

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

**FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2018 and 2017**

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

### **TABLE OF CONTENTS**

Independent Auditors' Report .....	1 - 2
Financial Statements as of and for the Year Ended June 30, 2018 and 2017:	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4 - 5
Statements of Cash Flows .....	6
Statements of Functional Expenses .....	7 - 8
Notes to Financial Statements .....	9 - 17

# 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, 2018 and 2017, which comprise the statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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.

*Mullis Clemmons & Mayes, PLLC*

Brentwood, Tennessee  
September 18, 2018

**BRIDGES FOR THE DEAF AND HARD OF HEARING****STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 753,027	\$ 883,905
Promises to give	-	55,000
Accounts receivable, net of allowance for uncollectible accounts of \$7,000 in 2018 and \$9,000 in 2017	125,014	132,629
Grants receivable	45,188	69,769
Other current assets	730	4,430
Total current assets	<u>923,959</u>	<u>1,145,733</u>
 INVESTMENTS IN MARKETABLE SECURITIES	 6,618	 6,667
 NET PROPERTY AND EQUIPMENT	 <u>1,932,595</u>	 <u>1,954,701</u>
 TOTAL ASSETS	 <u><u>\$ 2,863,172</u></u>	 <u><u>\$ 3,107,101</u></u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 83,132	\$ 80,516
Total current liabilities	<u>83,132</u>	<u>80,516</u>
 NET ASSETS:		
Unrestricted	2,778,940	2,964,596
Temporarily restricted	1,100	61,989
Total net assets	<u>2,780,040</u>	<u>3,026,585</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,863,172</u></u>	 <u><u>\$ 3,107,101</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, 2018**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions and private grants	\$ 164,666	\$ 900	\$ 165,566
Government grants	149,998	-	149,998
Program service fees	1,295,554	-	1,295,554
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
<b>EXPENSES:</b>			
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
<b>CHANGE IN NET ASSETS</b>	<b>(185,656)</b>	<b>(60,889)</b>	<b>(246,545)</b>
<b>NET ASSETS:</b>			
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****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 178,015	\$ 63,050	\$ 241,065
Government grants	149,699	-	149,699
Program service fees	1,381,369	-	1,381,369
Special events	49,060	-	49,060
Net investment return	2,080	-	2,080
Other income	1,493		1,493
Total	1,761,716	63,050	1,824,766
Net assets released from restrictions	119,439	(119,439)	-
Total revenues, gains and other support	1,881,155	(56,389)	1,824,766
EXPENSES:			
Program services	1,494,168	-	1,494,168
Fundraising	165,866	-	165,866
Management and general	184,029	-	184,029
Total expenses	1,844,063	-	1,844,063
CHANGE IN NET ASSETS	37,092	(56,389)	(19,297)
NET ASSETS:			
Beginning of year	2,927,504	118,378	3,045,882
End of year	\$ 2,964,596	\$ 61,989	\$ 3,026,585

**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, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (246,545)	\$ (19,297)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	75,914	74,329
Loss on asset disposal	4,644	-
Unrealized (gains) losses on investments	(160)	891
Provision for uncollectible accounts and loans receivable	(2,000)	4,400
Net changes in operating assets and liabilities:		
Promises to give and other receivables	89,196	6,883
Other current assets	3,700	1,050
Accounts payable and accrued liabilities	<u>2,616</u>	<u>20,542</u>
Net cash provided by (used in) operating activities	<u>(72,635)</u>	<u>88,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(58,256)	(13,280)
Proceeds from sale of investment	<u>13</u>	<u>-</u>
Net cash used in investing activities	<u>(58,243)</u>	<u>(13,280)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,878)	75,518
CASH AND CASH EQUIVALENTS, BEGINNING	<u>883,905</u>	<u>808,387</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 753,027</u>	<u>\$ 883,905</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**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017**

