

HEARING BRIDGES

FINANCIAL STATEMENTS & INDEPENDENT AUDITORS' REPORT

JUNE 30, 2011 and 2010

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 statements of financial position of Hearing Bridges (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Hearing Bridges' management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hearing Bridges as of June 30, 2011 and 2010, 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
September 28, 2011

HEARING BRIDGES**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 153,225	\$ 99,230
Promises to give	89,608	60,663
Accounts receivable, net of allowance for uncollectible accounts of \$4,048 in 2011 and \$5,386 in 2010	53,708	75,442
Grants receivable	12,500	29,696
Loans receivable	1,265	2,335
Other current assets	<u>1,465</u>	<u>1,465</u>
Total current assets	311,771	268,831
 INVESTMENTS IN MARKETABLE SECURITIES	 8,580	 6,051
 NET PROPERTY AND EQUIPMENT	 <u>1,118,463</u>	 <u>1,153,141</u>
 TOTAL ASSETS	 <u>\$ 1,438,814</u>	 <u>\$ 1,428,023</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 32,720	\$ 52,684
Total current liabilities	<u>32,720</u>	<u>52,684</u>
 NET ASSETS:		
Unrestricted	1,303,033	1,286,528
Temporarily restricted	<u>103,061</u>	<u>88,811</u>
Total net assets	<u>1,406,094</u>	<u>1,375,339</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,438,814</u>	 <u>\$ 1,428,023</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, 2011**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 59,927	\$ 37,483	\$ 97,410
Grants	187,794	67,125	254,919
Program service fees	680,912	-	680,912
Special events	41,427	-	41,427
Rental income	28,102	-	28,102
Net investment return	4,017	-	4,017
Miscellaneous income	1,098	-	1,098
Total	<u>1,003,277</u>	<u>104,608</u>	<u>1,107,885</u>
Net assets released from restrictions	<u>90,358</u>	<u>(90,358)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,093,635</u>	<u>14,250</u>	<u>1,107,885</u>
EXPENSES:			
Program services	870,154	-	870,154
Fundraising	110,172	-	110,172
Management and general	98,355	-	98,355
Unrelated rental	(1,551)	-	(1,551)
Total expenses	<u>1,077,130</u>	<u>-</u>	<u>1,077,130</u>
CHANGE IN NET ASSETS	16,505	14,250	30,755
NET ASSETS:			
Beginning of year	<u>1,286,528</u>	<u>88,811</u>	<u>1,375,339</u>
End of year	<u>\$ 1,303,033</u>	<u>\$ 103,061</u>	<u>\$ 1,406,094</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, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 43,194	\$ 33,503	\$ 76,697
Grants	254,621	93,698	348,319
Program service fees	518,361	-	518,361
Special events	31,729	-	31,729
Rental income	9,400	-	9,400
Net investment return	(601)	-	(601)
Miscellaneous income	2,966	-	2,966
Total	<u>859,670</u>	<u>127,201</u>	<u>986,871</u>
Net assets released from restrictions	<u>83,106</u>	<u>(83,106)</u>	<u>-</u>
Total revenues, gains and other support	<u>942,776</u>	<u>44,095</u>	<u>986,871</u>
EXPENSES:			
Program services	835,613	-	835,613
Fundraising	118,829	-	118,829
Management and general	126,543	-	126,543
Unrelated rental	9,204	-	9,204
Total expenses	<u>1,090,189</u>	<u>-</u>	<u>1,090,189</u>
CHANGE IN NET ASSETS	(147,413)	44,095	(103,318)
NET ASSETS:			
Beginning of year	<u>1,433,941</u>	<u>44,716</u>	<u>1,478,657</u>
End of year	<u>\$ 1,286,528</u>	<u>\$ 88,811</u>	<u>\$ 1,375,339</u>

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

HEARING BRIDGES**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 30,755	\$ (103,318)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	41,248	42,296
Unrealized (gains) losses on investments	(2,529)	1,170
Loss on disposal of assets	320	519
Write off of loans receivable	-	5,390
Provision for uncollectible accounts and loans receivable	-	(3,595)
Net changes in operating assets and liabilities:		
Promises to give and other receivables	9,985	(26,525)
Other current assets	-	1,502
Accounts payable and accrued liabilities	(19,964)	23,317
Net cash provided by (used in) operating activities	<u>59,815</u>	<u>(59,244)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of loans receivable	1,070	3,155
Purchases of property and equipment	(6,890)	(13,330)
Net cash used in investing activities	<u>(5,820)</u>	<u>(10,175)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	53,995	(69,419)
 CASH AND CASH EQUIVALENTS, BEGINNING	<u>99,230</u>	<u>168,649</u>
 CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 153,225</u>	<u>\$ 99,230</u>

