849
Less: donor restricted funds	(4,570,123)	(5,446,894)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 3,266,131	\$ 1,801,955

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 \$500,000.

7. IN-KIND CONTRIBUTIONS

During the years ended August 31, 2023 and 2022, 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 services, 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, 2023 and 2022:

	2023	2022
Materials and software	\$ 1,100,962	\$ 883,564

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, 2023 and 2022 totaled \$19,116 and \$23,547, respectively.

9. OCCUPANCY EXPENSE

Bridges to Prosperity maintains office space in Rwanda and Uganda under short-term agreements. During the years ended August 31, 2023 and 2022, occupancy expense totaled \$68,312 and \$43,169, respectively.

BRIDGES TO PROSPERITY, INC.

**NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

10. RELATED PARTY TRANSACTIONS

During the years ended August 31, 2023 and 2022, Bridges to Prosperity received \$151,500 and \$144,255, 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.

During the year ended August 31, 2023, Bridges to Prosperity entered into a Founder's Prize agreement with a Board Member. Under this 10 year agreement, the Board Member agrees to make an annual donation of \$75,000 and in turn, Bridges to Prosperity agrees to award \$100,000 to committee selected grantee with a substantially aligned mission. This award is considered to be conditional by Bridges to Prosperity. Accordingly, the related contribution income and grant expenses are recorded as the conditions are met each year. As of August 31, 2023, the Board Member donation was received and the grantee was selected. The grant award was recorded as a liability at August 31, 2023 and subsequently paid.

11. SUBSEQUENT EVENTS

In preparing these financial statements, Bridges to Prosperity has evaluated events and transactions for potential recognition or disclosure through March 6, 2024, the date the financial statements were issued.