

BRIDGE OF HOPE, INC.
FINANCIAL STATEMENTS

MARCH 31, 2008

(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14



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, 2008, 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' 2007 financial statements and in our report dated July 3, 2007; 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, 2008, 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

July 18, 2008

BRIDGE OF HOPE, INC.

Statement of Financial Position

March 31, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 115,729	\$ 113,021
Promises to Give	53,418	12,600
Prepaid Expenses	<u>5,110</u>	<u>3,502</u>
Total Current Assets	<u>174,257</u>	<u>129,123</u>
Property and Equipment		
Office Furniture and Equipment	23,625	23,625
Less: Accumulated Depreciation	<u>(14,568)</u>	<u>(12,343)</u>
Net Property and Equipment	<u>9,057</u>	<u>11,282</u>
Other Assets		
Security Deposit	<u>1,100</u>	<u>1,100</u>
 TOTAL ASSETS	 <u>\$ 184,414</u>	 <u>\$ 141,505</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 12,111	\$ 11,711
Accrued Vacation	6,047	5,374
Payroll Taxes Withheld and Accrued	857	1,064
Funds Held For Affiliates	<u>5,637</u>	<u>18,629</u>
Total Current Liabilities	<u>24,652</u>	<u>36,778</u>
Net Assets		
Unrestricted	29,392	27,379
Temporarily Restricted	<u>130,370</u>	<u>77,348</u>
Total Net Assets	<u>159,762</u>	<u>104,727</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 184,414</u>	 <u>\$ 141,505</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, 2008
With Comparative Totals for the Year Ended March 31, 2007

	<u>2008</u>			<u>2007</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
Public Support and Revenue				
Individual Contributions	\$ 189,361	\$ 300	\$ 189,661	\$ 150,121
Church Contributions	2,620	-	2,620	1,707
Corporate Contributions	20,525	-	20,525	11,500
Foundation Grants	-	92,250	92,250	96,000
Special Fundraising Events (net)	71,845	33,270	105,115	126,613
Affiliate Fees, Resources, and Conference Registration	29,351	-	29,351	7,776
Interest Income	1,240	-	1,240	207
Donated Services and Materials	4,121	-	4,121	5,999
Net Assets Released from Restrictions	72,798	(72,798)	-	-
Total Public Support and Revenue	<u>391,861</u>	<u>53,022</u>	<u>444,883</u>	<u>399,923</u>
Functional Expenses				
Program Services	299,632	-	299,632	308,350
Support Services				
General and Administrative	37,068	-	37,068	22,934
Fundraising	53,148	-	53,148	19,685
Total Expenses	<u>389,848</u>	<u>-</u>	<u>389,848</u>	<u>350,969</u>
Change in Net Assets	2,013	53,022	55,035	48,954
Net Assets at Beginning of Year	<u>27,379</u>	<u>77,348</u>	<u>104,727</u>	<u>55,773</u>
Net Assets at End of Year	<u>\$ 29,392</u>	<u>\$ 130,370</u>	<u>\$ 159,762</u>	<u>\$ 104,727</u>

See independent auditors' report and
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BRIDGE OF HOPE, INC.

Statement of Functional Expenses

For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007

	<u>2008</u>				<u>2007</u> <u>Total</u>
	<u>Program</u> <u>Services</u>	<u>General</u> <u>& Admin</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>	
Payroll and Related Expenses					
Salaries	\$ 179,200	\$ 24,216	\$ 38,746	\$ 242,162	\$ 182,712
Employee Benefits	3,206	433	693	4,332	4,710
Payroll Taxes	15,133	2,045	3,272	20,450	15,807
Total Payroll and Related Expenses	<u>197,539</u>	<u>26,694</u>	<u>42,711</u>	<u>266,944</u>	<u>203,229</u>
Affiliate Development					
Conference for Affiliates	10,313	-	-	10,313	9,893
Outreach Initiative	13,455	-	-	13,455	15,980
Support	19,383	-	-	19,383	39,157
Workbooks and Manuals	-	-	-	-	1,218
Travel	10,361	1,400	2,240	14,001	13,820
Total Affiliate Development	<u>53,512</u>	<u>1,400</u>	<u>2,240</u>	<u>57,152</u>	<u>80,068</u>
Other Expenses					
Depreciation	1,646	223	356	2,225	2,887
In-Kind Support	3,050	412	659	4,121	5,999
Insurance	2,619	354	566	3,539	4,021
Legal and Accounting	10,664	3,850	-	14,514	8,441
Consultants	2,361	319	511	3,191	9,416
Miscellaneous	4,591	620	992	6,203	6,142
Office Supplies and Postage	7,436	1,005	1,608	10,049	10,110
Rent Expense	10,607	1,433	2,293	14,333	13,878
Telephone	4,032	545	872	5,449	4,511
Training	1,575	213	340	2,128	2,267
Total Other Expenses	<u>48,581</u>	<u>8,974</u>	<u>8,197</u>	<u>65,752</u>	<u>67,672</u>
Total Functional Expenses	<u>\$ 299,632</u>	<u>\$ 37,068</u>	<u>\$ 53,148</u>	<u>\$ 389,848</u>	<u>\$ 350,969</u>

See independent auditors' report and
accompanying notes to financial statements

BRIDGE OF HOPE, INC.

