

***BRIDGES FOR THE DEAF AND  
HARD OF HEARING***

**FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2020 and 2019**

## **BRIDGES FOR THE DEAF AND HARD OF HEARING**

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# MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Bridges for the Deaf and Hard of Hearing:

We have audited the accompanying financial statements of Bridges for the Deaf and Hard of Hearing (a nonprofit organization) as of June 30, 2020 and 2019, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridges for the Deaf and Hard of Hearing as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Nonaccounting Information, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*Mullins Clemmons + Mayes, PLLC*

Brentwood, Tennessee  
September 15, 2020

# BRIDGES FOR THE DEAF AND HARD OF HEARING

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 918,606	\$ 701,014
Promises to give	50,000	103,920
Accounts receivable, net of allowance for uncollectible accounts of \$8,600 in 2020 and \$4,400 in 2019	129,962	192,585
Grants receivable	9,520	34,525
Investments in marketable securities	3,578	6,055
Prepaid expenses	4,727	4,300
Property and equipment, net	1,807,377	1,871,406
Security deposit	895	-
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 2,924,665</u>	<u>\$ 2,913,805</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued liabilities	\$ 117,711	\$ 102,909
Deferred grant revenue	16,640	-
Total liabilities	<u>134,351</u>	<u>102,909</u>
 NET ASSETS:		
Without donor restrictions	2,681,429	2,653,561
With donor restrictions	108,885	157,335
Total net assets	<u>2,790,314</u>	<u>2,810,896</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,924,665</u>	<u>\$ 2,913,805</u>

The accompanying notes are an integral part of the financial statements.

**BRIDGES FOR THE DEAF AND HARD OF HEARING****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 136,538	\$ 16,550	\$ 153,088
Government grants	347,773	-	347,773
Paycheck Protection Program grant	153,602		153,602
Program service fees	1,589,761	-	1,589,761
Special events	28,338	-	28,338
Net investment return	2,036	-	2,036
Other income	1,340	-	1,340
Total	2,259,388	16,550	2,275,938
Net assets released from restrictions	65,000	(65,000)	-
Total revenues, gains and other support	2,324,388	(48,450)	2,275,938
EXPENSES:			
Program services	1,935,273	-	1,935,273
Fundraising	112,233	-	112,233
Management and general	249,014	-	249,014
Total expenses	2,296,520	-	2,296,520
CHANGE IN NET ASSETS	27,868	(48,450)	(20,582)
NET ASSETS:			
Beginning of year	2,653,561	157,335	2,810,896
End of year	\$ 2,681,429	\$ 108,885	\$ 2,790,314

**The accompanying notes are an integral part of the financial statements.**

**BRIDGES FOR THE DEAF AND HARD OF HEARING****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 135,374	\$ 183,364	\$ 318,738
Government grants	169,238	-	169,238
Program service fees	1,488,719	-	1,488,719
Special events	49,797	-	49,797
Net investment return	3,044	-	3,044
Other income	836	-	836
Total	1,847,008	183,364	2,030,372
Net assets released from restrictions	27,129	(27,129)	-
Total revenues, gains and other support	1,874,137	156,235	2,030,372
EXPENSES:			
Program services	1,641,789	-	1,641,789
Fundraising	117,105	-	117,105
Management and general	240,622	-	240,622
Total expenses	1,999,516	-	1,999,516
CHANGE IN NET ASSETS	(125,379)	156,235	30,856
NET ASSETS:			
Beginning of year	2,778,940	1,100	2,780,040
End of year	\$ 2,653,561	\$ 157,335	\$ 2,810,896

**The accompanying notes are an integral part of the financial statements.**

**BRIDGES FOR THE DEAF AND HARD OF HEARING****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (20,582)	\$ 30,856
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	75,078	79,313
Unrealized (gains) losses on investments	2,477	563
Provision for uncollectible accounts and loans receivable	4,200	(2,600)
Net changes in operating assets and liabilities:		
Promises to give and other receivables	137,348	(158,228)
Prepaid expenses and other assets	(1,322)	(3,570)
Accounts payable and accrued liabilities	14,802	19,777
Deferred grant revenue	16,640	-
Net cash provided by (used in) operating activities	<u>228,641</u>	<u>(33,889)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(11,049)</u>	<u>(18,124)</u>
Net cash used in investing activities	<u>(11,049)</u>	<u>(18,124)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	217,592	(52,013)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>701,014</u>	<u>753,027</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 918,606</u>	<u>\$ 701,014</u>

