

BRIDGE OF HOPE, INC.
FINANCIAL STATEMENTS
MARCH 31, 2009

(See Independent Auditors' Report)

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A P R O F E S S I O N A L C O R P O R A T I O N

Certified Public Accountants

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Independent Auditors' Report

The Board of Directors
Bridge of Hope, Inc.

We have audited the accompanying statements of financial position of Bridge of Hope, Inc. (a nonprofit organization) as of March 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' 2008 financial statements and in our report dated July 18, 2008; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge of Hope, Inc. as of March 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bee, Bergvall & Company, P.C.
Certified Public Accountants

June 15, 2009

BRIDGE OF HOPE, INC.

Statement of Financial Position

March 31, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 95,935	\$ 115,479
Promises to Give Net	17,399	53,418
Prepaid Expenses	<u>3,247</u>	<u>5,110</u>
Total Current Assets	<u>116,581</u>	<u>174,007</u>
Permanently Restricted Assets		
Endowment Cash	21,000	-
Endowment Promises to Give Net	<u>104,759</u>	<u>-</u>
Total Restricted Assets	<u>125,759</u>	<u>-</u>
Property and Equipment		
Office Furniture and Equipment	23,625	23,625
Less: Accumulated Depreciation	<u>(20,400)</u>	<u>(17,869)</u>
Net Property and Equipment	<u>3,225</u>	<u>5,756</u>
Other Assets		
Security Deposit	<u>1,100</u>	<u>1,100</u>
TOTAL ASSETS	<u>\$ 246,665</u>	<u>\$ 180,863</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 14,496	\$ 12,103
Accrued Vacation	7,410	6,047
Payroll Taxes Withheld and Accrued	1,692	857
Funds Held For Affiliates	<u>23,329</u>	<u>5,637</u>
Total Current Liabilities	<u>46,927</u>	<u>24,644</u>
Net Assets		
Unrestricted	24,931	24,849
Temporarily Restricted	49,085	131,370
Permanently Restricted	<u>125,759</u>	<u>-</u>
Total Net Assets	<u>199,775</u>	<u>156,219</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 246,702</u>	<u>\$ 180,863</u>

See independent auditors' report and
accompanying notes to the financial statements

BRIDGE OF HOPE, INC.

Statement of Activities

For the Year Ended March 31, 2009

With Comparative Totals for the Year Ended March 31, 2008

	<u>2009</u>			<u>2008</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Public Support and Revenue					
Individual Contributions	\$ 148,920	\$ 10,000	\$ 125,759	\$ 284,679	\$ 189,661
Church Contributions	750	-	-	750	2,620
Corporate Contributions	10,728	-	-	10,728	20,525
Foundation Grants	11,180	17,150	-	28,330	92,250
Special Fundraising Events (net)	69,281	25,735	-	95,016	105,115
Affiliate Fees, Resources, and Conference Registration	21,779	-	-	21,779	16,776
Conference Sponsorships	13,350	-	-	13,350	12,575
Interest Income	1,931	-	37	1,968	1,240
Donated Services and Materials	3,329	-	-	3,329	4,121
Net Assets Released from Restrictions	135,207	(135,170)	(37)	-	-
Total Public Support and Revenue	<u>416,455</u>	<u>(82,285)</u>	<u>125,759</u>	<u>459,929</u>	<u>444,883</u>
Functional Expenses					
Program Services	328,961	-	-	328,961	299,874
Support Services					
General and Administrative	36,609	-	-	36,609	37,068
Fundraising	50,803	-	-	50,803	53,148
Total Expenses	<u>416,373</u>	<u>-</u>	<u>-</u>	<u>416,373</u>	<u>390,090</u>
Change in Net Assets	82	(82,285)	125,759	43,556	54,793
Net Assets at Beginning of Year	<u>24,849</u>	<u>131,370</u>	<u>-</u>	<u>156,219</u>	<u>101,426</u>
Net Assets at End of Year	<u>\$ 24,931</u>	<u>\$ 49,085</u>	<u>\$ 125,759</u>	<u>\$ 199,775</u>	<u>\$ 156,219</u>

See independent auditors' report and
accompanying notes to financial statements

BRIDGE OF HOPE, INC.

