

BRIDGING FOR TOMORROW

Financial Statements
for the Years Ended
December 31, 2016 and 2015



Bennoch & Tipton^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS

BRIDGING FOR TOMORROW

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Bridging for Tomorrow
Houston, Texas

We have reviewed the accompanying financial statements of Bridging for Tomorrow (a nonprofit organization), which comprise the statements of financial position as of December 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA.

Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Bennoch & Tipton LLC". The signature is written in a cursive, flowing style.

Bennoch & Tipton LLC
Certified Public Accountants
Houston, Texas

April 26, 2017

BRIDGING FOR TOMORROW
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015

ASSETS	2016	2015
Cash and cash equivalents	\$ 128,381	\$ 109,152
Food pantry inventory	9,262	5,520
Other assets	5,150	
Property and equipment, net	<u>11,702</u>	<u>15,296</u>
TOTAL ASSETS	<u>\$ 154,495</u>	<u>\$ 129,968</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,028	\$ 6,827
Accrued expenses	<u>6,242</u>	<u>488</u>
Total Liabilities	<u>9,270</u>	<u>7,315</u>
Net Assets		
Unrestricted	<u>145,225</u>	<u>122,653</u>
Total Net Assets	<u>145,225</u>	<u>122,653</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 154,495</u>	<u>\$ 129,968</u>

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

UNRESTRICTED	2016	2015
Public Support and Revenues		
Contributions	\$ 165,464	\$ 185,371
Grants	6,000	1,000
In-kind contributions	500,708	433,090
Fundraising, net direct benefit to donor of \$14,773	36,746	27,869
Interest income	212	36
Total Public Support and Revenues	<u>709,130</u>	<u>647,366</u>
 Expenses		
Program expenses	<u>501,240</u>	<u>447,669</u>
Total Program Expenses	<u>501,240</u>	<u>447,669</u>
 Supporting Services:		
Management and general	154,839	116,298
Fundraising	<u>30,479</u>	<u>36,288</u>
Total Supporting Services	<u>185,318</u>	<u>152,586</u>
 Total Expenses	<u>686,558</u>	<u>600,255</u>
 Change in Net Assets	22,572	47,111
 Net Assets, Beginning of Year	<u>122,653</u>	<u>75,542</u>
 NET ASSETS, END OF YEAR	<u><u>\$ 145,225</u></u>	<u><u>\$ 122,653</u></u>

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Program	Supporting Services		2016 Total	2015 Total
		Management & General	Fundraising		
Advertising	\$ 5,494	\$ 3,550	\$ -	\$ 9,044	\$ 5,658
Bank fees	39	1,856	-	1,895	519
Benevolence	1,691	-	-	1,691	2,728
Conferences	-	-	-	-	3,293
Counseling services	32,790	-	-	32,790	24,545
Depreciation	-	3,594	-	3,594	1,656
Dues and subscriptions	1,495	2,127	-	3,622	1,545
Employee Benefits	44,573	11,886	2,972	59,431	42,600
Food	14,941	1,161	-	16,102	15,896
Fundraising	-	-	8,952	8,952	2,722
Insurance	1,739	3,761	-	5,500	6,106
Meals and entertainment	4,297	815	-	5,112	1,557
Payroll taxes	18,459	4,922	1,231	24,612	20,836
Postage	-	1,291	-	1,291	590
Printing	31	3,991	-	4,022	3,834
Professional fees	4,626	13,000	-	17,626	22,820
Program events	16,749	-	-	16,749	17,121
Rent	30,300	4,240	1,060	35,600	18,559
Repairs and maintenance	4,844	123	-	4,967	1,101
Salaries and wages	243,959	65,056	16,264	325,279	278,047
Scholarships	-	-	-	-	3,500
School support	2,780	-	-	2,780	57,744
Supplies	50,175	17,209	-	67,384	35,293
Taxes	4,387	-	-	4,387	2,472
Training	900	6,591	-	7,491	11,450
Travel	667	410	-	1,077	1,309
Utilities	16,304	9,256	-	25,560	16,754
EXPENSES	\$ 501,240	\$ 154,839	\$ 30,479	\$ 686,558	\$ 600,255

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Cash Flows From Operating Activities	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 21,329	\$ 47,111
Adjustments to reconcile change in net assets activities to net cash from operating:		
Depreciation	3,594	1,656
Change in operating assets and liabilities		
Food pantry	(3,742)	-
Other assets	(5,150)	(3,892)
Accounts payable	(3,799)	3,339
Accrued liabilities	6,997	(1,955)
Net Cash from Operating Activities	<u>19,229</u>	<u>46,259</u>
Cash Flows from Investing Activities		
Purchase of equipment	-	(11,443)
Net Cash from Investing Activities	<u>-</u>	<u>(11,443)</u>
Net Change in Cash and Cash Equivalents	19,229	34,816
Cash and Cash Equivalents, Beginning of Year	<u>109,152</u>	<u>74,336</u>
Cash and Cash Equivalents, End of Year	<u>\$ 128,381</u>	<u>\$ 109,152</u>

See accompanying notes and independent accountant's review report.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – Bridging for Tomorrow (the “Organization”), a Texas nonprofit organization, was organized in 2013 to serve the communities of Klein ISD and Aldine ISD Title I schools in the Northwest Houston area. The Organization adheres to the principles that long-term solutions to a community’s challenges are found within the members of that community. The Organization serves all community families, regardless of ethnic background, religious beliefs, and gender or socio economic status. The Organization is committed to creating a socially engaged, self-sustainable and financially independent community through provision of relief resources, development of human and material resources, and rehabilitation of unproductive social and economic patterns.