**The accompanying notes are an integral part of the financial statements.**



**BRIDGES FOR THE DEAF AND HARD OF HEARING**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services			Total Expenses
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment	Bridges WEST	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 82,958	\$ 266,346	\$ 189,491	\$ 50,608	\$ 166,622	\$ 756,025	\$ 86,805	\$ 188,939	\$ 1,031,769
Telephone	689	2,494	1,633	468	4,251	9,535	589	1,022	11,146
Postage and mailing	81	363	287	89	55	875	81	203	1,159
Computer related	205	8,888	805	225	429	10,552	3,139	636	14,327
Books, subscriptions and dues	-	129	-	-	-	129	-	1,416	1,545
Insurance	1,324	5,932	4,734	1,456	4,128	17,574	1,324	6,840	25,738
Utilities	1,379	6,178	5,490	1,517	-	14,564	1,379	3,447	19,390
Janitorial and grounds	688	3,081	2,448	757	-	6,974	688	1,721	9,383
Maintenance and repair	384	1,725	1,383	423	3,468	7,383	385	1,267	9,035
Equipment rental	286	1,281	1,021	314	1,673	4,575	286	715	5,576
Supplies	307	1,303	663	659	1,794	4,726	2,606	834	8,166
Advertising and public relations	-	-	-	-	-	-	421	-	421
Professional fees - interpreters	214	912,879	-	-	17,946	931,039	-	552	931,591
Professional fees - other	15,022	10,996	2,043	1,006	4,216	33,283	-	19,262	52,545
Vehicles and travel	3,671	9,390	-	239	5,320	18,620	-	994	19,614
Youth activities	-	-	17,137	-	443	17,580	-	-	17,580
Fundraising expenses	-	-	-	-	3,823	3,823	4,215	-	8,038
Occupancy	26	-	-	-	6,960	6,986	-	910	7,896
Staff and board development	557	2,353	1,195	281	144	4,530	152	3,094	7,776
Miscellaneous expense	12,640	8,416	1,448	1,163	533	24,200	4,685	3,443	32,328
Bad debts	-	6,419	-	-	-	6,419	-	-	6,419
Total expenses before depreciation	120,431	1,248,173	229,778	59,205	221,805	1,879,392	106,755	235,295	2,221,442
Depreciation	5,482	24,618	19,657	6,026	98	55,881	5,478	13,719	75,078
Total expenses	<u>\$ 125,913</u>	<u>\$ 1,272,791</u>	<u>\$ 249,435</u>	<u>\$ 65,231</u>	<u>\$ 221,903</u>	<u>\$ 1,935,273</u>	<u>\$ 112,233</u>	<u>\$ 249,014</u>	<u>\$ 2,296,520</u>

