

# ***HEARING BRIDGES***

## **FINANCIAL STATEMENTS & INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2013 and 2012**

## **HEARING BRIDGES**

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# MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Hearing Bridges:

We have audited the accompanying financial statements of Hearing Bridges (a nonprofit organization) as of June 30, 2013 and 2012, which comprise the statement of financial position as of June 30, 2013 and 2012, 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 Hearing Bridges as of June 30, 2013 and 2012, 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.

*Mullins Clemmons & Mayes, PLLC*

Brentwood, Tennessee  
October 31, 2013

## HEARING BRIDGES

### STATEMENTS OF FINANCIAL POSITION JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,070,499	\$ 230,721
Contractor retainage account	53,788	-
Promises to give	98,383	77,483
Accounts receivable, net of allowance for uncollectible accounts of \$2,834 in 2013 and \$3,800 in 2012	100,144	66,352
Grants receivable	-	27,873
Other current assets	<u>5,432</u>	<u>3,334</u>
Total current assets	1,328,246	405,763
 <b>INVESTMENTS IN MARKETABLE SECURITIES</b>	 7,277	 9,247
 <b>NET PROPERTY AND EQUIPMENT</b>	 <u>2,183,520</u>	 <u>1,096,171</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 3,519,043</u></u>	 <u><u>\$ 1,511,181</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	<u>\$ 507,015</u>	<u>\$ 39,265</u>
Total current liabilities	<u>507,015</u>	<u>39,265</u>
 <b>NET ASSETS:</b>		
Unrestricted	2,910,667	1,376,230
Temporarily restricted	<u>101,361</u>	<u>95,686</u>
Total net assets	<u>3,012,028</u>	<u>1,471,916</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 3,519,043</u></u>	 <u><u>\$ 1,511,181</u></u>

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

## HEARING BRIDGES

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 210,152	\$ 125,243	\$ 335,395
Government grants	52,112	-	52,112
Program service fees	947,848	-	947,848
Special events	37,329	-	37,329
Net investment return	5,484	-	5,484
Miscellaneous income	1,143	-	1,143
Gain on sale of assets	1,586,154	-	1,586,154
Total	<u>2,840,222</u>	<u>125,243</u>	<u>2,965,465</u>
Net assets released from restrictions	119,568	(119,568)	-
Total revenues, gains and other support	<u>2,959,790</u>	<u>5,675</u>	<u>2,965,465</u>
EXPENSES:			
Program services	1,115,532	-	1,115,532
Fundraising	141,530	-	141,530
Management and general	168,291	-	168,291
Total expenses	<u>1,425,353</u>	<u>-</u>	<u>1,425,353</u>
CHANGE IN NET ASSETS	1,534,437	5,675	1,540,112
NET ASSETS:			
Beginning of year	<u>1,376,230</u>	<u>95,686</u>	<u>1,471,916</u>
End of year	<u>\$ 2,910,667</u>	<u>\$ 101,361</u>	<u>\$ 3,012,028</u>

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

## HEARING BRIDGES

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions and private grants	\$ 134,836	\$ 79,583	\$ 214,419
Government grants	165,060	-	165,060
Program service fees	908,498	-	908,498
Special events	37,512	-	37,512
Rental income	19,538	-	19,538
Net investment return	1,757	-	1,757
Total	1,267,201	79,583	1,346,784
Net assets released from restrictions	86,958	(86,958)	-
Total revenues, gains and other support	1,354,159	(7,375)	1,346,784
<b>EXPENSES:</b>			
Program services	1,076,088	-	1,076,088
Fundraising	109,463	-	109,463
Management and general	91,772	-	91,772
Unrelated rental	3,639	-	3,639
Total expenses	1,280,962	-	1,280,962
<b>CHANGE IN NET ASSETS</b>	73,197	(7,375)	65,822
<b>NET ASSETS:</b>			
Beginning of year	1,303,033	103,061	1,406,094
End of year	<u>\$ 1,376,230</u>	<u>\$ 95,686</u>	<u>\$ 1,471,916</u>

