

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

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021 and 2020

BRIDGES FOR THE DEAF AND HARD OF HEARING

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bridges for the Deaf and Hard of Hearing:

We have audited the accompanying financial statements of Bridges for the Deaf and Hard of Hearing (a nonprofit organization) as of June 30, 2021 and 2020, which comprise the statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Nonaccounting Information, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Mullins Commons + Mayes, PLLC

Brentwood, Tennessee
September 17, 2021

BRIDGES FOR THE DEAF AND HARD OF HEARING**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,040,760	\$ 918,606
Promises to give	-	50,000
Accounts receivable, net of allowance for uncollectible accounts of \$5,400 in 2021 and \$8,600 in 2020	278,066	129,962
Grants receivable	21,567	9,520
Investments in marketable securities	5,046	3,578
Prepaid expenses	5,447	4,727
Property and equipment, net	1,734,950	1,807,377
Security deposit	895	895
TOTAL ASSETS	\$ 3,086,731	\$ 2,924,665
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued liabilities	\$ 118,342	\$ 117,711
Deferred grant revenue	-	16,640
Total liabilities	118,342	134,351
NET ASSETS:		
Without donor restrictions	2,911,034	2,681,429
With donor restrictions	57,355	108,885
Total net assets	2,968,389	2,790,314
TOTAL LIABILITIES AND NET ASSETS	\$ 3,086,731	\$ 2,924,665

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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Program service fees:			
Interpreting services	\$ 1,551,685	\$ -	\$ 1,551,685
Classes, camps, workshops	28,226	-	28,226
Contributions and private grants	108,596	15,000	123,596
State and local government grants	395,871	-	395,871
Paycheck Protection Program grant	188,127	-	188,127
Special events	53,822	-	53,822
Net investment return	3,429	-	3,429
Other income	3,807	-	3,807
Total	2,333,563	15,000	2,348,563
Net assets released from restrictions	66,530	(66,530)	-
Total revenues, gains and other support	2,400,093	(51,530)	2,348,563
EXPENSES:			
Program services	1,794,136	-	1,794,136
Fundraising	120,037	-	120,037
Management and general	256,315	-	256,315
Total expenses	2,170,488	-	2,170,488
CHANGE IN NET ASSETS	229,605	(51,530)	178,075
NET ASSETS:			
Beginning of year	2,681,429	108,885	2,790,314
End of year	\$ 2,911,034	\$ 57,355	\$ 2,968,389

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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Program service fees			
Interpreting services	\$ 1,547,733	\$ -	\$ 1,547,733
Classes, camps, workshops	42,028	-	42,028
Contributions and private grants	136,538	16,550	153,088
State and local government grants	347,773	-	347,773
Paycheck Protection Program grant	153,602	-	153,602
Special events	28,338	-	28,338
Net investment return	2,036	-	2,036
Other income	1,340	-	1,340
Total	<u>2,259,388</u>	<u>16,550</u>	<u>2,275,938</u>
Net assets released from restrictions	<u>65,000</u>	<u>(65,000)</u>	<u>-</u>
Total revenues, gains and other support	<u>2,324,388</u>	<u>(48,450)</u>	<u>2,275,938</u>
EXPENSES:			
Program services	1,935,273	-	1,935,273
Fundraising	112,233	-	112,233
Management and general	249,014	-	249,014
Total expenses	<u>2,296,520</u>	<u>-</u>	<u>2,296,520</u>
CHANGE IN NET ASSETS	27,868	(48,450)	(20,582)
NET ASSETS:			
Beginning of year	<u>2,653,561</u>	<u>157,335</u>	<u>2,810,896</u>
End of year	<u>\$ 2,681,429</u>	<u>\$ 108,885</u>	<u>\$ 2,790,314</u>