Statement of Functional Expenses

For the Year Ended March 31, 2009

With Comparative Totals for the Year Ended March 31, 2008

	2009				2008
	Program Services	General & Admin	Fund Raising	Total	Total
Payroll and Related Expenses					
Salaries	\$ 204,828	\$ 23,941	\$ 37,242	\$ 266,011	\$ 242,162
Employee Benefits	6,169	721	1,122	8,012	4,332
Payroll Taxes	17,698	2,069	3,218	22,985	20,450
Total Payroll and Related Expenses	228,695	26,731	41,582	297,008	266,944
Affiliate Development					
Conference for Affiliates	11,906	-	-	11,906	10,313
Outreach Initiative	9,668	-	-	9,668	13,455
Support	14,522	-	-	14,522	19,383
Travel	8,941	1,045	1,626	11,612	14,001
Total Affiliate Development	45,037	1,045	1,626	47,708	57,152
Other Expenses					
Depreciation	1,949	228	354	2,531	2,225
In-Kind Support	2,563	300	466	3,329	4,121
Insurance	3,054	357	555	3,966	3,539
Legal and Accounting	10,458	3,950	-	14,408	14,514
Consultants	3,570	417	649	4,636	3,191
Miscellaneous	5,244	613	954	6,811	6,445
Office Supplies and Postage	8,091	946	1,471	10,508	10,049
Rent Expense	11,036	1,290	2,007	14,333	14,333
Telephone	4,301	503	782	5,586	5,449
Training	1,963	229	357	2,549	2,128
Uncollectable Promise Expense	3,000	-	-	3,000	-
Total Other Expenses	55,229	8,833	7,595	71,657	65,994
Total Functional Expenses	\$ 328,961	\$ 36,609	\$ 50,803	\$ 416,373	\$ 390,090

See independent auditors' report and
accompanying notes to financial statements

BRIDGE OF HOPE, INC.

Statement of Cash Flows

For the Year Ended March 31, 2009

With Comparative Totals for the Year Ended March 31, 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 43,556	\$ 54,793
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	2,531	2,225
(Increase) Decrease in Operating Assets		
Promises to Give	(68,740)	(40,818)
Prepaid Expenses	1,863	(1,608)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	2,393	392
Accrued Vacation	1,363	673
Payroll Taxes Withheld and Accrued	835	(207)
Funds Held for Affiliates	<u>17,692</u>	<u>(12,992)</u>
Net Cash Provided by (Used in) Operating Activities	<u>1,493</u>	<u>2,458</u>
Net Increase in Cash and Cash Equivalents	1,493	2,458
Cash and Cash Equivalents at Beginning of Year	<u>115,479</u>	<u>113,021</u>
Cash and Cash Equivalents at End of Year	<u>\$ 116,972</u>	<u>\$ 115,479</u>

See independent auditors' report and
accompanying notes to financial statements

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies

Organization: The Bridge of Hope, Inc. (the Organization) is a nonprofit organization located in Exton, Pennsylvania. The vision of Bridge of Hope National is to end and prevent homelessness for women and children across the United States by calling churches into action.

The mission is to call and equip compassionate people from many Christian faith traditions to exemplify Christ's love to homeless women and children by creating and sustaining thriving Bridge of Hope affiliates. Local Bridge of Hope affiliates bring together professional staff and trained church-based mentoring groups to empower homeless and at-risk single mothers to attain:

- Permanent housing
- Financial self-sufficiency through employment
- Life-changing friendships
- Increased self-esteem and growth in areas of holistic living

The Organization aids in initiating new Bridge of Hope affiliates in the community. The Organization provides management and guidance in the affiliate start-up stage and consultation as the affiliates grow.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. 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.

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of March 31, 2009 permanently restricted net assets consisted of the Bridge for Tomorrow Endowment Fund, which will allow for loans on principal on a very limited and specific basis for the purpose of program expansion and growth. The income earned on the account is available as unrestricted funds.