	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	\$ 62,675	\$ 262,543	\$ 100,034	\$ 62,219	\$ 487,471	\$ 93,109	\$ 140,372	\$ 720,952
Telephone	715	3,519	1,566	448	6,248	756	979	7,983
Postage and mailing	23	115	57	25	220	3,395	85	3,700
Computer related	873	12,620	2,224	947	16,664	4,717	1,050	22,431
Conferences and workshops	5	2,274	35	60	2,374	54	-	2,428
Books, subscriptions and dues	16	617	65	18	716	1,605	336	2,657
Insurance	1,256	5,644	5,606	1,356	13,862	1,446	5,444	20,752
Utilities	4,847	1,782	8,778	454	15,861	875	5,009	21,745
Janitorial and grounds	899	4,124	2,187	972	8,182	975	1,471	10,628
Maintenance and repair	598	2,660	2,028	653	5,939	591	1,287	7,817
Equipment rental	273	1,264	664	294	2,495	306	446	3,247
Supplies	1,808	1,705	1,400	826	5,739	5,753	1,919	13,411
Advertising and public relations	31	124	470	33	658	1,779	874	3,311
Professional fees - interpreters	1,979	792,082	1,233	337	795,631	128	455	796,214
Professional fees - other	8,090	7,065	150	-	15,305	24,059	8,643	48,007
Vehicles and travel	918	9,745	3,735	720	15,118	214	267	15,599
Youth activities	-	-	13,156	-	13,156	-	-	13,156
Fundraising expenses	-	-	-	-	-	17,311	-	17,311
Educational awareness	2,000	-	-	-	2,000	-	-	2,000
Staff and board development	77	2,636	199	89	3,001	116	2,695	5,812
Miscellaneous expense	8,399	8,705	2,212	917	20,233	1,375	2,275	23,883
Bad debts	-	6,690	-	-	6,690	-	-	6,690
Total expenses before depreciation	95,482	1,125,914	145,799	70,368	1,437,563	158,564	173,607	1,769,734
Depreciation	6,150	28,362	15,366	6,727	56,605	7,302	10,422	74,329
Total expenses	<u>\$ 101,632</u>	<u>\$ 1,154,276</u>	<u>\$ 161,165</u>	<u>\$ 77,095</u>	<u>\$ 1,494,168</u>	<u>\$ 165,866</u>	<u>\$ 184,029</u>	<u>\$ 1,844,063</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, 2018 AND 2017**

#### **NOTE 1 – THE ENTITY**

Bridges for the Deaf and Hard of Hearing ("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 2017-18 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 217 students in American Sign Language (ASL) I, II, and III classes as well as starting a new parent-child ASL class that served 16 parents and children. AEO served three families through the Deaf Mentor Program. AEO presented 31 workshops or trainings on Deaf culture and ASL in Middle Tennessee businesses, universities, and agencies, reaching over 2,027 unduplicated clients. Topics included working with Deaf and Hard of Hearing individuals, technology, basic ASL, Deaf culture, and more. Bridges works with law enforcement agencies to provide training both to law enforcement and to individuals so that interactions between law enforcement and Deaf or hard of hearing individuals are safe and effective. We offer the same services for EMTs and other first responders. 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.

LivingWell, operating under AEO, served a record 89 fitness clients with 91% completing half or more of personal plan goals. WellFEST had 287 attendees who learned more about personal, physical, and mental health and well-being with workshops and booths on language, estate planning, blood pressure checks, and more.

**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 on Deaf Education and are beginning critical work in smaller groups.

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

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017**

#### **NOTE 1 – THE ENTITY (CONTINUED)**

**Empowerment**, a critical piece of Adult Education & Outreach, is our case management service led by a social worker. Empowerment served 203 individual clients and helped 184 (91%) of those clients achieve resolution of at least one goal within the months of developing plan. Many of those goals were 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.

Empowerment coordinated 7 workshops.

**Interpreting Services** served 732 individuals, not including students and audiences. Over 23,000 hours of interpreting services were provided by three staff interpreters and more than forty contract interpreters, including 422.5 hours by Deaf interpreters. Certified Deaf Interpreters (CDIs) 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 2,611 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.

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. Twenty-eight students from Middle Tennessee were enrolled in the after-school program that met three days a week, serving students from 1st to 12th grades. Seventeen students improved two or more levels in Reading and 5 improved one level. Nineteen students mastered 95 English vocabulary words. Twenty-five mastered 80 or more American Sign Language (ASL) multiple meaning words. Twenty students improved their writing skills. Twenty-six improved in Wellness and Social Emotional Skills.

Camp Rise & Sign was a sleep-away camp for Deaf and hard of hearing students. We had 43 total campers in May. Camp Sign Me Up was a weekday camp for hearing students who wanted to learn American Sign Language. Filled to capacity each week, we implemented a new, intensive teen week and then invited the teens back as junior counselors to help with the six to twelve-year-old campers.