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

## HEARING BRIDGES

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,540,112	\$ 65,822
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,514	39,535
Unrealized gains on investments	(373)	(667)
(Gain) loss on disposal of assets	(1,586,154)	41
Write off of loans receivable	-	805
Provision for uncollectible accounts and loans receivable	(966)	(248)
Net changes in operating assets and liabilities:		
Promises to give and other receivables	(25,853)	(15,644)
Other current assets	(2,098)	(1,869)
Accounts payable and accrued liabilities	(28,357)	6,545
Net cash provided by (used in) operating activities	<u>(83,175)</u>	<u>94,320</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collection of loans receivable	-	460
Proceeds from sale of investments	2,343	-
Proceeds from sale of property and equipment	2,644,883	-
Purchases of property and equipment	<u>(1,724,273)</u>	<u>(17,284)</u>
Net cash provided by (used in) investing activities	<u>922,953</u>	<u>(16,824)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>839,778</b>	<b>77,496</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u><b>230,721</b></u>	<u><b>153,225</b></u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u><b>\$ 1,070,499</b></u></u>	<u><u><b>\$ 230,721</b></u></u>

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



**HEARING BRIDGES**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Services				Supporting Services		Total Expenses
	Education/ Outreach	Interpreter Referral	Youth	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 88,304	\$ 155,316	\$ 84,814	\$ 328,434	\$ 97,578	\$ 104,154	\$ 530,166
Telephone	1,967	3,732	1,120	6,819	718	795	8,332
Postage and mailing	960	1,343	590	2,893	5,864	388	9,145
Computer related	1,242	4,616	1,287	7,145	2,674	493	10,312
Conferences and workshops	938	1,130	459	2,527	813	459	3,799
Books, subscriptions and dues	598	1,436	390	2,424	567	789	3,780
Insurance	7,458	10,918	4,417	22,793	2,834	2,114	27,741
Utilities	5,704	7,523	1,861	15,088	2,141	1,629	18,858
Janitorial and grounds	2,174	3,147	1,383	6,704	929	681	8,314
Maintenance and repair	1,135	1,544	855	3,534	462	224	4,220
Office rental	6,697	3,290	39,131	49,118	2,094	36,788	88,000
Equipment rental	719	1,088	422	2,229	250	499	2,978
Supplies	3,696	4,625	1,545	9,866	1,024	648	11,538
Advertising and public relations	1,278	2,290	789	4,357	4,513	292	9,162
Professional fees - interpreters	1,055	564,044	170	565,269	-	-	565,269
Professional fees - other	5,042	16,269	3,095	24,406	1,660	2,323	28,389
Vehicles and travel	781	3,378	7,760	11,919	33	237	12,189
Youth activities	-	-	16,785	16,785	-	-	16,785
Fundraising expenses	-	-	-	-	13,156	-	13,156
Educational awareness	4,151	-	131	4,282	-	-	4,282
Staff and board development	603	2,373	313	3,289	791	329	4,409
Miscellaneous expense	4,413	2,939	2,050	9,402	894	8,444	18,740
Moving expenses	-	-	-	-	-	5,275	5,275
Total expenses before depreciation	138,915	791,001	169,367	1,099,283	138,995	166,561	1,404,839
Depreciation	5,184	7,532	3,533	16,249	2,535	1,730	20,514
Total expenses	<u>\$ 144,099</u>	<u>\$ 798,533</u>	<u>\$ 172,900</u>	<u>\$ 1,115,532</u>	<u>\$ 141,530</u>	<u>\$ 168,291</u>	<u>\$ 1,425,353</u>

