

# ***HEARING BRIDGES***

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

**JUNE 30, 2016 and 2015**

## **HEARING BRIDGES**

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# MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Hearing Bridges:

We have audited the accompanying financial statements of Hearing Bridges (a nonprofit organization) as of June 30, 2016 and 2015, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hearing Bridges as of June 30, 2016 and 2015, 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 23, 2016

## HEARING BRIDGES

### STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 808,387	\$ 752,005
Promises to give	110,000	110,000
Accounts receivable, net of allowance for uncollectible accounts of \$4,600 in 2016 and \$4,500 in 2015	123,865	115,286
Grants receivable	34,816	3,340
Other current assets	<u>5,480</u>	<u>3,348</u>
Total current assets	1,082,548	983,979
INVESTMENTS IN MARKETABLE SECURITIES	7,558	6,715
NET PROPERTY AND EQUIPMENT	<u>2,015,750</u>	<u>2,043,842</u>
TOTAL ASSETS	<u><u>\$ 3,105,856</u></u>	<u><u>\$ 3,034,536</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	<u>\$ 59,974</u>	<u>\$ 68,017</u>
Total current liabilities	59,974	68,017
NET ASSETS:		
Unrestricted	2,927,504	2,856,277
Temporarily restricted	<u>118,378</u>	<u>110,242</u>
Total net assets	<u>3,045,882</u>	<u>2,966,519</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,105,856</u></u>	<u><u>\$ 3,034,536</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 183,337	\$ 131,200	\$ 314,537
Government grants	150,000	-	150,000
Program service fees	1,335,536	-	1,335,536
Special events	54,529	-	54,529
Net investment return	2,636	-	2,636
Other income	1,741		1,741
Total	<u>1,727,779</u>	<u>131,200</u>	<u>1,858,979</u>
Net assets released from restrictions	<u>123,064</u>	<u>(123,064)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,850,843</u>	<u>8,136</u>	<u>1,858,979</u>
EXPENSES:			
Program services	1,412,092	-	1,412,092
Fundraising	197,112	-	197,112
Management and general	<u>170,412</u>	<u>-</u>	<u>170,412</u>
Total expenses	<u>1,779,616</u>	<u>-</u>	<u>1,779,616</u>
CHANGE IN NET ASSETS	71,227	8,136	79,363
NET ASSETS:			
Beginning of year	<u>2,856,277</u>	<u>110,242</u>	<u>2,966,519</u>
End of year	<u>\$ 2,927,504</u>	<u>\$ 118,378</u>	<u>\$ 3,045,882</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions and private grants	\$ 157,720	\$ 136,000	\$ 293,720
Government grants	150,000	-	150,000
Program service fees	1,003,015	-	1,003,015
Special events	46,102	-	46,102
Net investment return	159	-	159
Loss on disposal of assets	(5,694)		(5,694)
Total	<u>1,351,302</u>	<u>136,000</u>	<u>1,487,302</u>
Net assets released from restrictions	<u>156,113</u>	<u>(156,113)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,507,415</u>	<u>(20,113)</u>	<u>1,487,302</u>
EXPENSES:			
Program services	1,216,490	-	1,216,490
Fundraising	155,462	-	155,462
Management and general	<u>153,682</u>	<u>-</u>	<u>153,682</u>
Total expenses	<u>1,525,634</u>	<u>-</u>	<u>1,525,634</u>
CHANGE IN NET ASSETS	(18,219)	(20,113)	(38,332)
NET ASSETS:			
Beginning of year	<u>2,874,496</u>	<u>130,355</u>	<u>3,004,851</u>
End of year	<u>\$ 2,856,277</u>	<u>\$ 110,242</u>	<u>\$ 2,966,519</u>

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

## HEARING BRIDGES

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 79,363	\$ (38,332)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	68,025	70,698
Unrealized (gains) losses on investments	(843)	1,409
Loss on disposal of assets	-	5,694
Provision for uncollectible accounts and loans receivable	100	897
Net changes in operating assets and liabilities:		
Promises to give and other receivables	(40,155)	(12,413)
Other current assets	(2,132)	425
Accounts payable and accrued liabilities	(8,043)	12,834
Net cash provided by operating activities	<u>96,315</u>	<u>41,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	2,245
Purchases of property and equipment	(39,933)	(18,443)
Net cash used in investing activities	<u>(39,933)</u>	<u>(16,198)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	56,382	25,014
CASH AND CASH EQUIVALENTS, BEGINNING	<u>752,005</u>	<u>726,991</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 808,387</u>	<u>\$ 752,005</u>