Baby ACE & Me, a language acquisition and family bonding program for infants through toddlers, and a parent-child ASL class. Using the Parenting Sense of Competence Scale, our parents showed varied improvement. The children showed a nine to ten-point increase on the Language Development Scale, in both expressive and receptive language.

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

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017**

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

##### **Accounting Periods**

All references to 2018 and 2017 in these financial statements refer to the years ended June 30, 2018 and 2017 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 7 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.

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

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017**

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

##### **Investments in Marketable Securities (continued)**

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.

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, 2017, 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 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. 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.

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

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017**

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

##### **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, 2018, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2015.

##### **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 2018, volunteers donated 5,643 hours (4,302 in 2017) of skilled and unskilled services. Volunteer hours were valued at \$24.69 (\$24.14 in 2017) per hour by The Independent Sector, creating a total value of \$139,326 and \$103,850 in 2018 and 2017, 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.

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017

#### 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”), which affects all nonprofit organizations. The ASU significantly changes how not-for-profit organizations present net assets on the face of the financial statements, as well as requiring additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The ASU is effective for annual financial statements for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. Bridges expects to adopt the provisions of the ASU in the financial statements for the fiscal year ending June 30, 2019. Management is currently assessing the impact that the adoption of the ASU will have on the financial statements.

##### 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, 2018 and September 18, 2018, 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fair value	\$ 6,618	\$ 6,667
Cost	(1,338)	(1,338)
Net unrealized gains	<u>\$ 5,280</u>	<u>\$ 5,329</u>



**BRIDGES FOR THE DEAF AND HARD OF HEARING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018 AND 2017****NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES (CONTINUED)**

The net investment return consisted of the following for 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest income on cash equivalents	\$ 2,971	\$ 2,966
Dividend income	-	5
Realized loss	(196)	-
Net unrealized gains (losses) during the year	160	(891)
Net investment return	<u>\$ 2,935</u>	<u>\$ 2,080</u>

**NOTE 4 – PROMISES TO GIVE**

Promises to give consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ -	\$ 55,000
Total promises to give	<u>\$ -</u>	<u>\$ 55,000</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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 122,794	\$ 122,794
Building and improvements	1,954,446	1,897,539
Office furniture and equipment	189,388	195,557
Vehicles	25,500	25,500
Total cost	2,292,128	2,241,390
Less accumulated depreciation	(359,533)	(286,689)
Property and equipment, net	<u>\$ 1,932,595</u>	<u>\$ 1,954,701</u>

## BRIDGES FOR THE DEAF AND HARD OF HEARING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017

#### NOTE 6 – LEASES

Bridges has a lease agreement with an unrelated party to lease a copier. The agreement expires in 2021. Rent expense totaled \$2,154 and \$1,854 for 2018 and 2017, respectively.

Future minimum lease payments under the terms of this operating lease as of June 30, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Future Payments</u>
2019	\$ 2,154
2020	2,154
2021	1,795
Total	<u>\$ 6,103</u>

#### NOTE 7 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ -	\$ 55,000
For specific purposes:		
Education, literacy and community outreach	-	6,789
Middle TN deaf campers	900	-
Scholarships	200	200
Total temporarily restricted net assets	<u>\$ 1,100</u>	<u>\$ 61,989</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Passage of time restrictions:		
The Healing Trust	\$ 55,000	\$ 55,000
Satisfaction of specific purposes:		
Youth, case management and wellness	-	50,000
Education and community outreach	-	13,178
90 signs in 90 days	1,667	833
Literacy	5,122	428
Total net assets released from restrictions	<u>\$ 61,789</u>	<u>\$ 119,439</u>

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

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2018 AND 2017**

#### **NOTE 8 – 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 \$10,617 and \$8,232 for 2018 and 2017, respectively.

#### **NOTE 9 – 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.

#### **NOTE 10 – 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, 2018, two entities comprised the entire balance of grants receivable. At June 30, 2017, three entities comprised the entire balance of promises to give and grants receivable. These entities accounted for \$194,898 and \$279,500 of contributions and grants recognized by Bridges during 2018 and 2017, respectively.

During 2018, program service fees for two entities individually accounted for at least 10% of total program service fees. Together, both of these entities represented 25.6% of total program service fees. During 2017, one entity accounted for 20.5% of total program service fees.