**The accompanying notes are an integral part of the financial statements.**

**BRIDGES FOR THE DEAF AND HARD OF HEARING**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services					Supporting Services		Total Expenses
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 81,740	\$ 258,785	\$ 148,948	\$ 64,515	\$ 553,988	\$ 83,028	\$ 179,810	\$ 816,826
Telephone	652	2,582	1,517	642	5,393	606	912	6,911
Postage and mailing	41	157	104	42	344	35	71	450
Computer related	385	8,736	1,022	402	10,545	3,341	1,447	15,333
Conferences and workshops	-	-	-	-	-	87	-	87
Books, subscriptions and dues	47	654	112	49	862	425	461	1,748
Insurance	1,668	6,564	5,426	1,740	15,398	1,450	6,429	23,277
Utilities	4,430	1,629	8,023	415	14,497	799	4,578	19,874
Janitorial and grounds	978	3,886	2,544	1,020	8,428	850	1,700	10,978
Maintenance and repair	1,132	1,305	664	279	3,380	232	464	4,076
Equipment rental	344	1,372	896	359	2,971	299	598	3,868
Supplies	731	1,645	784	404	3,564	1,714	936	6,214
Advertising and public relations	80	-	-	-	80	960	-	1,040
Professional fees - interpreters	2,596	877,218	516	1,579	881,909	-	-	881,909
Professional fees - other	6,613	6,436	2,016	1,788	16,853	-	15,282	32,135
Vehicles and travel	3,379	9,518	-	344	13,241	-	673	13,914
Youth activities	-	-	24,863	-	24,863	-	-	24,863
Fundraising expenses	-	-	-	-	-	14,064	-	14,064
Staff and board development	189	4,463	873	165	5,690	442	926	7,058
Miscellaneous expense	6,047	10,600	1,594	718	18,959	2,682	2,925	24,566
Bad debts	-	-	-	-	-	-	11,012	11,012
Total expenses before depreciation	111,052	1,195,550	199,902	74,461	1,580,965	111,014	228,224	1,920,203
Depreciation	6,997	27,798	18,692	7,337	60,824	6,091	12,398	79,313
Total expenses	<u>\$ 118,049</u>	<u>\$ 1,223,348</u>	<u>\$ 218,594</u>	<u>\$ 81,798</u>	<u>\$ 1,641,789</u>	<u>\$ 117,105</u>	<u>\$ 240,622</u>	<u>\$ 1,999,516</u>

The accompanying notes are an integral part of the financial statements.

## **BRIDGES FOR THE DEAF AND HARD OF HEARING**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019**

#### **NOTE 1 – THE ENTITY**

Bridges for the Deaf and Hard of Hearing ("Bridges") operates to provide interpreters for the deaf and hard of hearing in educational, vocational, medical and legal situations. Bridges also provides the deaf and hard of hearing with information and referral services. Bridges is supported primarily through private grants, federal and state grants, program service fees, and donor contributions.

In September 2019, Bridges commenced operations in Memphis, TN ("BridgesWEST").

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Accounting Periods**

All references to 2020 and 2019 in these financial statements refer to the years ended June 30, 2020 and 2019 unless otherwise noted.

##### **Financial Statement Presentation**

Bridges is required to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions** – This class includes net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Bridges. These net assets may be used at the discretion of Bridges' management and the Board of Directors.

**Net assets with donor restrictions** – This class includes net assets whose use by Bridges is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of Bridges pursuant to those restrictions or by the passage of time. Bridges has no donor restrictions which are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire 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 are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See Note 8 for further details related to net assets.

## **BRIDGES FOR THE DEAF AND HARD OF HEARING**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019**

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, Bridges considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Bridges may, at times, maintain bank accounts whose balances exceed federally insured limits. However, Bridges has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

##### **Investments in Marketable Securities**

The fair value measurement accounting literature has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs are inputs from quoted market prices in active markets for similar assets and liabilities, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable and have the lowest priority. Bridges uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Bridges measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Gains and losses, whether realized or unrealized, are included in the Statements of Activities and Changes in Net Assets as net investment return. See Note 4 for further details related to investments.

##### **Contributions, Grants and Promises to Give**

Contributions are recognized as revenues when the donor makes a promise to give to Bridges which is, in substance, unconditional. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Bridges also receives grants from government agencies. Grant revenues are recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Bridges uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2020 and 2019, management deemed all promises to give to be fully collectible, and no allowances were recorded.

See Note 5 for further details related to promises to give.

## **BRIDGES FOR THE DEAF AND HARD OF HEARING**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019**

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Receivables and Allowance for Uncollectible Accounts**

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Unpaid accounts receivable with invoice dates over 30 days old bear interest at 1% per month. Accounts receivable are stated at unpaid balances, less an allowance for uncollectible accounts.

Bridges provides for losses on accounts receivable using the allowance method. The allowance is estimated by management based upon historical experience, current economic conditions, and projections of trends. Uncollectible accounts receivable are written off when management determines that the related receivable will not be collected.

##### **Property and Equipment**

Property and equipment in excess of \$1,000 are recorded at cost at the date of purchase or fair value at the date of gift. Depreciation expense is computed by using the straight-line method over the estimated useful lives of the related assets, which range from five to ten years for furniture and equipment and forty years for the building.

See Note 6 for further details related to property and equipment.

