

HEARING BRIDGES

FINANCIAL STATEMENTS & INDEPENDENT AUDITORS' REPORT

JUNE 30, 2010 and 2009

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, 2010 and 2009, 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, 2010 and 2009, 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.



Brentwood, Tennessee
January 13, 2011

HEARING BRIDGES

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 99,230	\$ 168,649
Promises to give	60,663	32,483
Accounts receivable, net of allowance for uncollectible accounts of \$ in 2010 and \$7,500 in 2009	75,442	94,257
Grants receivable	29,696	12,536
Loans receivable, net of allowance for uncollectible loans of \$3,595 in 2009	2,335	7,285
Prepaid expenses	<u>1,465</u>	<u>2,967</u>
Total current assets	268,831	318,177
 INVESTMENTS IN MARKETABLE SECURITIES	 6,051	 7,221
 NET PROPERTY AND EQUIPMENT	 <u>1,153,141</u>	 <u>1,182,626</u>
 TOTAL ASSETS	 <u><u>\$ 1,428,023</u></u>	 <u><u>\$ 1,508,024</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ <u>52,684</u>	\$ <u>29,367</u>
Total current liabilities	<u>52,684</u>	<u>29,367</u>
 NET ASSETS:		
Unrestricted	1,286,528	1,433,941
Temporarily restricted	<u>88,811</u>	<u>44,716</u>
Total net assets	<u>1,375,339</u>	<u>1,478,657</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,428,023</u></u>	 <u><u>\$ 1,508,024</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, 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**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 59,911	\$ 44,483	\$ 104,394
Grants	192,058	-	192,058
Program service fees	545,990	-	545,990
Special events	37,569	-	37,569
Rental income	3,175	-	3,175
Net investment return	2,742	-	2,742
Miscellaneous income	1,092	-	1,092
Total	842,537	44,483	887,020
Net assets released from restrictions	132,507	(132,507)	-
Total revenues, gains and other support	975,044	(88,024)	887,020
EXPENSES:			
Program services	850,002	-	850,002
Fundraising	116,785	-	116,785
Management and general	142,765	-	142,765
Unrelated rental	8,169	-	8,169
Total expenses	1,117,721	-	1,117,721
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(142,677)	(88,024)	(230,701)
OTHER CHANGES IN NET ASSETS:			
Contribution of net assets from The EAR Foundation	158,131	-	158,131
CHANGE IN NET ASSETS	15,454	(88,024)	(72,570)
NET ASSETS:			
Beginning of year	1,418,487	132,740	1,551,227
End of year	\$ 1,433,941	\$ 44,716	\$ 1,478,657

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

HEARING BRIDGES

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (103,318)	\$ (230,701)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	42,296	43,241
Unrealized (gains) losses on investments	1,170	1,706
Loss on disposal of assets	519	-
Write off of loans receivable	5,390	-
Provision for uncollectible accounts and loans receivable	(3,595)	8,215
Net changes in operating assets and liabilities:		
Promises to give and other receivables	(26,525)	56,691
Prepaid expenses	1,502	(2,967)
Accounts payable and accrued liabilities	23,317	13,814
Net cash used in operating activities	<u>(59,244)</u>	<u>(110,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of loans receivable	3,155	3,858
Issuance of loans receivable	-	(2,100)
Purchases of property and equipment	(13,330)	(10,183)
Contribution of net assets from The EAR Foundation	-	150,181
Net cash provided by (used in) investing activities	<u>(10,175)</u>	<u>141,756</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(69,419)	31,755
CASH AND CASH EQUIVALENTS, BEGINNING	<u>168,649</u>	<u>136,894</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 99,230</u></u>	<u><u>\$ 168,649</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, 2010