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

HEARING BRIDGES

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services				Supporting Services			
	Education/ Outreach	Interpreter Referral	Youth	Total Program	Fundraising	Management and General	Unrelated Rental	Total Expenses
Salaries and employee benefits	\$ 91,284	\$ 150,746	\$ 104,606	\$ 346,636	\$ 59,462	\$ 68,766	\$ -	\$ 474,864
Telephone	2,104	4,502	2,940	9,546	1,199	1,198	-	11,943
Postage and mailing	491	590	454	1,535	4,922	111	-	6,568
Computer related	951	5,531	1,082	7,564	4,817	342	-	12,723
Conferences and workshops	142	531	110	783	143	274	-	1,200
Books, subscriptions and dues	328	1,405	629	2,362	289	462	-	3,113
Insurance	4,029	6,961	5,836	16,826	2,734	2,264	-	21,824
Utilities	4,297	7,622	2,367	14,286	3,095	1,400	-	18,781
Janitorial and grounds	1,333	2,167	1,918	5,418	853	506	-	6,777
Maintenance and repair	598	1,280	1,596	3,474	544	237	-	4,255
Equipment rental	528	866	747	2,141	329	186	-	2,656
Supplies	2,348	2,525	3,339	8,212	4,475	651	-	13,338
Advertising and public relations	402	1,285	572	2,259	4,737	402	-	7,398
Professional fees - interpreters	2,261	555,881	1,022	559,164	54	331	-	559,549
Professional fees - other	5,155	9,530	7,577	22,262	5,180	7,706	-	35,148
Vehicles and travel	1,305	4,227	9,028	14,560	176	260	-	14,996
Youth activities	-	-	14,176	14,176	-	-	-	14,176
Fundraising expenses	1,441	-	-	1,441	9,487	-	-	10,928
Educational awareness	3,590	-	-	3,590	-	-	-	3,590
Loss on sale of assets	-	-	-	-	-	41	-	41
Staff and board development	549	2,618	887	4,054	713	584	-	5,351
Miscellaneous expense	5,462	1,559	838	7,859	469	1,804	-	10,132
Bad debts	-	55	-	55	-	2,021	-	2,076
Total expenses before depreciation	128,598	759,881	159,724	1,048,203	103,678	89,546	-	1,241,427
Depreciation	8,090	10,386	9,409	27,885	5,785	2,226	3,639	39,535
Total expenses	\$ 136,688	\$ 770,267	\$ 169,133	\$ 1,076,088	\$ 109,463	\$ 91,772	\$ 3,639	\$ 1,280,962

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

## **HEARING BRIDGES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012**

#### **NOTE 1 – THE ENTITY**

Hearing Bridges ("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 United Way, private grants, federal and state grants, program service fees, and donor contributions.

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

##### **Accounting Periods**

All references to 2013 and 2012 in these financial statements refer to the years ended June 30, 2013 and 2012 unless otherwise noted.

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

Bridges is required to report information regarding its financial position and activities according to three classes of net assets as follows:

**Unrestricted** – This class includes net assets that are not subject to any donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily Restricted** – This class includes net assets whose use by Bridges is subject to donor-imposed restrictions that can be fulfilled by actions of Bridges pursuant to those restrictions or that expire by 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. Additionally, any temporarily restricted contributions whose restrictions are met in the same reporting year are shown as unrestricted revenues.

**Permanently Restricted** – This class includes net assets subject to donor-imposed restrictions that require the assets to be maintained permanently by Bridges. Generally, the donors of these assets permit Bridges to use all or part of the income earned on any related investments for general or specific purposes.

See Note 6 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.

## **HEARING BRIDGES**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013 AND 2012**

#### **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, and 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.

Bridges' investments in marketable securities are reported at fair value, based on Level 1 inputs. Gains and losses, whether realized or unrealized, are included in the statement of activities and changes in net assets.

See Note 3 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 that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Bridges also receives grant revenue from government agencies. Grant revenue is 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, 2013 and 2012, management deemed all promises to give to be fully collectible, and no allowances have been recorded.

See Note 4 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 and loans receivable are stated at unpaid balances, less an allowance for uncollectible accounts.

Bridges provides for losses on accounts receivable using the allowance method.

## **HEARING BRIDGES**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013 AND 2012**

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

##### **Receivables and Allowance for Uncollectible Accounts (Continued)**

The allowance is estimated by management based upon historical experience, current economic conditions, and projections of trends. Uncollectible accounts receivable and loans 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 5 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, 2013, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2010.

##### **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. Bridges received a substantial amount of donated services from unpaid volunteers which did not meet the criteria for recognition.

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.