##### **Income Taxes**

Bridges is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Bridges files an annual information return (Form 990) with the U.S. government. At June 30, 2020, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2017.

##### **Donated Materials and Services**

Donated services are recognized, at fair value, if they create or enhance nonfinancial assets or require specialized skills and would be purchased by Bridges if not contributed.

During 2020, volunteers donated 652 hours (3,008 in 2019) of skilled and unskilled services. Volunteer hours were valued at \$25.43 per hour by The Independent Sector, creating a total value of \$16,593 and \$76,500 in 2020 and 2019, respectively. These services did not meet the criteria for recognition and are not included in the Statements of Activities and Changes in Net Assets.

Donated assets and rights or benefits (e.g. leases, etc.) are recognized at fair value on the date contributed.

## **BRIDGES FOR THE DEAF AND HARD OF HEARING**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019**

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Functional Allocation of Expenses**

Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods to reflect the total cost of each function. See Note 9 for further details related to the methods used to allocate expenses.

##### **Recently Issued Accounting Pronouncements**

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the "ASU"). The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. There were no reclassifications or restatements in the classes of net assets as a result of the adoption of the ASU.

##### **Estimates**

The preparation of financial statements in conformity with U.S. 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.

##### **Events Occurring After the Reporting Date**

Bridges has evaluated events and transactions that occurred between June 30, 2020 and September 15, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2020, consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 918,606	\$ 701,014
Promises to give	50,000	103,920
Accounts receivable, net	129,962	192,585
Grants receivable	9,520	34,525
Other assets	8,305	10,355
Total financial assets at year end	<u>\$ 1,108,088</u>	<u>\$ 1,032,044</u>
Less amounts not available to be used within one year:		
Promise to give	<u>(37,500)</u>	<u>(87,500)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 1,070,588</u></u>	<u><u>\$ 944,544</u></u>

Bridges has certain promises to give which are limited to use but expected to be available for general expenditures within one year in the normal course of operations. Accordingly, these promises have been included in the quantitative information above.

#### NOTE 4 – INVESTMENTS IN MARKETABLE SECURITIES

Bridges' investments consist entirely of marketable equity securities, which are recorded at fair value using Level 1 inputs based on the quoted market prices of the shares of common stock held by Bridges. Bridges had no investments that required the use of Level 2 or Level 3 inputs. The fair value and cost of these investments in marketable equity securities were as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fair value	\$ 3,578	\$ 6,055
Cost	<u>(1,338)</u>	<u>(1,338)</u>
Net unrealized gains	<u><u>\$ 2,240</u></u>	<u><u>\$ 4,717</u></u>

The net investment return consisted of the following for 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest income on cash equivalents	\$ 4,513	\$ 3,607
Net unrealized gains (losses) during the year	<u>(2,477)</u>	<u>(563)</u>
Net investment return	<u><u>\$ 2,036</u></u>	<u><u>\$ 3,044</u></u>

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 5 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ 50,000	\$ 100,000
Individuals	-	3,920
Total promises to give	<u>\$ 50,000</u>	<u>\$ 103,920</u>

The carrying value of these promises to give approximates fair value.

#### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 122,794	\$ 122,794
Building and improvements	1,954,446	1,954,445
Office furniture and equipment	210,269	199,221
Vehicles	32,705	32,705
Total cost	2,320,214	2,309,165
Less accumulated depreciation	(512,837)	(437,759)
Property and equipment, net	<u>\$1,807,377</u>	<u>\$1,871,406</u>

#### NOTE 7 – LEASES

During 2020, Bridges entered into a lease agreement for office space for BridgesWEST. Bridges also has lease agreements to lease copiers. All lease agreements expire in 2021.

Rent expense for the leases totaled \$11,300 and \$2,154 for 2020 and 2019, respectively.