	Program Services					Supporting Services				
	Employment Services	Education	Interpreter Referral	Teen Center	Wellness	Total Program	Fundraising	Management and General	Unrelated Rental	Total Expenses
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	-	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	6,444	-	13,812
Bad debts	-	-	-	-	-	-	-	1,795	-	1,795
Total expenses before depreciation	718	89,619	530,061	103,350	81,880	805,628	112,722	122,610	6,930	1,047,890
Depreciation	-	4,914	10,043	10,310	4,718	29,985	6,107	3,933	2,274	42,299
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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services						Supporting Services		Unrelated Rental	Total Expenses
	Employment Services	Education	Interpreter Referral	Teen Center	Wellness	Total Program	Fundraising	Management and General		
Salaries and employee benefits	\$ 14,124	\$ 59,535	\$ 162,213	\$ 59,717	\$ 47,901	\$ 343,490	\$ 65,683	\$ 94,644	\$ -	\$ 503,817
Telephone	630	2,247	7,470	2,867	1,400	14,614	1,782	1,516	-	17,912
Postage and mailing	185	555	1,401	592	318	3,051	3,505	415	-	6,971
Computer related	509	2,481	4,563	2,314	1,221	11,088	2,432	1,944	-	15,464
Conferences and workshops	-	-	475	13	-	488	220	1,020	-	1,728
Books, subscriptions and dues	1	-	1,082	13	6	1,102	226	2,489	-	3,817
Insurance	578	2,884	6,323	5,762	1,569	17,116	2,180	3,079	-	22,375
Utilities	223	3,078	6,085	1,968	1,651	13,005	2,169	1,640	552	17,366
Janitorial and grounds	54	554	1,158	618	304	2,688	380	377	1,490	4,935
Maintenance and repair	114	1,148	2,399	1,505	630	5,796	786	628	-	7,210
Equipment rental	67	675	1,412	754	371	3,279	463	463	-	4,205
Supplies	112	1,148	2,545	1,832	763	6,400	806	639	-	7,845
Taxes	-	-	-	-	-	-	-	-	5,217	5,217
Advertising and public relations	365	1,649	2,359	1,393	1,176	6,942	9,709	4,678	-	21,329
Professional fees - interpreters	-	-	308,107	138	573	308,818	-	-	-	308,818
Professional fees - other	461	5,047	11,174	6,409	2,801	25,892	3,216	14,267	-	43,375
Vehicles and travel	52	141	5,052	3,850	194	9,289	575	409	-	10,273
Youth activities	-	-	-	7,371	-	7,371	-	-	-	7,371
Class expenses and gifts	-	4,694	448	-	-	5,142	120	148	-	5,410
Fundraising expenses	-	-	-	-	-	-	17,445	-	-	17,445
Educational awareness	-	17,035	-	-	-	17,035	-	-	-	17,035
Loss on sale of assets	-	-	-	0	-	-	-	-	-	-
Staff and board development	120	350	780	715	186	2,151	260	1,840	-	4,251
Miscellaneous expense	10	2,146	739	652	2,555	6,102	574	4,660	-	11,336
Bad debts	-	-	5,380	-	-	5,380	-	3,595	-	8,975
Total expenses before depreciation	17,605	105,367	531,165	98,483	63,619	816,239	112,531	138,451	7,259	1,074,480
Depreciation	569	5,791	12,101	12,124	3,178	33,763	4,254	4,314	910	43,241
Total expenses	\$ 18,174	\$ 111,158	\$ 543,266	\$ 110,607	\$ 66,797	\$ 850,002	\$ 116,785	\$ 142,765	\$ 8,169	\$ 1,117,721

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

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

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 2010 and 2009 in these financial statements refer to the years ended June 30, 2010 and 2009 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, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Marketable Securities

Under generally accepted accounting principles, investments are valued at fair value using various inputs. Level 1 inputs consist of unadjusted quoted market prices within active markets. Level 2 inputs consist primarily of quoted prices for similar assets in active or inactive markets. Level 3 inputs consist of significant unobservable inputs. 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, 2010 and 2009, 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 and loans receivable are stated at unpaid balances, less an allowance for uncollectible accounts. Grants receivable are recorded based on the incurrence of allowable expenditures. Bridges provides for losses on accounts receivable and loans receivable using the allowance method.