Comparative Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2008, from which the summarized information was derived.

Revenue Recognition: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give which are due in future years are recorded as temporarily restricted contributions at the present value of their net realizable value. Conditional promises to give are not included as support until such time as the condition is substantially met.

Amounts received that are designated for future periods, or that are restricted by the donor for specific purpose, are reported as temporarily restricted or permanently restricted net assets. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Allowance for Unconditional Promises to Give: The Organization utilizes the direct write-off method to record promises to give that are deemed uncollectible. Under this method, promises to give that become uncollectible during the year are charged against current year activities. The Organization estimates that this method is not materially different from the allowance method.

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses: The costs of developing the affiliate programs and other activities have been summarized on the statement of functional expenses. Accordingly, certain costs have been allocated between program and supporting services.

Cash Equivalents: The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Property and Equipment: Property and equipment are stated at their historical purchased cost. Expenditures that significantly add to productive capacity or useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income.

Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted net assets. Absent donor stipulations regarding how long those donated assets must be utilized, the Organization reports net assets released from restrictions when the acquired assets are placed in service.

Property and equipment donated to the Organization are carried at fair market value as determined by an independent appraiser on the date the properties were donated.

Depreciation: Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. Depreciation expense for the year ended March 31, 2009 was \$2,531.

Donated Services and Materials: Donated materials, services, and other noncash assets are reflected as contributions in the accompanying statements of activities at their estimated fair market value on the date received. Total donated materials were \$3,329 for the year ended March 31, 2009.

The Organization receives significant volunteer time for help in fundraising and in completing various office and administrative duties. No values have been assigned to these donated services, as they do not meet the criteria of recognition under FASB 116.

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk: The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Organization places its cash and temporary cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limit. As of March 31, 2009, the Organization was not in excess of these insurance limits.

Federal Income Tax: The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation as defined in Sections 170 and 509 of the Internal Revenue Code. The Organization files a separate Federal Form 990. The affiliates of Bridge of Hope, Inc. are permitted to qualify for 501(c)(3) status under the group exemption letter of Bridge of Hope, Inc. The affiliates are required to maintain certain levels of compliance with the Organization. However, a consolidated Form 990 is not filed.

Budget: The Organization adopts and maintains a yearly budget. The budget is subject to correction and changes during the year at the discretion of the Board of Directors.

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.

NOTE 2. Rent Expense

As of December 1, 2004, the Organization entered into a three year lease to rent office space in Exton from an unrelated party. The lease was subsequently renewed for an additional two years. Total rent paid for the Exton office space was \$14,333 for the year ended March 31, 2009. Future minimum rental payments are as follows:

Year Ended	
<u>March 31,</u>	<u>Amount</u>
2010	<u>\$ 9,555</u>
	<u>\$ 9,555</u>

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 3. Affiliate Program Development

The Organization is actively pursuing establishment of programs in other regions, which mirror the Bridge of Hope Organization. Expenses incurred in marketing the affiliation are reflected as affiliate expense. Existing affiliates pay Bridge of Hope, Inc. an annual affiliation fee that is included with contributions made for affiliate development. These revenues are included in affiliate program income.

In addition, Bridge of Hope, Inc. collects contributions from donors reserved for specific affiliates. The Organization subsequently distributes these contributions for startup expenses incurred in forming the new affiliate. All remaining balances are transferred to the affiliate upon formation of the affiliate. The excess contributions are reflected as a liability at the conclusion of the fiscal year. Total funds held for start-up groups (i.e. future affiliates) were \$23,329 for the year ended March 31, 2009, and are payable to various start-up groups as identified below.

