

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

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 and 2018

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, 2019 and 2018, which comprise the statements of financial position as of June 30, 2019 and 2018, 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, 2019 and 2018, 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 Clemmens & Mayes, PLLC

Brentwood, Tennessee
September 18, 2019

BRIDGES FOR THE DEAF AND HARD OF HEARING**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 701,014	\$ 753,027
Promises to give	103,920	-
Accounts receivable, net of allowance for uncollectible accounts of \$4,400 in 2019 and \$5,484 in 2018	192,585	125,014
Grants receivable	34,525	45,188
Other current assets	4,300	730
Total current assets	<u>1,036,344</u>	<u>923,959</u>
 INVESTMENTS IN MARKETABLE SECURITIES	 6,055	 6,618
 NET PROPERTY AND EQUIPMENT	 <u>1,871,406</u>	 <u>1,932,595</u>
 TOTAL ASSETS	 <u><u>\$ 2,913,805</u></u>	 <u><u>\$ 2,863,172</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	<u>\$ 102,909</u>	<u>\$ 83,132</u>
Total current liabilities	<u>102,909</u>	<u>83,132</u>
 NET ASSETS:		
Without donor restrictions	2,653,561	2,778,940
With donor restrictions	157,335	1,100
Total net assets	<u>2,810,896</u>	<u>2,780,040</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,913,805</u></u>	 <u><u>\$ 2,863,172</u></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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 155,374	\$ 183,364	\$ 338,738
Government grants	149,238	-	149,238
Program service fees	1,488,719	-	1,488,719
Special events	49,797	-	49,797
Net investment return	3,043	-	3,043
Other income	837	-	837
Total	1,847,008	183,364	2,030,372
Net assets released from restrictions	27,129	(27,129)	-
Total revenues, gains and other support	<u>1,874,137</u>	<u>156,235</u>	<u>2,030,372</u>
EXPENSES:			
Program services	1,641,789	-	1,641,789
Fundraising	117,105	-	117,105
Management and general	240,622	-	240,622
Total expenses	<u>1,999,516</u>	<u>-</u>	<u>1,999,516</u>
CHANGE IN NET ASSETS	(125,379)	156,235	30,856
NET ASSETS:			
Beginning of year	<u>2,778,940</u>	<u>1,100</u>	<u>2,780,040</u>
End of year	<u>\$ 2,653,561</u>	<u>\$ 157,335</u>	<u>\$ 2,810,896</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, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 158,666	\$ 900	\$ 159,566
Government grants	149,998	-	149,998
Program service fees	1,301,554	-	1,301,554
Special events	27,799	-	27,799
Net investment return	2,935	-	2,935
Other income	1,546	-	1,546
Loss on disposal of asset	(4,448)	-	(4,448)
Total	1,638,050	900	1,638,950
Net assets released from restrictions	61,789	(61,789)	-
Total revenues, gains and other support	1,699,839	(60,889)	1,638,950
EXPENSES:			
Program services	1,536,547	-	1,536,547
Fundraising	125,709	-	125,709
Management and general	223,239	-	223,239
Total expenses	1,885,495	-	1,885,495
CHANGE IN NET ASSETS	(185,656)	(60,889)	(246,545)
NET ASSETS:			
Beginning of year	2,964,596	61,989	3,026,585
End of year	<u>\$ 2,778,940</u>	<u>\$ 1,100</u>	<u>\$ 2,780,040</u>

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, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 30,856	\$ (246,545)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	79,313	75,914
Loss on asset disposal	-	4,644
Unrealized (gains) losses on investments	563	(160)
Provision for uncollectible accounts and loans receivable	(2,600)	(2,000)
Net changes in operating assets and liabilities:		
Promises to give and other receivables	(158,228)	89,196
Other current assets	(3,570)	3,700
Accounts payable and accrued liabilities	19,777	2,616
Net cash used in operating activities	<u>(33,889)</u>	<u>(72,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(18,124)	(58,256)
Proceeds from sale of investment	-	13
Net cash used in investing activities	<u>(18,124)</u>	<u>(58,243)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(52,013)	(130,878)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>753,027</u>	<u>883,905</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 701,014</u>	<u>\$ 753,027</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 & Advocacy	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
Educational awareness	-	-	-	-	-	-	-	-
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