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

BRIDGES FOR THE DEAF AND HARD OF HEARING**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 178,075	\$ (20,582)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	74,195	75,078
Unrealized (gains) losses on investments	(1,468)	2,477
Provision for uncollectible accounts and loans receivable	(3,200)	4,200
Net changes in operating assets and liabilities:		
Promises to give and other receivables	(106,951)	137,348
Prepaid expenses and other assets	(720)	(1,322)
Accounts payable and accrued liabilities	631	14,802
Deferred grant revenue	(16,640)	16,640
Net cash provided by operating activities	<u>123,922</u>	<u>228,641</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,768)</u>	<u>(11,049)</u>
Net cash used in investing activities	<u>(1,768)</u>	<u>(11,049)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	122,154	217,592
 CASH AND CASH EQUIVALENTS, BEGINNING	<u>918,606</u>	<u>701,014</u>
 CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,040,760</u></u>	<u><u>\$ 918,606</u></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, 2021**

	Program Services					Supporting Services			Total Expenses
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment	Bridges WEST	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 78,752	\$ 202,797	\$ 106,386	\$ 63,040	\$ 185,352	\$ 636,327	\$ 94,444	\$ 197,710	\$ 928,481
Telephone	1,040	2,045	1,499	334	5,444	10,362	669	1,762	12,793
Postage and mailing	82	247	172	91		592	204	198	994
Computer related	268	11,454	603	295	1,050	13,670	645	1,203	15,518
Books, subscriptions and dues	-	1,177	-	-	555	1,732	240	585	2,557
Insurance	2,012	5,138	3,850	1,500	888	13,388	1,672	7,919	22,979
Utilities	1,339	1,498	7,378	381		10,596	735	6,945	18,276
Janitorial and grounds	511	1,452	1,106	473		3,542	469	1,129	5,140
Maintenance and repair	200	571	429	187		1,387	184	444	2,015
Equipment rental	286	799	603	263	2,010	3,961	261	629	4,851
Supplies	482	1,231	596	305	282	2,896	2,237	1,165	6,298
TN Cares expenditures	28,944	-	-	-	-	28,944	-	-	28,944
Professional fees - interpreters	-	808,299	-	-	119,621	927,920	-	-	927,920
Professional fees - other	12,722	8,252	3,396	-	6,427	30,797	1,296	17,706	49,799
Vehicles and travel	761	5,827	-	-	1,756	8,344	-	-	8,344
Youth activities	-	-	8,449	-		8,449	-	-	8,449
Fundraising expenses	-	-	-	-	513	513	7,003	-	7,516
Occupancy	-	-	-	-	10,665	10,665	-	-	10,665
Staff and board development	449	1,501	463	19	60	2,492	135	599	3,226
Miscellaneous expense	6,889	7,033	1,213	509	32	15,676	2,990	1,918	20,584
Bad debts	-	10,944	-	-	-	10,944	-	-	10,944
Total expenses before depreciation	134,737	1,070,265	136,143	67,397	334,655	1,743,197	113,184	239,912	2,096,293
Depreciation	8,141	20,906	15,645	6,247	-	50,939	6,853	16,403	74,195
Total expenses	<u>\$ 142,878</u>	<u>\$ 1,091,171</u>	<u>\$ 151,788</u>	<u>\$ 73,644</u>	<u>\$ 334,655</u>	<u>\$ 1,794,136</u>	<u>\$ 120,037</u>	<u>\$ 256,315</u>	<u>\$ 2,170,488</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, 2020**