Future minimum lease payments under the terms of these operating leases as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Future Payments</u>
2021	\$ 14,214
2022	3,123
Total	<u>\$ 17,337</u>



## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 8 – NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ 87,500	\$ 137,500
For specific purposes:		
Education, literacy and community outreach	16,500	15,000
Youth bus	3,571	3,571
Middle TN deaf campers	1,114	1,064
Scholarships	200	200
Total donor restricted net assets	<u>\$ 108,885</u>	<u>\$ 157,335</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Passage of time restrictions:		
The Healing Trust	\$ 50,000	\$ 12,500
Satisfaction of specific purposes:		
Education, literacy and community outreach	15,000	-
Youth bus	-	14,429
Middle TN deaf campers	-	200
Total net assets released from restrictions	<u>\$ 65,000</u>	<u>\$ 27,129</u>

#### NOTE 9 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses which are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis which is consistently applied. The allocated expenses include occupancy, which is allocated on a square footage basis, as well as salaries, employee benefits, telephone, information technology, insurance, utilities, janitorial, repairs and maintenance and miscellaneous, which are allocated based on estimates of time and effort.

#### NOTE 10 – EMPLOYEE BENEFIT PLANS

Bridges maintains a 401(k) retirement benefit plan. Employees are eligible to participate in the 401(k) plan after completing one year of service and attaining age twenty-one. Bridges matches employee contributions to the plan for all eligible employees in an amount equal to the lesser of 100% of salary reduction contributions deferred during the plan year or 3% of compensation.

The total expenses related to these plans were \$14,399 and \$10,977 for 2020 and 2019, respectively.

## **BRIDGES FOR THE DEAF AND HARD OF HEARING**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019**

#### **NOTE 11 – COMMITMENTS**

Grant expenditures are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes any required reimbursements to the grantors would not be significant. Accordingly, no provision has been made for potential reimbursements.

#### **NOTE 12 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject Bridges to concentrations of credit risk principally consist of promises to give, accounts receivable, and grants receivable. At June 30, 2020, one entity comprised the entire balance of grants receivable. At June 30, 2019, two entities comprised the entire balance of grants receivable. These entities accounted for \$357,665 and \$169,238 of grant revenue recognized by Bridges during 2020 and 2019, respectively. At June 30, 2020 and 2019, one entity comprised the entire balance of promises to give. This entity accounted for \$150,000 of contributions recognized by Bridges during 2019.

During 2020 and 2019, program service fees for two entities individually accounted for at least 10% of total program service fees. Together, both of these entities represented 23.7% (27.8% in 2019) of total program service fees.

#### **NOTE 13 – PAYCHECK PROTECTION PROGRAM**

On May 6, 2020, Bridges received loan proceeds in the amount of \$170,242 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Bridges has used the proceeds for purposes consistent with the PPP. Subsequent to year end, Bridges filed an application for forgiveness with its financial institution and expects all funds to be forgiven.

Bridges has recorded these funds as a conditional contribution. In accordance with ASC 958-605, conditional contributions are recognized as the conditions are met. Accordingly, Bridges recognized \$153,602 during 2020. The remaining balance is shown as deferred grant revenues on the Statement of Financial Position and will be recognized when the remaining conditions are met.

#### **NOTE 14 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION – UNAUDITED**

Bridges serves the Deaf and hard of hearing communities through a variety of programs and services. We envision a world without barriers and filled with self-realization and empowerment.

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 14 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

Our annual report for 2019-20 can be found at [bridgesannualreport.org](http://bridgesannualreport.org).

**Adult Education & Outreach** This program teaches ASL I, II, and III and provides workshops, trainings, assistive device trainings, and employer orientations. AEO served 1,927 unduplicated clients. There were 200 students in ASL I, II, and III classes that were onsite, online, or community based. AEO presented 43 workshops on Deaf culture and ASL in Middle Tennessee businesses, universities, congregations, and agencies and hosted one weekend SSP (support service person) for those working with the deaf-blind.

After 1,056 employees of the Metro Nashville Police Department took mandatory in-service about serving the Deaf and hard of hearing last year, almost 200 more completed the training this year. The in-service consisted of three, twenty-minute videos--ADA and Deaf Driver Safety, Deaf Language and Culture, and Legal Interpreting.

In community building, AEO hosted eight Game Days and with Interpreting Services, four outings to Chaffin's Barn Dinner Theater. We added a Deaf History project to our website.