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

HEARING BRIDGES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2011

	Program Services					Supporting Services			Total Expenses
	Education	Interpreter Referral	Youth	Wellness	Total Program	Fundraising	Management and General	Unrelated Rental	
Salaries and employee benefits	\$ 36,970	\$ 136,132	\$ 80,283	\$ 52,972	\$ 306,357	\$ 59,300	\$ 68,660	\$ -	\$ 434,317
Telephone	820	4,792	1,863	1,395	8,870	1,226	865	-	10,961
Postage and mailing	255	809	536	342	1,942	4,527	189	-	6,658
Computer related	364	4,391	1,032	858	6,645	5,355	404	-	12,404
Conferences and workshops	-	80	-	-	80	469	360	-	909
Books, subscriptions and dues	50	374	90	49	563	101	2,139	-	2,803
Insurance	2,122	6,783	4,488	2,885	16,278	3,065	2,760	-	22,103
Utilities	2,504	7,990	2,043	3,307	15,844	3,732	1,817	-	21,393
Janitorial and grounds	375	1,250	825	504	2,954	611	267	-	3,832
Maintenance and repair	283	887	563	398	2,131	384	220	-	2,735
Equipment rental	249	808	523	338	1,918	376	186	-	2,480
Supplies	1,045	2,118	2,585	890	6,638	2,450	476	-	9,564
Property tax refunds	-	-	-	-	-	-	-	(7,010)	(7,010)
Advertising and public relations	522	1,220	779	534	3,055	5,815	765	-	9,635
Professional fees - interpreters	-	412,333	-	-	412,333	-	-	-	412,333
Professional fees - other	2,613	8,755	5,391	3,568	20,327	3,712	10,903	-	34,942
Vehicles and travel	145	5,595	7,386	91	13,217	61	273	-	13,551
Youth activities	-	-	11,119	-	11,119	-	-	-	11,119
Class expenses	64	62	40	31	197	17	18	-	232
Fundraising expenses	-	-	-	-	-	10,681	-	-	10,681
Educational awareness	6,500	-	-	-	6,500	-	-	-	6,500
Loss on sale of assets	-	-	-	-	-	-	320	-	320
Staff and board development	64	751	130	88	1,033	191	207	-	1,431
Miscellaneous expense	117	805	1,699	3,535	6,156	315	5,518	-	11,989
Bad debts	-	-	-	-	-	-	-	-	-
Total expenses before depreciation	55,062	595,935	121,375	71,785	844,157	102,388	96,347	(7,010)	1,035,882
Depreciation	3,385	7,979	11,271	3,362	25,997	7,784	2,008	5,459	41,248
Total expenses	\$ 58,447	\$ 603,914	\$ 132,646	\$ 75,147	\$ 870,154	\$ 110,172	\$ 98,355	\$ (1,551)	\$ 1,077,130

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

HEARING BRIDGES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services					Supporting Services				Total Expenses
	Employment Services	Education	Interpreter Referral	Youth	Wellness	Total Program	Fundraising	Management and General	Unrelated Rental	
Salaries and employee benefits	\$ -	\$ 63,618	\$ 167,156	\$ 71,536	\$ 61,072	\$ 363,382	\$ 72,484	\$ 76,878	\$ -	\$ 512,744
Telephone	-	1,115	4,243	1,442	1,348	8,148	1,161	823	-	10,132
Postage and mailing	-	457	902	469	409	2,237	2,954	1,464	-	6,655
Computer related	541	697	4,029	2,968	629	8,864	4,501	489	-	13,854
Conferences and workshops	-	254	575	95	-	924	72	131	-	1,127
Books, subscriptions and dues	-	-	861	-	66	927	343	1,472	-	2,742
Insurance	-	2,330	4,708	5,289	2,187	14,514	2,423	2,828	-	19,765
Utilities	-	2,761	5,735	1,844	2,733	13,073	3,030	2,027	-	18,130
Janitorial and grounds	-	531	1,108	591	531	2,761	589	391	-	3,741
Maintenance and repair	-	823	1,562	701	678	3,764	751	584	105	5,204
Equipment rental	-	535	1,105	582	525	2,747	582	537	-	3,866
Supplies	177	1,056	2,527	1,111	782	5,653	3,120	1,334	-	10,107
Taxes	-	-	-	-	-	-	-	-	6,825	6,825
Advertising and public relations	-	638	1,242	815	604	3,299	2,947	12,022	-	18,268
Professional fees - interpreters	-	-	310,720	-	250	310,970	-	-	-	310,970
Professional fees - other	-	4,174	8,432	4,322	3,905	20,833	4,327	12,282	-	37,442
Vehicles and travel	-	161	13,653	2,662	625	17,101	108	197	-	17,406
Youth activities	-	-	-	7,721	-	7,721	-	-	-	7,721
Class expenses and gifts	-	1,699	227	-	-	1,926	-	-	-	1,926
Fundraising expenses	-	-	-	179	-	179	12,770	-	-	12,949
Educational awareness	-	8,500	-	-	-	8,500	-	-	-	8,500
Loss on sale of assets	-	-	-	-	-	-	-	519	-	519
Staff and board development	-	226	425	188	183	1,022	275	393	-	1,690
Miscellaneous expense	-	44	851	835	5,353	7,083	285	6,447	-	13,815
Bad debts	-	-	-	-	-	-	-	1,795	-	1,795
Total expenses before depreciation	718	89,619	530,061	103,350	81,880	805,628	112,722	122,613	6,930	1,047,893
Depreciation	-	4,914	10,043	10,310	4,718	29,985	6,107	3,930	2,274	42,296
Total expenses	\$ 718	\$ 94,533	\$ 540,104	\$ 113,660	\$ 86,598	\$ 835,613	\$ 118,829	\$ 126,543	\$ 9,204	\$ 1,090,189