	Program Services						Supporting Services		Total Expenses
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment	Bridges WEST	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 82,958	\$ 266,346	\$ 189,491	\$ 50,608	\$ 166,622	\$ 756,025	\$ 86,805	\$ 188,939	\$ 1,031,769
Telephone	689	2,494	1,633	468	4,251	9,535	589	1,022	11,146
Postage and mailing	81	363	287	89	55	875	81	203	1,159
Computer related	205	8,888	805	225	429	10,552	3,139	636	14,327
Books, subscriptions and dues	-	129	-	-	-	129	-	1,416	1,545
Insurance	1,324	5,932	4,734	1,456	4,128	17,574	1,324	6,840	25,738
Utilities	1,379	6,178	5,490	1,517	-	14,564	1,379	3,447	19,390
Janitorial and grounds	688	3,081	2,448	757	-	6,974	688	1,721	9,383
Maintenance and repair	384	1,725	1,383	423	3,468	7,383	385	1,267	9,035
Equipment rental	286	1,281	1,021	314	1,673	4,575	286	715	5,576
Supplies	307	1,303	663	659	1,794	4,726	2,606	834	8,166
Advertising and public relations	-	-	-	-	-	-	421	-	421
Professional fees - interpreters	214	912,879	-	-	17,946	931,039	-	552	931,591
Professional fees - other	15,022	10,996	2,043	1,006	4,216	33,283	-	19,262	52,545
Vehicles and travel	3,671	9,390	-	239	5,320	18,620	-	994	19,614
Youth activities	-	-	17,137	-	443	17,580	-	-	17,580
Fundraising expenses	-	-	-	-	3,823	3,823	4,215	-	8,038
Occupancy	26	-	-	-	6,960	6,986	-	910	7,896
Staff and board development	557	2,353	1,195	281	144	4,530	152	3,094	7,776
Miscellaneous expense	12,640	8,416	1,448	1,163	533	24,200	4,685	3,443	32,328
Bad debts	-	6,419	-	-	-	6,419	-	-	6,419
Total expenses before depreciation	120,431	1,248,173	229,778	59,205	221,805	1,879,392	106,755	235,295	2,221,442
Depreciation	5,482	24,618	19,657	6,026	98	55,881	5,478	13,719	75,078
Total expenses	<u>\$ 125,913</u>	<u>\$ 1,272,791</u>	<u>\$ 249,435</u>	<u>\$ 65,231</u>	<u>\$ 221,903</u>	<u>\$ 1,935,273</u>	<u>\$ 112,233</u>	<u>\$ 249,014</u>	<u>\$ 2,296,520</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, 2021 AND 2020

NOTE 1 – THE ENTITY

Bridges for the Deaf and Hard of Hearing ("Bridges") operates to provide interpreters for the D/deaf, Deaf-Blind, and hard of hearing communities in educational, vocational, medical and legal situations. Bridges also provides the deaf and hard of hearing with information and referral services. Bridges is supported primarily through private grants, federal and state grants, program service fees, and donor contributions.

In September 2019, Bridges commenced operations in Memphis, TN ("BridgesWEST").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2021 and 2020 in these financial statements refer to the years ended June 30, 2021 and 2020 unless otherwise noted.

Financial Statement Presentation

Bridges is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – This class includes net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Bridges. These net assets may be used at the discretion of Bridges' management and the Board of Directors.

Net assets with donor restrictions – This class includes net assets whose use by Bridges is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of Bridges pursuant to those restrictions or by the passage of time. Bridges has no donor restrictions which are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See Note 8 for further details related to net assets.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Level 2 inputs are inputs from quoted market prices in active markets for similar assets and liabilities, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable and have the lowest priority. Bridges uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Bridges measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Gains and losses, whether realized or unrealized, are included in the Statements of Activities and Changes in Net Assets as net investment return. See Note 4 for further details related to investments.

Contributions, Grants and Promises to Give

Contributions are recognized as revenues when the donor makes a promise to give to Bridges which is, in substance, unconditional. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Bridges also receives grants from government agencies. Grant revenues are recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Bridges uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2021 and 2020, management deemed all promises to give to be fully collectible, and no allowances were recorded.

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

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Allowance for Uncollectible Accounts

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Unpaid accounts receivable with invoice dates over 30 days old bear interest at 1% per month. Accounts receivable are stated at unpaid balances, less an allowance for uncollectible accounts.

Bridges provides for losses on accounts receivable using the allowance method. The allowance is estimated by management based upon historical experience, current economic conditions, and projections of trends. Uncollectible accounts receivable are written off when management determines that the related receivable will not be collected.

Property and Equipment

Property and equipment more than \$1,000 are recorded at cost at the date of purchase or fair value at the date of gift. Depreciation expense is computed by using the straight-line method over the estimated useful lives of the related assets, which range from five to ten years for furniture and equipment and forty years for the building.