##### **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.

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013 AND 2012

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

##### Reclassifications

Certain reclassifications have been made to the 2012 financial statements to make them consistent with the presentation in the 2013 financial statements. These reclassifications did not have a significant impact on the previously reported financial position, changes in net assets, and cash flows of Bridges.

##### Events Occurring After the Reporting Date

Bridges has evaluated events and transactions that occurred between June 30, 2013 and October 31, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

#### NOTE 3 – 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Fair value	\$ 7,277	\$ 9,247
Cost	(1,338)	(1,338)
Net unrealized gains	<u>\$ 5,939</u>	<u>\$ 7,909</u>

The net investment return consisted of the following for 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 5,111	\$ 1,090
Net unrealized gains during the year	373	667
Net investment return	<u>\$ 5,484</u>	<u>\$ 1,757</u>

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013 AND 2012

#### NOTE 4 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
For subsequent fiscal year's operations:		
United Way	\$ 32,483	\$ 32,483
Baptist Healing Trust	45,900	45,000
For specific purposes:		
Memorial Foundation	20,000	-
Total promises to give	<u>\$ 98,383</u>	<u>\$ 77,483</u>

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

#### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Land	\$ 122,794	\$ 479,354
Building and improvements	1,912,740	1,053,849
Office furniture and equipment	161,903	89,219
Vehicles	25,385	50,629
Total cost	2,222,822	1,673,051
Less accumulated depreciation	(39,302)	(576,880)
Property and equipment, net	<u>\$ 2,183,520</u>	<u>\$ 1,096,171</u>

On July 12, 2012, Bridges sold its former facility to an unrelated entity for net cash proceeds of \$2,641,882, resulting in a realized gain of \$1,584,712. Bridges continued to occupy its former facility for a period of time until its new facility was ready for occupancy. Bridges purchased a new facility from an unrelated entity on November 11, 2012, for a total cash consideration of \$475,245.

#### NOTE 6 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
For subsequent fiscal year's operations:		
Baptist Healing Trust	\$ 45,900	\$ 45,000
United Way	32,483	32,483
Balance forward to next page	<u>\$ 78,383</u>	<u>\$ 77,483</u>

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013 AND 2012

#### NOTE 6 – NET ASSETS (CONTINUED)

	<u>2013</u>	<u>2012</u>
Balance forward from previous page	\$ 78,383	\$ 77,483
For specific purposes:		
Literacy	20,996	17,522
Scholarships	1,330	342
Exercise equipment	652	-
Youth	-	339
Total temporarily restricted net assets	<u>\$ 101,361</u>	<u>\$ 95,686</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Passage of time restrictions:		
United Way	\$ 32,483	\$ 32,483
Baptist Healing Trust	45,000	34,473
Satisfaction of specific purposes:		
Youth	38,713	18,366
Scholarships	3,372	1,000
Technology	-	636
Total net assets released from restrictions	<u>\$ 119,568</u>	<u>\$ 86,958</u>

#### NOTE 7 – 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 \$11,080 and \$10,539 for 2013 and 2012, respectively.

#### NOTE 8 – COMMITMENTS

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



## **HEARING BRIDGES**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013 AND 2012**

#### **NOTE 9 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Bridges to concentrations of credit risk principally consist of promises to give, accounts receivable, and grants receivable. At June 30, 2013, three entities (four entities at June 30, 2012) comprised the entire balance of promises to give and grants receivable. These same entities accounted for approximately \$200,000 and \$276,000 of contributions and grants recognized by Bridges during 2013 and 2012, respectively.

During 2013, there were two different entities whose separate program service fees accounted for at least 10% of total program service fees. In the aggregate, these two entities accounted for approximately 30% of program service fees. During 2012, there were three such entities which accounted for approximately 52% of total program service fees.

#### **NOTE 10 – LEASING ACTIVITIES**

Prior to the sale of its former facility, Bridges entered into a lease agreement with a tenant to lease office space in that former facility for \$2,000 per month on a month-to-month lease with thirty days' advance written notice required by either party to terminate the lease. The tenant vacated the premises in March 2012, and the rental income ceased as of that date.