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

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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, service fees, and donor contributions.

The entity was previously known as the League for the Deaf and Hard of Hearing and EAR Foundation. In September 2009, the name was changed to Hearing Bridges.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2011 and 2010 in these financial statements refer to the years ended June 30, 2011 and 2010 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, 2011 AND 2010

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, 2011 and 2010, 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 and loans receivable using the allowance method.

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011 AND 2010

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 thirty-five 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, 2011, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2008.

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.

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011 AND 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to make them consistent with the presentation in the 2011 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, 2011 and September 28, 2011, 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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Fair value	\$ 8,580	\$ 6,051
Cost	(1,338)	(1,338)
Net unrealized gains	<u>\$ 7,242</u>	<u>\$ 4,713</u>

The net investment return consisted of the following for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 1,488	\$ 569
Net unrealized gains (losses) during the year	2,529	(1,170)
Net investment return	<u>\$ 4,017</u>	<u>\$ (601)</u>

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011 AND 2010

NOTE 4 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
For subsequent fiscal year's operations:		
United Way	\$ 32,483	\$ 32,483
Baptist Healing Trust	32,125	28,180
For specific purposes:		
Cal Turner Family Foundation	25,000	-
Total promises to give	<u>\$ 89,608</u>	<u>\$ 60,663</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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 479,354	\$ 479,354
Building and improvements	1,053,849	1,053,849
Office furniture and equipment	129,856	146,888
Vehicles	35,745	35,745
Total cost	1,698,804	1,715,836
Less accumulated depreciation	(580,341)	(562,695)
Property and equipment, net	<u>\$ 1,118,463</u>	<u>\$ 1,153,141</u>

NOTE 6 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
For subsequent fiscal year's operations:		
Baptist Healing Trust	\$ 34,473	\$ 32,877
United Way	32,483	32,483
Memorial Foundation	-	15,000
For specific purposes:		
Literacy	30,000	-
Youth	4,927	5,040
Technology	636	1,869
Scholarships	542	1,542
Total temporarily restricted net assets	<u>\$ 103,061</u>	<u>\$ 88,811</u>

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011 AND 2010

NOTE 6 – NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Passage of time restrictions:		
United Way	\$ 32,483	\$ 32,483
Baptist Healing Trust	30,529	23,483
Memorial Foundation	15,000	10,000
Satisfaction of specific purposes:		
Technology	1,233	10,369
Youth	10,113	5,060
Scholarships	1,000	1,000
Employment services computer lab	-	711
Total net assets released from restrictions	<u>\$ 90,358</u>	<u>\$ 83,106</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 \$8,218 and \$10,098 for 2011 and 2010, 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.

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, loans receivable and grants receivable. At June 30, 2011, four entities comprised the entire balance of promises to give and grants receivable. These same four entities accounted for approximately \$271,000 of contributions and grants recognized by Bridges during 2011. During 2011, one entity accounted for approximately 20% of program service fees.

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2011 AND 2010

NOTE 9 – CONCENTRATIONS OF CREDIT RISK (CONTINUED)

At June 30, 2010, four entities comprised the entire balance of promises to give and grants receivable. These same four entities accounted for approximately \$378,000 of contributions and grants recognized by Bridges during 2010. During 2010, one entity accounted for approximately 11% of program service fees.

NOTE 10 – LEASING ACTIVITIES

In February 2010, Bridges entered into a lease agreement with a tenant to lease office space in Bridges' building for a period of six months at a monthly rent of \$2,000. The lease expired in July 2010 and became a month-to-month lease with thirty days' advance written notice required by either party to terminate the lease.