*COVID-19: All AEO programs and services moved to virtual space. ASL classes continued online. We were also able to launch our first one-on-one ASL classes in addition to group classes. AEO set up a phone tree for emergency situations, and we did regular checks ins with our community to make sure members were okay and had needs met. New, online workshops and Game Days are under development, and Deaf Night In will launch online in August 2020. AEO was critical the production of COVID-19 videos and other outreach communications during this critical time.*

**Advocacy** is our systems-change program. In January 2019, we introduced a bill that became the #WordsMatter law when signed by Governor Lee on May 8, 2019. This important legislation changed the terms "hearing impaired" and "hearing impairment" to "deaf or hard of hearing" and "hearing loss" throughout Tennessee Annotated Code. Language empowers or disempowers, and our community has suffered oppression and discrimination based on ignorance and misunderstanding, too often perpetuated through labels that imply a brokenness or "less than" status. This language change, sponsored by Rep. Jason Powell and Sen. Steve Dickerson, empowers our community and changes perception that come to shape our reality. In July 2020, we celebrated our first Legislative Heroes to thank those who had sponsored bills for us.

We continued work to provide open captions movie showings in 2019-20 and sought, unsuccessfully, sponsors for legislation to require one open caption showing of every movie showing in theaters with two or more locations in Tennessee.

We entered the conversation about licensure for interpreters. Currently, Tennessee has no system for licensing qualified ASL interpreters. There are national certification systems, but there is little knowledge or understanding of certifications or the hiring of qualified interpreters. The lack of licensure can lead to unqualified and ineffective interpreting and no recourse for the Deaf community.

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 14 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

We continued advocating for increased availability and quality of mental health services for the D/deaf and hard of hearing, taking a lead role in a statewide task force and also offering mental health interpreting trainings for interpreters and mental health for the D/deaf and hard of hearing trainings to providers.

*COVID-19: From the March tornadoes through COVID-19, we have advocated for equal access to critical information, resulting in providing interpreting services for all press briefings for mayors in Nashville, Memphis, and Shelby County as well as for Governor Lee and TEMA. We created COVID-19 communication cards that D/deaf and hard of hearing individuals could use at testing sites and in emergency rooms. We created informational videos in ASL and advocated for and educated people about the need for clear masks, including providing over 1,500 clear masks to the community, face shields to Deaf Ed programs, and much more.*

**BridgesWEST** In September 2019, following months of requests from the Memphis Deaf community and many meetings, we opened BridgesWEST in Memphis, TN. We serve five counties in southwest Tennessee and some clients in Mississippi and Arkansas. BridgesWEST served 155 unduplicated clients in Community Services its first nine months of operation. From the first day, we focused on community outreach, sharing information about the programs and services we offer. In our offices, we created space for client access to computers and videophones. We worked with and advocated for clients with jobs, taxes, education, housing, food security, and more. We worked to build relationships and collaborations with other nonprofits. We hosted workshops on a variety of topics, including Self-Advocacy, Benefits 101, Tax Days, and more. We hosted monthly Game Days and special community events like Trick or Treat and Signing Santa.

We launched The Signing ACEs, our youth program, in Memphis in collaboration with the Mayor's Office of Youth Services who opened their I AM INCLUDED program to D/deaf and hard of hearing students. We had a dozen students participate for the academic year and during a special summer session.

We provided almost a thousand hours of interpreting services in our first nine months and provided multiple professional development workshops for interpreters in our service area.

*COVID-19: We moved all our services to virtual space and continued to serve clients. A third of the clients we served were between March and June. We hosted an online #IdeaExchange and received feedback and brainstorming from the community. In June, we helped our Black Deaf community organize the March for Equality & Justice. We launch Deaf Night In and Game Days online in August. We also have upcoming workshops. We have interpreted all press conferences for Mayor Harris and Mayor Strickland and their COVID-19 briefings.*

**Empowerment** is our case management program. Empowerment served 164 individual clients, primarily in the areas of jobs, housing, individual access, and education. Other priorities were food security, training opportunities, educational advocacy, and advocacy for access to health care, mental health care, and other services.

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 14 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

Empowerment also offered a new collaboration with the Financial Empowerment Center. We hosted an FEC counselor onsite weekly, providing interpreters and a social worker to work with the counselor. If there were identified barriers to program participation, we were able to provide some direct financial assistance to remove those barriers.

