

BRIDGES OUTREACH, INC.
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2016 AND 2015

BRIDGES OUTREACH, INC.
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YEARS ENDED MAY 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridges Outreach, Inc.

I have audited the accompanying financial statements of Bridges Outreach, Inc. (a nonprofit organization) which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridges Outreach, Inc. as of May 31, 2016 and 2015, 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.

August 9, 2016
Hillsborough, NJ

A handwritten signature in black ink that reads 'James M. Wood'.

James M. Wood, Certified Public Accountant
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BRIDGES OUTREACH, INC.
 STATEMENTS OF FINANCIAL POSITION
 MAY 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash & cash equivalents	\$ 537,249	\$ 594,497
Investments in certificates of deposit	101,147	100,452
Grants receivable	750	-
Prepaid expenses	13,598	2,016
Security deposit	1,300	1,300
Fixed assets, net	<u>31,206</u>	<u>45,946</u>
	<u>\$ 685,250</u>	<u>\$ 744,211</u>
 Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 10,241	\$ 6,843
Grants received in advance	<u>-</u>	<u>83,500</u>
	10,241	90,343
Net assets, unrestricted	<u>675,009</u>	<u>653,868</u>
	<u>\$ 685,250</u>	<u>\$ 744,211</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED MAY 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Public support		
Contributions	\$ 238,375	\$ 281,493
Grants	329,994	244,989
Donated items & services	604,403	529,808
	<u>1,172,772</u>	<u>1,056,290</u>
Special event		
Gross event income	77,749	216,663
Less direct expense	(21,471)	(77,820)
	<u>56,278</u>	<u>138,843</u>
Dividends & interest income	<u>2,153</u>	<u>8,852</u>
Total revenue	1,231,203	1,203,985
Functional expenses		
Program	1,050,925	930,772
Management & general	98,603	80,138
Fund raising	60,534	44,623
	<u>1,210,062</u>	<u>1,055,533</u>
Total expenses	1,210,062	1,055,533
Increase in net assets	21,141	148,452
Net assets		
Beginning of year	<u>653,868</u>	<u>505,416</u>
End of year	<u>\$ 675,009</u>	<u>\$ 653,868</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MAY 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Increase in net assets	\$ 21,141	\$ 148,452
Adjustments to reconcile increase in net assets to cash (used in) provided by operating activities:		
Depreciation	14,740	8,608
(Increase) decrease in:		
Grants receivable	(750)	-
Prepaid expenses	(11,582)	8,005
Increase (decrease) in:		
Accounts payable & accrued expenses	3,398	2,512
Grants received in advance	<u>(83,500)</u>	<u>62,186</u>
 Cash (used in) provided by operating activities	 (56,553)	 229,763
 Cash flows from investing activities		
Purchase of investments in certificates of deposit	(101,147)	(100,452)
Proceeds from sale of investments securities	100,452	300,124
Acquisition of vehicle	<u>-</u>	<u>(40,879)</u>
 Cash (used in) provided by investing activities	 (695)	 158,793
 (Decrease) increase in cash	 (57,248)	 388,556
 Cash & cash equivalents		
Beginning of year	<u>594,497</u>	<u>205,941</u>
End of year	<u>\$ 537,249</u>	<u>\$ 594,497</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2016 AND 2015

(1) **Nature of Organization**

Bridges Outreach, Inc., formerly known as Outreach, Inc., t/a Bridges, is a not-for-profit corporation based in Summit, New Jersey, organized in 1991 for the following purposes:

- To bring the housed and the homeless together and to develop and foster a caring community made up of sheltered and unsheltered homeless street dwellers and those living on the poverty line;
- To promote the values of understanding and caring for fellow humans to all of its constituents including students and youth groups;
- To foster material assistance by distributing articles of need, and to foster human dignity, fellowship, friendship, caring and emotional support through weekly visits to the sheltered and unsheltered homeless street dwellers and those living on the poverty line during which visits, food, clothing, blankets, toiletries and other items are distributed.

Bridges Outreach serves New York City, Newark, NJ, Irvington, NJ and Summit, NJ.

(2) **Summary of Significant Accounting Policies**

Financial statement presentation

In accordance with generally accepted accounting principles, Bridges Outreach reports its statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Bridges Outreach has only unrestricted and temporarily restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor imposed restrictions.

Donated items

Bridges Outreach receives donations of food, clothing, toiletries, camp & school supplies and other items which are distributed as part of its program services. All such donations are recorded as contributions at the estimated fair value at the date of donation.

Donated services

Bridges Outreach records donated services as income and related expense if the service provided is specialized and would be purchased if not donated.

Cash and cash equivalents

For purposes of the statement of cash flows, Bridges Outreach considers all highly liquid investments including demand deposits, money market accounts and certificates of deposit with an initial maturity of three months or less to be cash equivalents. These financial instruments are included in "cash and cash equivalents" in the statement of financial position.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
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Investments in certificates of deposit

Investments in certificates of deposit are carried at cost plus accrued interest which approximates fair value.

Fixed assets

Fixed assets are shown at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The cost of maintenance and repairs is charged to income as incurred.

Income tax status

Bridges Outreach qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

Functional expenses

Expenses are charged to each program or cost center based on direct expenses incurred. Any expenses not directly chargeable are allocated based on applicable usage rates.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting for uncertainty in income taxes

Bridges Outreach's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. Bridges Outreach's exempt organization filings for the years ended May 31, 2013 through 2016 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine Bridges Outreach's financial activities for income and unrelated business income tax for those years.

New accounting pronouncements

Management is of the opinion that none of the newly enacted accounting pronouncements will have a material effect on the Organization.

(3) Investments in Certificates of Deposit

As of May 31, 2016 investments in certificates of deposit consist of one certificate totaling \$101,147 maturing on August 17, 2016. As of May 31, 2015, investments in certificates of deposit consist of one certificate totaling \$100,452 which matured on October 17, 2015. Certificates of deposit are carried at cost plus accrued interest which approximates fair value.

BRIDGES OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2016 AND 2015

(4) Fixed Assets

As of May 31, 2016 and 2015, fixed assets consist of the following:

	<u>2016</u>	<u>2015</u>
Vehicles	\$73,701	\$73,701
Furniture & equipment	<u>6,323</u>	<u>6,323</u>
	80,024	80,024
Less accumulated depreciation	<u>48,818</u>	<u>34,078</u>
	<u>\$31,206</u>	<u>\$45,946</u>

(5) Operating Lease Commitments

As of May 31, 2016, Bridges Outreach is obligated to minimum payments for leased space through January 31, 2019. Future obligations are as follows for the years ending May 31:

2017	\$15,000
2018	8,250
2019	<u>4,000</u>
	<u>\$27,250</u>

(6) Donated Services

For the years ended May 31, 2016 and 2015, volunteers reported approximately 15,000 hours per year in time donated for preparing meals, organizing articles of need, delivery to recipients, and fostering relationships. The value of these hours is a vital and integral portion of Bridges Outreach's mission and programming but is not recorded in the financial statements in accordance with generally accepted accounting principles.

(7) Evaluation of Subsequent Events

Bridges Outreach has evaluated subsequent events through August 9, 2016, the date which the financial statements were available to be issued.