The Organization’s mission is to build a strong body of engaged community members by increasing civic participation and program involvement, and by identifying and equipping community leaders.

The Organization’s primary source of revenue is free-will donations from supporters of the Organization and fundraising revenues.

The Organization is affiliated with Faithbridge United Methodist Church (the “Church”), the Church provides managerial and financial support towards the operations of the Organization. The Organization is governed by a board of directors independent of the Church. Certain board members of the Organization are employees or board members of the Church.

Basis of Accounting – The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation – The Organization’s financial statements are presented in accordance with Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 958-205-45-4, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-45-4, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization. As of December 31, 2016 and 2015, the Organization had \$143,982 and \$122,653, respectively, of unrestricted resources.

Temporarily restricted net assets – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. As of December 31, 2016 and 2015, the Organization had no temporarily restricted net assets.

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Permanently restricted net assets – These are resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon be used by the Organization. As of December 31, 2016 and 2015, the Organization had no permanently restricted net assets.

In addition, the Organization is required by FASB ASC 958-205-45-4 to present a statement of cash flows.

Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time. Program income and other income are recognized when received.

Contributions and Promises to Give – In accordance with FASB ASC 958-605-45-3, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give cash or other assets are not recognized as revenues until received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions were recognized. All other donor-restricted contributions would be reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible promises to give receivable. The allowance is based on management's analysis of specific promises made.

Contributed Services – The Organization recognizes contributed services at their fair value if the services provide value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors, as established by FASB ASC 958-605-25-26.

Donations – Donations are recorded as contributions at fair value at the date of donation. Such donations are reported as unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as

BRIDGING FOR TOMORROW
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restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as restricted by the donor.

The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents – The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

Property and Equipment – The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Property and equipment items are depreciated using the straight-line method based on their estimated useful lives ranging from 5 to 7 years. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the asset are capitalized.

Functional Allocation of Expenses – Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The Organization's expenses are allocated on a functional basis among these benefited categories.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services by various reasonable bases.

Fundraising expenses represent cost incurred in connection with fundraising efforts. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes – The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* - an Interpretation of FASB Statement No. 109), which prescribes a recognition threshold and

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measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

Advertising – Advertising is expensed as incurred. Total advertising costs expensed was \$9,044 and \$5,658 for the year ended December 31, 2016 and 2015, respectively.

NOTE 2 – PROGRAMS AND SUPPORTING SERVICES

The costs of providing the various programs and other activities are shown in the accompanying statement of functional expenses. The following programs and supporting services are included in the accompanying financial statements:

Community Affairs – this department is constantly evaluating the community for needs. They develop new programs, events and outreach efforts based on those needs.

Health Initiative – health fairs within the schools for the members of the community. General health screenings, education and fun activities for the kids promote good health.

Food Initiative – a food pantry at the Organization's office welcomes families from the community who are in need of food. The Organization also meets with them to inform them of other services in the community.

Vision Initiative – the Organization partners with Optometrists to offer vision screenings and provide glasses to the students who are in need.

Counseling – the Organization makes available counseling to members of families they meet through their programs.

Evaluation – the Organization evaluates every program they provide so that they can have a real impact on this community.

School Program – The Organization provides Mentors and a weekly Values Club that come alongside students to instill positive values and to build their character. They also sponsor a Bridge of Light Club that empowers children of the community and develops future leaders.

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NOTE 3 – CONCENTRATION OF CREDIT RISKS

The Organization maintains its cash balances in a local bank. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2016 and 2015, all of the Organizations funds were insured by the FDIC.

NOTE 4 – PROPERTY AND EQUIPMENT

As of December 31, 2016 and 2015, property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 5,812	\$ 5,812
Equipment	<u>13,819</u>	<u>13,819</u>
	19,631	19,631
Less: Accumulated depreciation	<u>(7,929)</u>	<u>(4,335)</u>
Property and equipment, net	<u>\$ 11,702</u>	<u>\$ 15,296</u>

Depreciation expense charged to operations for the year ended December 31, 2016 and 2015 was \$3,594 and \$1,656, respectively.

NOTE 5 – OPERATING LEASE

The Organization leases office space under a non-cancelable operating lease. The original lease began April 8, 2013 and expired on April 7, 2016. The terms of the lease were monthly rental payments of \$1,600. The lease was on a month-to-month basis until a new lease was negotiated. A new lease was signed and began January 1, 2017 and expires December 31, 2017. Monthly rental payments are \$1,760.

Rental expense for the year ended December 31, 2016 and 2015 was \$14,072 and \$17,600, respectively. The Organization is in the process of renewing the lease under the same terms.

NOTE 6 – RELATED PARTY TRANSACTIONS

Certain members of the Organization's board are board members or employees from Faithbridge Church. The Church provides financial support to the Organization in the form of contributions to pay for operations and programs of the Organization. In addition, the Church provides for and pays the salaries, wages, and benefits of the employees working at the Organization. The Church paid \$82,066 in cash contributions to the Organization and incurred \$409,322 in salaries, wages, and benefits expense for the Organization (recorded as in-kind revenue and expense) for the year ended December 31, 2016.

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The Church paid \$146,551 in cash contributions to the Organization and incurred \$342,179 in salaries, wages, and benefits expense for the Organization (recorded as in-kind revenue and expense) for the year ended December 31, 2015.

NOTE 7 – CONCENTRATIONS

For the years ended December 31, 2016 and 2015, approximately sixty-nine percent (69%) and seventy-four percent (74%), or \$491,388 and \$488,730, respectively, of the Organization's contribution revenue and in-kind support came from Faithbridge Church.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 26, 2017; the date financial statements were available to be issued. No change to the financial statements for the year ended December 31, 2016 is deemed necessary as a result of this evaluation.