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services					Supporting Services		Total Expenses
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment & Advocacy	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 72,673	\$ 312,550	\$ 124,151	\$ 50,837	\$ 560,211	\$ 88,381	\$ 176,053	\$ 824,645
Telephone	639	3,055	1,425	257	5,376	604	912	6,892
Postage and mailing	38	191	92	41	362	34	70	466
Computer related	141	8,278	419	130	8,968	3,019	361	12,348
Conferences and workshops	-	5,882	-	-	5,882	-	-	5,882
Books, subscriptions and dues	-	1,506	25	-	1,531	2,473	930	4,934
Insurance	1,577	7,763	6,895	1,224	17,459	1,416	6,400	25,275
Utilities	4,728	1,739	8,563	443	15,473	853	4,886	21,212
Janitorial and grounds	1,233	5,864	3,004	1,029	11,130	1,107	2,008	14,245
Maintenance and repair	1,059	3,360	1,613	587	6,619	596	1,202	8,417
Equipment rental	199	915	483	209	1,806	178	346	2,330
Supplies	1,136	2,472	2,195	567	6,370	2,428	1,288	10,086
Advertising and public relations	835	-	-	121	956	1,068	-	2,024
Professional fees - interpreters	2,733	747,624	737	438	751,532	76	-	751,608
Professional fees - other	10,322	5,600	3,529	90	19,541	2,127	12,000	33,668
Vehicles and travel	6,209	12,665	4,091	137	23,102	69	182	23,353
Youth activities	-	-	14,373	-	14,373	-	-	14,373
Fundraising expenses	-	-	-	-	-	13,815	-	13,815
Educational awareness	1,000	-	-	-	1,000	-	-	1,000
Staff and board development	552	727	224	6	1,509	520	1,598	3,627
Miscellaneous expense	10,271	7,810	2,507	713	21,301	1,233	3,387	25,921
Bad debts	-	3,460	-	-	3,460	-	-	3,460
Total expenses before depreciation	115,345	1,131,461	174,326	56,829	1,477,961	119,997	211,623	1,809,581
Depreciation	6,363	31,719	15,651	4,853	58,586	5,712	11,616	75,914
Total expenses	\$ 121,708	\$ 1,163,180	\$ 189,977	\$ 61,682	\$ 1,536,547	\$ 125,709	\$ 223,239	\$ 1,885,495

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, 2019 AND 2018

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2019 and 2018 in these financial statements refer to the years ended June 30, 2019 and 2018 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.

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.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, management deemed all promises to give to be fully collectible, and no allowances were recorded. There were no promises to give at June 30, 2018.

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

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

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Allowance for Uncollectible Accounts (continued)

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, 2019, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2016.

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 2018, Bridges recognized donated services totaling \$21,424 for installation of the parking lot.

During 2019, volunteers donated 3,008 hours (5,643 in 2018) of skilled and unskilled services. Volunteer hours were valued at \$25.43 (\$24.69 in 2018) per hour by The Independent Sector, creating a total value of \$76,500 and \$139,326 in 2019 and 2018, 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.

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 in order to reflect the total cost of each function. See Note 9 for further details related to the methods used to allocate expenses.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (the "ASU"). Bridges has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for certain liquidity disclosures, as allowed by the ASU. 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, 2019 and September 18, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2019, consist of the following:

Cash and cash equivalents	\$ 701,014
Promises to give	103,920
Accounts receivable, net	192,585
Grants receivable	34,525
Other assets	10,356
Total financial assets at year end	<u>\$ 1,032,044</u>
Less amounts not available to be used within one year:	
Promise to give	<u>(87,500)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 944,544</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.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Fair value	\$ 6,055	\$ 6,618
Cost	<u>(1,338)</u>	<u>(1,338)</u>
Net unrealized gains	<u>\$ 4,717</u>	<u>\$ 5,280</u>

The net investment return consisted of the following for 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest income on cash equivalents	\$ 3,606	\$ 2,971
Realized loss	-	(196)
Net unrealized gains (losses) during the year	<u>(563)</u>	<u>160</u>
Net investment return	<u>\$ 3,043</u>	<u>\$ 2,935</u>

NOTE 5 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ 100,000	\$ -
Individuals	<u>3,920</u>	<u>-</u>
Total promises to give	<u>\$ 103,920</u>	<u>\$ -</u>

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

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2019 AND 2018

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 122,794	\$ 122,794
Building and improvements	1,954,446	1,954,445
Office furniture and equipment	199,220	189,389
Vehicles	32,705	25,500
Total cost	2,309,165	2,292,128
Less accumulated depreciation	(437,759)	(359,533)
Property and equipment, net	<u>\$1,871,406</u>	<u>\$1,932,595</u>

NOTE 7 – LEASES

Bridges has a lease agreement with an unrelated party to lease a copier. The agreement expires in 2021. Rent expense totaled \$2,154 for both 2019 and 2018.