Contributions and distributions for affiliates are as follows:

	<u>Beginning</u>	<u>Contributions Reserved</u>	<u>Distributions</u>	<u>Ending</u>
Greater Pittsburgh	\$ 781	\$ -	\$ (781)	\$ -
Dayton, Ohio	2,760	-	(2,760)	-
Mendocino Co., CA	1,090	-	-	1,090
BOH Burlington Co., NJ	881	6,512	(7,393)	-
BOH ST Joseph, IN	125	2,381	(2,506)	-
BOH Harrisonburg, VA	-	3,580	-	3,580
Morris Co., NJ	-	16,479	-	16,479
Goshen-Elkhart Co.	-	100	-	100
Franklin Co., IA	-	2,080	-	2,080
Totals	<u>\$ 5,637</u>	<u>\$ 31,132</u>	<u>\$ (13,440)</u>	<u>\$ 23,329</u>

NOTE 4. Retirement Plan

During 2003, the Organization adopted a Simple IRA plan for employees. The plan provides a matching benefit of up to 3%. For the year ended March 31, 2009 the retirement plan benefit included in employee benefits expense was \$4,332.

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 5. Temporarily Restricted Net Assets

Net assets have been restricted for the following purposes:

Purpose Restricted	<u>2009</u>
Three Year Development Director	\$ 23,350
Time Restriction	
Special Events	<u>25,735</u>
	<u>\$ 49,085</u>

Net assets released from restrictions were as follows:

Purpose Restrictions Accomplished	<u>2009</u>
Strategic Growth	\$ 52,700
Three Year Development Director	44,850
Training and Miscellaneous	4,350
Time Restrictions Accomplished	
Special Events	<u>33,270</u>
	<u>\$ 135,170</u>

NOTE 6. Special Events

The Organization had special events for the year ended March 31, 2009 as follows:

	<u>Gala</u>	<u>Signature</u>	<u>Jewelry</u>	<u>Total</u>
	<u>Luncheon</u>	<u>Golf</u>	<u>Sales</u>	
Gross Revenues	\$ 65,648	\$ 67,816	\$ 114	\$ 133,578
Direct Expenses	<u>(15,394)</u>	<u>(15,633)</u>	<u>-</u>	<u>(31,027)</u>
Net	<u>\$ 50,254</u>	<u>\$ 52,183</u>	<u>\$ 114</u>	<u>\$ 102,551</u>
Revenue received in prior year				(33,270)
Revenue received in advance				<u>25,735</u>
Total Fundraising for Special Events				<u>\$ 95,016</u>

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 7. Endowment Promises to Give, Net

As part of the Bridge for Tomorrow Endowment Campaign, the Organization received various unconditional promises to give from donors. These unconditional promises to give are recorded as donations in the year that they are pledged. For financial statement purposes, promises to give are discounted using present value tables with an interest rate assumption using the weighted average rate of return on the Organization's cash investments. Endowment promises to give for the year ended March 31, 2009 was calculated as follows:

<u>Bridge for Tomorrow Endowment</u>	
Promises to Give	\$ 106,600
Less: Discount to Present Value	<u>(1,841)</u>
Promises to Give, Net	<u>\$ 104,759</u>

Endowment promises to give at March 31, 2009 were expected to be collected as follows:

<u>Year Ending</u>	
<u>March 31,</u>	
2010	\$ 22,200
2011	22,200
2012	21,200
2013	21,000
2014	<u>20,000</u>
Total	<u>\$ 106,600</u>

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2009

(See Independent Auditors' Report)

NOTE 8. Restated Net Assets

There were errors in the prior period regarding adjustments to Cash and Accounts Payable, in the calculation of prior year depreciation, and in the allocation of net assets between Unrestricted Net Assets and Temporarily Restricted Net Assets. Accordingly, the prior year net assets have been restated to reflect this as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>
Net Assets, Beginning of Year (as originally stated)	\$ 29,392	\$ 130,370	\$ 159,762
Correction of Net Assets			
Cash	(250)	-	(250)
Accounts Payable	8	-	8
Depreciation	(3,301)	-	(3,301)
Net Assets	<u>(1,000)</u>	<u>1,000</u>	<u>-</u>
Total Corrections of Net Assets	<u>(4,543)</u>	<u>1,000</u>	<u>(3,543)</u>
Adjusted Net Assets, Beginning of Year	<u>\$ 24,849</u>	<u>\$ 131,370</u>	<u>\$ 156,219</u>