See Note 6 for further details related to property and equipment.

Revenue Recognition

Bridges provides interpreting services for the deaf and hard of hearing. These program service revenues contain a single delivery element and revenue is recognized at a single point in time when the interpreting service occurs in an amount that reflects the consideration that Bridges expects to be entitled to in exchange for the service performed. Accordingly, there are no remaining performance obligations or contract liabilities after the service is performed. Bridges does not have any significant financing components as payments are received at or shortly after the service.

Bridges also provides classes and workshops to teach American Sign Language, provides summer camps and after-school clubs for students. These program service revenues are reported at the amount that reflects the consideration to which Bridges expects to be entitled in exchange for providing instruction. Revenue is recognized as performance obligations are satisfied, which is ratably over the class and camp periods, generally a maximum of 8 weeks. Bridges believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Bridges measures performance obligations from the start of the class and camp. Bridges bills for these services and payment is due prior to the beginning of the events.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2018.

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 2021, volunteers donated 152 hours (652 in 2020) of skilled and unskilled services. Volunteer hours were valued at \$28.54 (\$25.43 in 2020) per hour by The Independent Sector, creating a total value of \$4,338 and \$16,593 in 2021 and 2020, 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 to reflect the total cost of each function. See Note 9 for further details related to the methods used to allocate expenses.

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, 2021 and September 17, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. See Note 14 for further information.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 ("ASU"), Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition (Topic 605), and requires an entity to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the considerations to which the entity expects to be entitled to in exchange for those goods or services. Topic 606 also includes Subtopic 340-40, Other Assets and Deferred Costs Contracts with Customers, which requires the deferral of incremental costs of obtaining a contract with a customer and costs incurred to fulfill a contract. Collectively, the Company refers to Topic 606 and Subtopic 340-40 as Topic 606. In May 2020, the FASB voted to delay the effective date of ASU 2014-09 making it effective for annual reporting periods beginning after December 15, 2019. There were no reclassifications or restatements of revenue as a result of the adoption of the ASU.

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of June 30, 2021, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,040,760	\$ 918,606
Promises to give	-	50,000
Accounts receivable, net	278,066	129,962
Grants receivable	21,567	9,520
Other assets	10,493	8,305
Total financial assets at year end	<u>\$ 1,350,886</u>	<u>\$ 1,116,393</u>
Less amounts not available to be used within one year:		
Promise to give	<u>-</u>	<u>(37,500)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,350,886</u>	<u>\$ 1,078,893</u>

Bridges has certain promises to give which are limited to use but expected to be available for general expenditures within one year in the normal course of operations. Accordingly, these promises have been included in the quantitative information above.

NOTE 4 – INVESTMENTS IN MARKETABLE SECURITIES

Bridges' investments consist entirely of marketable equity securities, which are recorded at fair value using Level 1 inputs based on the quoted market prices of the shares of common stock held by Bridges. Bridges had no investments that required the use of Level 2 or Level 3 inputs.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 4 – INVESTMENTS IN MARKETABLE SECURITIES (CONTINUED)

The fair value and cost of these investments in marketable equity securities were as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair value	\$ 5,046	\$ 3,578
Cost	(1,338)	(1,338)
Net unrealized gains	<u>\$ 3,708</u>	<u>\$ 2,240</u>

The net investment return consisted of the following for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income on cash equivalents	\$ 1,961	\$ 4,513
Net unrealized gains (losses) during the year	1,468	(2,477)
Net investment return	<u>\$ 3,429</u>	<u>\$ 2,036</u>

NOTE 5 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ -	\$ 50,000

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

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 122,794	\$ 122,794
Building and improvements	1,954,445	1,954,445
Office furniture and equipment	209,507	210,270
Vehicles	32,705	32,705
Total cost	2,319,451	2,320,214
Less accumulated depreciation	(584,500)	(512,837)
Property and equipment, net	<u>\$ 1,734,950</u>	<u>\$ 1,807,377</u>

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 7 – LEASES

During 2020, Bridges entered into a lease agreement for office space for BridgesWEST. The lease expires in September 2021. See Note 14 for information to purchase office space subsequent to year end. Bridges also has lease agreements to lease copiers. The copier lease agreements expire in 2021 and 2025.