Statement of Cash Flows

For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 55,035	\$ 48,954
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	2,225	2,887
(Increase) Decrease in Operating Assets		
Promises to Give	(40,818)	(11,600)
Prepaid Expenses	(1,608)	153
Security Deposit	-	-
Increase (Decrease) in Operating Liabilities		
Accounts Payable	400	2,052
Accrued Vacation	673	(1,364)
Payroll Taxes Withheld and Accrued	(207)	282
Funds Held for Affiliates	<u>(12,992)</u>	<u>16,464</u>
Net Cash Provided by (Used in) Operating Activities	<u>2,708</u>	<u>57,828</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	<u>-</u>	<u>(2,520)</u>
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>(2,520)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,708	55,308
Cash and Cash Equivalents at Beginning of Year	<u>113,021</u>	<u>57,713</u>
Cash and Cash Equivalents at End of Year	<u>\$ 115,729</u>	<u>\$ 113,021</u>

See independent auditors' report and
accompanying notes to financial statements

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2008

(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, 2008

(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. There were no permanently restricted net assets for March 31, 2008.

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, 2007, 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 with are due in futures 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.

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.

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2008

(See Independent Auditors' Report)

NOTE 1. Summary of Significant Accounting Policies (Continued)

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, 2008 was \$2,225.

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 \$4,075 and total donated services were \$26 for the year ended March 31, 2008.

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, 2008

(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.

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, 2008. Future minimum rental payments are as follows:

<u>Year Ended March 31,</u>	<u>Amount</u>
2009	\$ 14,333
2010	<u>9,555</u>
	<u>\$ 23,888</u>

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2008

(See Independent Auditors' Report)

NOTE 3. Affiliate Program Development

The Organization is actively pursuing establishment of programs in surrounding counties, 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 \$5,637 for the year ended March 31, 2008, 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 to Affiliates</u>	<u>Ending</u>
BOH Louisville, KY	\$ 909	\$ -	\$ (909)	\$ -
BOH Greater Pittsburgh	781	-	-	781
BOH Dayton, Ohio	2,760	-	-	2,760
BOH Johnson County, IN	3,961	-	(3,961)	-
BOH Harrisburg, PA	8,578	1,645	(10,223)	-
BOH Clark County	1,590	1,046	(2,636)	-
BOH Mendocino Co, CA	50	1,040	-	1,090
BOH Burlington Co, NJ	-	960	(79)	881
BOH ST Joseph, IN	-	125	-	125
Totals	<u>\$ 18,629</u>	<u>\$ 4,816</u>	<u>\$ (17,808)</u>	<u>\$ 5,637</u>

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2008

(See Independent Auditors' Report)

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, 2008 the retirement plan benefit included in employee benefits expense was \$4,332.

NOTE 5. Temporarily Restricted Net Assets

Net assets have been restricted for the following purposes:

Purpose Restricted	<u>2008</u>
Strategic Growth	\$ 42,700
Three Year Development Director	50,050
Training and Miscellaneous	4,350
Time Restriction	
Special Events	<u>33,270</u>
	<u>\$ 130,370</u>

Net assets released from restrictions were as follows:

Purpose Restrictions Accomplished	<u>2008</u>
Technology	\$ 1,066
Contract Payment for Gala Luncheon	1,000
Strategic Growth	2,300
Three Year Development Director	41,250
Training and Miscellaneous	6,900
Time Restrictions Accomplished	
Special Events	<u>20,282</u>
	<u>\$ 72,798</u>

BRIDGE OF HOPE, INC.

Notes to Financial Statements

March 31, 2008

(See Independent Auditors' Report)

NOTE 6. Special Events

The Organization had special events for the year ended March 31, 2008 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	\$ 45,844	\$ 68,430	\$ 750	\$ 115,024
Direct Expenses	<u>(6,596)</u>	<u>(15,626)</u>	<u>(675)</u>	<u>(22,897)</u>
Net	<u>\$ 39,248</u>	<u>\$ 52,804</u>	<u>\$ 75</u>	<u>\$ 92,127</u>
Revenue received in prior year				(20,282)
Revenue received in advance				<u>33,270</u>
Total Fundraising for Special Events				<u>\$ 105,115</u>