The allowance is estimated by management based upon historical experience, current economic conditions, and projections of trends. It is Bridges' policy to charge off uncollectible accounts receivable and loans receivable when management determines that the related receivable will not be collected.

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010 AND 2009

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 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, 2010, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2007.

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, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to make them consistent with the presentation in the 2010 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, 2010 and January 13, 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Fair value	\$ 6,051	\$ 7,221
Cost	(1,338)	(1,338)
Net unrealized gains	<u>\$ 4,713</u>	<u>\$ 5,883</u>

The net investment return consisted of the following for 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 569	\$ 4,448
Net unrealized losses during the year	(1,170)	(1,706)
Net investment return	<u>\$ (601)</u>	<u>\$ 2,742</u>

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010 AND 2009

NOTE 4 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
United Way	\$ 32,483	\$ 32,483
Baptist Healing Trust	28,180	-
Total promises to give	<u>\$ 60,663</u>	<u>\$ 32,483</u>

All of the above promises are intended to provide funding for the fiscal year following the date of the promise. 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Land	\$ 479,354	\$ 479,354
Building and improvements	1,053,849	1,051,409
Office furniture and equipment	146,888	138,616
Vehicles	35,745	35,745
Total cost	1,715,836	1,705,124
Less accumulated depreciation	(562,695)	(522,498)
Property and equipment, net	<u>\$ 1,153,141</u>	<u>\$ 1,182,626</u>

NOTE 6 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
For subsequent fiscal year's operations:		
Baptist Healing Trust	\$ 32,877	\$ -
United Way	32,483	32,483
Memorial Foundation	15,000	10,000
For specific purposes:		
Youth	5,040	-
Technology	1,869	-
Scholarships	1,542	1,522
Employment services computer lab	-	711
Total temporarily restricted net assets	<u>\$ 88,811</u>	<u>\$ 44,716</u>

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010 AND 2009

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 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Passage of time restrictions:		
United Way	\$ 32,483	\$ 99,663
Baptist Healing Trust	23,483	30,555
Memorial Foundation	10,000	-
Satisfaction of specific purposes:		
Technology	10,369	-
Youth	5,060	-
Scholarships	1,000	1,000
Employment services computer lab	711	1,289
Total net assets released from restrictions	<u>\$ 83,106</u>	<u>\$ 132,507</u>

NOTE 7 – EMPLOYEE BENEFIT PLAN

Bridges maintains a retirement benefit plan. Effective January 1, 2009, the plan was converted to a 401(k) profit sharing plan. Employees are eligible to participate in the 401(k) plan after completing one year of service and attaining age twenty-one. Bridges matches employee contributions to the plan for all eligible employees in an amount equal to the lesser of 100% of salary reduction contributions deferred during the plan year or 3% of compensation. The defined contribution employee benefit plan was frozen and all contributions to the plan ceased effective December 31, 2008. Expenses related to these plans were \$10,098 and \$7,744 for 2010 and 2009, 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, 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.

HEARING BRIDGES

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010 AND 2009

NOTE 9 – CONCENTRATIONS OF CREDIT RISK (CONTINUED)

At June 30, 2009, two entities comprised the entire balance of promises to give and grants receivable. These same two entities accounted for approximately \$237,000 of contributions and grants recognized by Bridges during 2009. During 2009, one entity accounted for approximately 11% of program service fees.

NOTE 10 – LEASING ACTIVITIES

During 1998, Bridges entered into a five-year lease agreement with a tenant to lease office space in Bridges' building at a monthly rent of \$3,125. Both parties adopted an amendment during October 2003, for an increase of \$650 in exchange for additional space leased. In September 2008, the tenant vacated the premises. In February 2010, Bridges entered into another lease agreement for a period of six months at a monthly rent of \$2,000. Upon expiration, the lease becomes a month-to-month lease with thirty days' advance written notice required by either party to terminate the lease.