Rent expense for the leases totaled \$15,516 and \$13,446 for 2021 and 2020, respectively.

Future minimum lease payments under the terms of these operating leases as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Future Payments</u>
2022	\$ 5,714
2023	2,590
2024	2,590
2025	2,375
Total	<u>\$ 13,269</u>

NOTE 8 – NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
For subsequent fiscal year's operations:		
The Healing Trust	\$ 37,500	\$ 87,500
For specific purposes:		
Education, literacy and community outreach	15,000	16,500
Youth bus	3,571	3,571
Middle TN deaf campers	1,084	1,114
Scholarships	200	200
Total donor restricted net assets	<u>\$ 57,355</u>	<u>\$ 108,885</u>

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 8 – NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Passage of time restrictions:		
The Healing Trust	\$ 50,000	\$ 50,000
Satisfaction of specific purposes:		
Education, literacy and community outreach	16,500	15,000
Middle TN deaf campers	30	-
Total net assets released from restrictions	<u>\$ 66,530</u>	<u>\$ 65,000</u>

NOTE 9 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses which are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis which is consistently applied. The allocated expenses include occupancy, which is allocated on a square footage basis, as well as salaries, employee benefits, telephone, information technology, insurance, utilities, janitorial, repairs and maintenance and miscellaneous, which are allocated based on estimates of time and effort.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Bridges maintains a 401(k)-retirement benefit plan. Employees are eligible to participate in the 401(k) plan after completing one year of service and attaining age twenty-one. Bridges matches employee contributions to the plan for all eligible employees in an amount equal to the lesser of 100% of salary reduction contributions deferred during the plan year or 3% of compensation.

The total expenses related to these plans were \$13,825 and \$14,399 for 2021 and 2020, respectively.

NOTE 11 – COMMITMENTS

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

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject Bridges to concentrations of credit risk principally consist of promises to give, accounts receivable, and grants receivable. At June 30, 2021 and 2020, two different entities comprised the entire balance of grants receivable. These entities accounted for \$300,000 and \$357,665 of grant revenue recognized by Bridges during 2021 and 2020, respectively. At June 30, 2020, one entity comprised the entire balance of promises to give.

During 2021 and 2020, program service fees for two entities individually accounted for at least 10% of total program service fees. Together, both entities represented 31.0% (23.7% in 2020) of total program service fees.

NOTE 13 – PAYCHECK PROTECTION PROGRAM

On May 6, 2020, Bridges received loan proceeds in the amount of \$170,242 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Bridges used the proceeds for purposes consistent with the PPP and the proceeds were forgiven in 2021.

Bridges recorded these funds as a conditional contribution in 2020. In accordance with ASC 958-605, conditional contributions are recognized as the conditions are met. Accordingly, Bridges recognized \$153,602 during 2020 and \$16,640 in 2021.

On February 4, 2021, Bridges received \$171,487 of PPP proceeds. Bridges used the proceeds for purposes consistent with the PPP and recognized the full amount of \$171,487 in 2021. Subsequent to year end, the loan was forgiven.

NOTE 14 – SUBSEQUENT EVENT

On September 15, 2021, Bridges purchased a building located in Memphis, Tennessee for \$415,000. A down payment of 15% of the purchase price was paid at closing with the remaining balance financed over a 20-year loan with an interest rate of 3.5%.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 15 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

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 2020-21 can be found at bridgesannualreport.org.

Please visit bridgesfordeafandhh.org and bridgesannualreport.org for more information.