Future minimum lease payments under the terms of this operating lease as of June 30, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Future Payments</u>
2020	\$ 2,154
2021	1,795
Total	<u>\$ 3,949</u>

NOTE 8 – NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ 137,500	\$ -
For specific purposes:		
Education, literacy and community outreach	15,000	-
Youth bus	3,571	-
Middle TN deaf campers	1,064	900
Scholarships	200	200
Total donor restricted net assets	<u>\$157,335</u>	<u>\$ 1,100</u>

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 8 – NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Passage of time restrictions:		
The Healing Trust	\$ 12,500	\$ 55,000
Satisfaction of specific purposes:		
Youth bus	14,429	-
Middle TN deaf campers	200	-
90 signs in 90 days	-	1,667
Literacy	-	5,122
Total net assets released from restrictions	<u>\$ 27,129</u>	<u>\$ 61,789</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.

Bridges also maintains a defined contribution employee pension plan. That plan was frozen effective December 31, 2008, and all contributions ceased as of that date.

The total expenses related to these plans were \$10,977 and \$10,617 for 2019 and 2018, respectively.

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.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

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, 2019 and 2018, two entities comprised the entire balance of grants receivable. These entities accounted for \$169,238 and \$194,898 of grants recognized by Bridges during 2019 and 2018, respectively. At June 30, 2019, one entity comprised \$100,000 of the balance of promises to give. This entity accounted for \$150,000 of contributions recognized by Bridges during 2019.

During 2019 and 2018, program service fees for two entities individually accounted for at least 10% of total program service fees. Together, both of these entities represented 27.8% (25.6% in 2018) of total program service fees.

NOTE 13 – 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.

Our annual report for 2018-19 can be found at 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 217 students in American Sign Language (ASL) I, II, and III classes. AEO offers workshops or trainings on Deaf culture and language as well as employer trainings on accommodations and working successfully with D/deaf and hard of hearing employees in Middle Tennessee businesses, universities, schools, congregations, and agencies. Bridges works with law enforcement agencies and other first responders to provide training so that interactions with the D/deaf and hard of hearing are safe and effective. Adult Education & Outreach also offers our fitness center with classes and personal trainers fully accessible to the Deaf and hard of hearing.

In community building, AEO organized Game Days and Field Trips. Game Days are monthly potlucks with card and board games. Field trips are outings that have included historical sites, Cumberland Caverns, Chaffin's Barn Dinner Theatre, the Country Music Hall of Fame, and The Grinch at Opryland. AEO also offers the annual WellFEST, a health expo with booths, medical screenings, and workshops.

Advocacy is our systems-change program. While we have always advocated on behalf of individuals, in 2017-18, we turned our attention to creating change for our entire community by removing systemic barriers. Our efforts begin with open, respectful conversations in Town Hall meetings. Our Town Hall on Law Enforcement welcomed over eighty participants, equally divided between the Deaf and hard of hearing communities and law enforcement throughout Middle Tennessee. That conversation led to the idea for Deaf Driver Safety legislation, a voluntary database attached to license plates that would alert officers if a driver were Deaf or hard of hearing. Deaf Driver Safety became law on July 1, 2018. We also held a Town Hall on Transportation, brainstorming about improving services and access. That meeting led to training for MTA employees and the creation of a transportation communication tool. We recently held our Town Hall

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

NOTE 13 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

on Deaf Education and are beginning critical work in smaller groups. In 2018-19, we advocated for a law to change language in the Tennessee Annotated Code from “hearing impaired” and “hearing impairment” to “Deaf or hard of hearing” and “hearing loss.” The WordsMatter law, signed by the governor in May 2019, recognized that our community does not feel impaired, broken, or less than. Rather, our community can choose for itself how to be labeled and to do so in a way that respects our equality and capability.

Empowerment, a critical piece of Adult Education & Outreach, is our case management service led by a social worker. Much of our work with clients is with goals around housing and job placement. Other priorities were food security, training opportunities, educational advocacy, and advocacy for access to health care, mental health care, and other services.

Interpreting Services provided nearly 25,000 hours of services in 2018-19, utilizing both staff and contract interpreters, including Deaf interpreters. Deaf Interpreters (DIs) 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 offers Video Remote Interpreting (VRI). 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.

Interpreting Services continued its important role in trainings for court systems and in improvements to how courts identify and retain qualified interpreters.

Youth Education & Services dubbed themselves 'The Signing ACEs,' Advocacy, Community, Empowerment. We offer an after-school program during the academic year, focusing on language acquisition of both American Sign Language and English.

Camp Rise & Sign is a sleep-away camp for Deaf and hard of hearing students. Camp Sign Me Up is a weekday, summer camp for hearing students who want to learn American Sign Language. Club Sign Me Up is an after-school club for hearing students who want to learn American Sign Language.

Little ACEs is a language acquisition and family bonding program for infants through school age, meeting in classes onsite three weeks a month and then providing a Deaf Mentor in the home or community setting one week a month.