*COVID-19: The need for the empowerment program has intensified during COVID-19, particularly help with ensuring delivery of stimulus checks, accessing unemployment (including advocacy with the Department of Labor due to their not recognizing calls through Video Relay Service), housing, and food security.*

**Interpreting Services** served 742 individuals, not including students and audiences. Over 24,000 hours of interpreting services were provided by two staff interpreters and more than thirty contract interpreters, including 634 hours by Deaf interpreters. Deaf Interpreters are highly qualified interpreters who team with hearing interpreters to meet the specific needs of clients where there is an additional language barrier.

Interpreting Services also provided 11,716 Video Remote Interpreting (VRI) minutes. VRI allows us to provide services quickly and cost-effectively to remote areas but never replaces the value and quality of having an interpreter in person.

We mentored three, senior interpreting students in an intense internship and continued our ongoing collaboration with Chaffin's Barn Dinner Theatre.

Interpreting Services continues to work with courts and law enforcement to ensure best practices and legal compliance when working with the Deaf and hard of hearing community and improving access to mental health services for Deaf and hard of hearing consumers. Interpreting offered a robust program of high-quality professional development for interpreters with topics ranging from legal interpreting, language deprivation, and mental health interpreting to best practices in team interpreting, medical interpreting, and narcotics terms.

*COVID-19: From the tornadoes in early March through COVID-19, we have interpreted all the press briefings for Mayor Cooper and for Governor Lee. We transitioned to provide more VRI services to ensure our community did not lose access to services, and we hosted a number of professional development workshops online. Interpreting also launched the first Deaf Education Summit in collaboration with our Youth Education & Services department. Interpreting Services saw a dramatic drop in services and revenues, going from a record-breaking year with 900 hours of interpreting a week to weeks in March and April with 50 to 150 hours. While those hours are picking up now, we continue to work with those challenges. We worked to provide resources to our contract interpreters who experienced hardship during this time.*

**Youth Education & Services**, dubbed the 'The Signing ACEs,' (Advocacy, Community, Empowerment) had a great year. Students, K-12, in our afterschool program demonstrated significant growth. 67% of students increased one reading level in Failure Free Reading, the highest ranked, non-phonics-based reading intervention. 78% of students mastered 80+ multiple meaning

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

#### NOTE 14 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

words in American Sign Language. 100% increased their writing skills, and 78% of students mastered 95, grade level vocabulary words in English. 89% of students demonstrated growth in social-emotional learning. We took our Middle Tennessee Signing ACEs to visit the National Civil Rights Museum.

Little ACEs serves children and their families from birth to start of school, offering weekly classes for parent and child together and a monthly visit from a Deaf Mentor. The youth department welcomed a certified Deaf educator to the staff, and she partnered with qualified Deaf adults to develop an outstanding curriculum and evaluations. All the children made significant gains over the year, and parents reported a 50% increase in feelings of competency.

These early intervention programs address the severe language deprivation Deaf children born to hearing parents. Almost 95% of Deaf children are born to hearing parents, 75% of whom never learn to sign. All children in our early intervention program demonstrated measurable growth in both expressive and receptive language, and parents reported a higher sense of competency and communication.

Club Sign Me Up, an after-school club to learn ASL and Deaf culture, worked at three schools in Nashville. Visit [clubsignmeup.org](http://clubsignmeup.org) for more.

*COVID-19: The Signing ACEs, our after-school program, transitioned online and continued some summer sessions because the summer camp our students usually attend did not happen. Club Sign Me Up transitioned online and finished the academic year successfully. Camp Rise & Sign, our sleepaway camp in May, was not able to happen. Camp Sign Me Up, our summer camp for hearing students to learn ASL, moved to a virtual camp and met really well. We are excited to see our virtual spaces expand, particularly as they allow us to reach students in outlying and more rural areas. Because virtual school is not as successful for D/deaf and hard of hearing students, we will focus on creating support classes and networks for our K-12 students who were traditionally in our after-school program. In addition to the first Deaf Education Institute held in collaboration with Interpreting Services, we are providing workshops specifically on Remote Learning for Deaf and Hard of Hearing students as well as IEP guidance and advocacy. We will offer Club Sign Me Up and Little ACEs throughout the year.*