MISSION

to build access, equity, and inclusion in partnership with the D/deaf, Deaf-Blind, and Hard of Hearing communities through advocacy, education, empowerment, and effective communication

VISION

a more just and inclusive world with no barriers

VALUES

In our service and decision making, we strive to remain faithful to and to express these values:

- Integrity, acting with fidelity to our values
- Intention, acting with purpose and meaning
- Honesty, valuing truth
- Relationship, being in community with one another
- Respect, acting with honor and kindness for all
- Stewardship, respecting and utilizing wisely those precious resources of time, talents, people, and finances entrusted to us

Adult Education & Outreach

AEO served 832 unduplicated clients. There were 229 students in ASL I, II, and III classes that were onsite, online, or community based. AEO presented 34 virtual and in-person workshops on Deaf culture and ASL in Middle Tennessee businesses, universities, congregations, and agencies.

After 1,056 employees of the Metro Nashville Police Department took mandatory in-service about serving the Deaf and hard of hearing last year, almost 200 more completed the training this year. The in-service consisted of three, twenty-minute videos--ADA and Deaf Driver Safety, Deaf Language and Culture, and Legal Interpreting.

AEO hosted Drive-In BINGO, Trunk or Treat, Tax Days, Flu Shots, and Signing Santa--all socially distanced, masked, or virtual.

AEO was excited to launch new, statewide, and fully accessible Driver's Education and GED classes for the D/deaf and hard of hearing.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 15 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

Adult Education & Outreach (continued)

With Development and Empowerment, AEO managed a large CARES grant to provide rent, utilities, and housing and food stability to our community. Additionally, we provided laptops and training to support community members with access, education, jobs, and relationship.

We launched a new Deaf History page on the website and celebrated Black Deaf History Month and Deaf History Month with daily posts celebrating individuals and events.

Advocacy

From tornadoes to the pandemic to Christmas morning bombings, we stepped up to ensure equal access for our D/deaf, Deaf-Blind, and hard of hearing communities. Working with the Tennessee Emergency Management Agency, multiple county health departments, the Tennessee Department of Health, Mayor Cooper, Mayor Harris, and Mayor Strickland, we provided qualified ASL interpreters to ensure our community had equal access to critical and life-saving information.

Around the clock, we monitored news stations and worked with reporters and news directors to ensure interpreters stayed in frame at all times. We advocated for closed captioning for streaming press briefings and posted transcripts for our Deaf-Blind community.

We educated the public about necessity of masks that were barriers to our communication. We solicited volunteers and sponsors to make and provide thousands of clear masks that protected us while allowing full access. Our interpreters continued to walk into hospitals and clinics, even when the diagnosis was COVID-19, because all people deserve equal access and effective communication.

We produced timely, factual signed/voiced/captioned videos with critical information about COVID-19 and the vaccines and hosted a very special COVID-19 Conversation with Dr. Kiepp Talbot, a member of the CDC's Vaccine Advisory Committee. We created and distributed a COVID-19 Communication Card. We successfully advocated for the inclusion of ASL interpreters in the first round of vaccines made available.

We hosted a statewide Community Meeting on Access in Tennessee Hospitals and are working with the Department of Justice, Middle District of Tennessee, to develop standardized equal access accommodations policies for our D/deaf, Deaf-Blind, and hard of hearing communities.

We advocated for the presence of ASL interpreters for all presidential debates, visible on television.

We established a new pharmacy program through Genoa to ensure our clients have safe, consistent access, help, and advocacy.

We launched our first year of Bridge to Leadership, a series of classes designed to develop leadership skills in our community.

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 15 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

BridgesWEST

BridgesWEST served 358 unduplicated clients in Community Services and hosted 13 workshops as well as Drive-In BINGO, Tax Days, Trunk or Treat, and Deaf Days Out in the park. BridgesWEST also helped organize a very special March for Equality & Justice, celebrating and advocating for our Black Deaf community.

We continued to focus on community outreach and hosted a week of virtual, IdeaExchange meetings and then two, virtual Community Meetings to listen to our beloved community. We established a new relationship with Memphis City Police to provide Deaf Awareness Trainings. We provided Educational Boxes to support our D/deaf and hard of hearing Signing ACEs during a stressful academic year, and we provided laptops, trainings, and other resources to adult clients to support access, education, jobs, and relationship during the isolation of the pandemic. We named our first-ever Director, Brenda Cash, and welcomed a new Empowerment Coordinator.

The Signing ACEs, our youth program in Memphis in collaboration with the Mayor's Office of Youth Services, met virtually, and our graduates did their first, paid internships in Summer 2021!

We provided over three thousand hours of interpreting services, tripling our first year open and continuing to grow, and continued to provide professional development opportunities for our interpreters.

Empowerment

Empowerment is our case management program. Empowerment served 203 individual clients, primarily in the areas of jobs, housing, individual access, and education. Other priorities were food security, training opportunities, educational advocacy, and advocacy for access to health care, mental health care, and other services.

Empowerment collaborated with the Financial Empowerment Center to provide weekly financial counseling, providing interpreters and a social worker to work with the counselor. If there were identified barriers to program participation, we were able to provide some direct financial assistance to remove those barriers.

Interpreting Services

Interpreting Services served approximately 1,000 individuals, not including students and audiences. Over 22,000 hours of interpreting services were provided by two staff interpreters and more than thirty contract interpreters, including 1,054 hours by Deaf interpreters. Deaf Interpreters 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 6,631 Video Remote Interpreting (VRI) minutes and 250 minutes of CART. 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. CART (Communication

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021 AND 2020

NOTE 15 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION - UNAUDITED (CONTINUED)

Interpreting Services (continued)

Access Real Time) provides live captions in English and creates equal access for our hard of hearing community.

Interpreting Services continues to work with courts and law enforcement to ensure best practices and legal compliance when working with the Deaf and hard of hearing community and improving access to mental health services for Deaf and hard of hearing consumers. Interpreting offered a robust program of high-quality professional development for interpreters with topics ranging from legal interpreting, language deprivation, and mental health interpreting to best practices in team interpreting, medical interpreting, and narcotics terms.

Interpreting Services provided a robust program of virtual professional development, using qualified interpreters with specific areas of expertise to offer professional development on topics such as legal, medical, performance, mental health, and more.

Interpreting Services continues to lead the push for improved access to and quality of mental health services for the D/deaf and hard of hearing, leading a statewide Mental Health Task Force.

Youth Education & Services

Our youth programs adapted and redefined their focus to meet the needs of our children and youth from birth through high school. Our after-school program moved to virtual space. We offered trainings on how to use Zoom and Teams to support access during virtual school. We provided after-school tutoring and homework assistance. We reached out to schools to provide clear face masks and enclosed face shields to create full access for D/deaf and hard of hearing students, and we educated parents on how to include clear masks for access in IEPs. We developed, filmed, and posted a comprehensive series of academic vocabulary.

On the weekends, we hosted virtual youth game days to keep students connected. We launched new clubs like our Cooking club that was immensely popular. Each week, we emailed out a new grocery list, and then we met virtually to cook together.

With Interpreting Services, we hosted the first Deaf Education Institute online, and it was amazing, providing wonderful training and support to educational interpreters, Deaf educators, and parents across the country. With CARES funding, we developed huge educational boxes filled with accessible movies, books, dictionaries, games, and more and distributed them to students in Middle and West Tennessee. We were also able to provide laptops as needed. In January, our students filmed ASL versions of Martin Luther King, Jr. quotations to honor his life and work.

Little ACEs met with families virtually, and while we know in-person is best for our infants and toddlers, parents benefited from a greater ability to chat and to ask questions. We hosted Signing Santa where children could meet virtually with a Deaf Santa and his interpreter, Rudolph. We filmed and distributed Santa signing "The Night Before Christmas."

BRIDGES FOR THE DEAF AND HARD OF HEARING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

**NOTE 15 – SUPPLEMENTARY INFORMATION – NONACCOUNTING INFORMATION -
UNAUDITED (CONTINUED)**

Youth Education & Services (continued)

We offered a special parent ASL class online and a family ASL class on Saturdays. Club Sign Me Up met virtually, and Camp Sign Me Up, all virtual in Summer 2020, offered both virtual and in-person options for Summer 2021.