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



HEARING BRIDGES

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services					Supporting Services		Total Expenses
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment & Advocacy	Total Program	Fundraising	Management and General	
Salaries and employee benefits	\$ 72,490	\$ 186,405	\$ 101,031	\$ 41,279	\$ 401,205	\$ 114,888	\$ 99,619	\$ 615,712
Telephone	999	2,815	1,304	413	5,531	1,400	571	7,502
Postage and mailing	160	395	231	66	852	2,893	343	4,088
Computer related	1,251	12,162	3,915	629	17,957	17,194	5,384	40,535
Conferences and workshops	53	1,168	78	67	1,366	995	194	2,555
Books, subscriptions and dues	87	1,398	165	34	1,684	194	415	2,293
Insurance	2,062	5,345	5,971	927	14,305	3,268	6,876	24,449
Utilities	4,726	1,738	8,558	442	15,464	853	4,884	21,201
Janitorial and grounds	1,101	2,887	1,584	547	6,119	1,722	1,352	9,193
Maintenance and repair	1,098	1,832	1,836	417	5,183	1,077	863	7,123
Equipment rental	370	935	532	174	2,011	585	458	3,054
Supplies	1,014	1,962	2,579	590	6,145	1,322	1,249	8,716
Advertising and public relations	10	150	52	-	212	9,040	64	9,316
Professional fees - interpreters	1,056	815,921	532	170	817,679	659	224	818,562
Professional fees - other	640	11,120	59	32	11,851	8,998	17,072	37,921
Vehicles and travel	922	4,785	4,886	1,266	11,859	290	187	12,336
Youth activities	-	-	13,809	-	13,809	-	-	13,809
Fundraising expenses	-	-	-	-	-	15,281	-	15,281
Educational awareness	3,000	-	-	-	3,000	-	-	3,000
Staff and board development	73	369	108	56	606	344	4,644	5,594
Miscellaneous expense	12,983	9,825	2,646	1,004	26,458	3,302	15,893	45,653
Bad debts	-	3,698	-	-	3,698	-	-	3,698
Total expenses before depreciation	104,095	1,064,910	149,876	48,113	1,366,994	184,305	160,292	1,711,591
Depreciation	8,149	20,980	11,719	4,250	45,098	12,807	10,120	68,025
Total expenses	\$ 112,244	\$ 1,085,890	\$ 161,595	\$ 52,363	\$ 1,412,092	\$ 197,112	\$ 170,412	\$ 1,779,616

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

# HEARING BRIDGES

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2015

	Program Services					Supporting Services		
	Adult Education & Outreach	Interpreting Services	Youth Education & Programs	Empowerment & Advocacy	Total Program	Fundraising	Management and General	Total Expenses
Salaries and employee benefits	\$ 82,608	\$ 208,050	\$ 101,868	\$ 58,708	\$ 451,234	\$ 96,714	\$ 110,385	\$ 658,333
Telephone	1,107	2,210	1,221	771	5,309	1,437	1,225	7,971
Postage and mailing	123	888	150	77	1,238	3,365	150	4,753
Computer related	1,601	8,863	2,650	3,086	16,200	5,963	2,163	24,326
Conferences and workshops	49	2,470	63	32	2,614	1,091	216	3,921
Books, subscriptions and dues	140	1,564	143	72	1,919	491	1,307	3,717
Insurance	2,136	4,691	2,593	1,328	10,748	2,406	4,240	17,394
Utilities	4,595	1,690	8,322	430	15,037	829	4,749	20,615
Janitorial and grounds	1,507	3,263	1,751	894	7,415	1,669	1,760	10,844
Maintenance and repair	936	1,986	4,480	546	7,948	1,049	1,244	10,241
Equipment rental	484	1,039	554	282	2,359	540	559	3,458
Supplies	1,662	1,537	1,046	583	4,828	2,452	1,397	8,677
Advertising and public relations	530	404	556	108	1,598	6,810	210	8,618
Professional fees - interpreters	696	586,127	150	182	587,155	758	-	587,913
Professional fees - other	60	1,920	-	-	1,980	-	9,000	10,980
Vehicles and travel	649	5,731	3,489	439	10,308	34	160	10,502
Youth activities	-	-	10,177	-	10,177	-	-	10,177
Fundraising expenses	-	-	-	-	-	16,112	-	16,112
Educational awareness	3,000	-	-	-	3,000	-	-	3,000
Staff and board development	224	3,300	283	305	4,112	304	688	5,104
Miscellaneous expense	8,711	7,369	5,010	1,041	22,131	2,361	2,887	27,379
Bad debts	-	901	-	-	901	-	-	901
Total expenses before depreciation	110,818	844,003	144,506	68,884	1,168,211	144,385	142,340	1,454,936
Depreciation	9,679	21,546	11,290	5,764	48,279	11,077	11,342	70,698
Total expenses	\$ 120,497	\$ 865,549	\$ 155,796	\$ 74,648	\$ 1,216,490	\$ 155,462	\$ 153,682	\$ 1,525,634

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

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

#### NOTE 1 – THE ENTITY

Hearing Bridges ("Bridges") serves the Deaf, Hard of Hearing, and Hearing communities through a variety of programs and services. We envision a world without barriers and filled with self-realization and empowerment.

**Interpreting Services** provides interpreters so that Deaf individuals may access healthcare, education, the legal system, concerts, museums, weddings, funerals, and any aspect of life needed. In 2015-16, Bridges provided 24,378 hours of interpreting services and introduced Video Remote Interpreting to make it easier for individuals in outlying areas to access interpreters.

**Youth Education & Programs** served 101 unduplicated children from first grade through high school. Our after-school program provides homework assistance, enrichment activities, and literacy development and support. Deaf individuals use American Sign Language (ASL), a completely different language than English, so they truly are English Language Learners developing literacy in a written language. The after-school program also provides a warm and safe home away from home where students are able to share a common experience and perspective. Youth Education & Programs also provides three camps. Camp Sign Me Up is for hearing students who want to learn ASL. Camp Jump Start is a back-to-school camp focused on study skills and literacy. Camp Rise & Sign is a sleepaway camp for Deaf and Hard of Hearing students. In FY16, Bridges also introduced special tutoring sessions, and we look forward to introducing new early intervention programs in FY17.

**Adult Education & Outreach** served 2,061 individuals in healthcare, community centers, organizations, schools, universities, and congregations in 2015-16. This program teaches ASL I, II, and III and provides workshops, trainings, assistive device trainings, and employer orientations. Topics include working with Deaf and Hard of Hearing individuals, technology, basic ASL, Deaf culture, and more. Bridges works with law enforcement agencies to provide training both to law enforcement and to individuals so that interactions between law enforcement and Deaf or Hard of Hearing individuals are safe and effective.

We offer the same services for EMTs and other first responders. Adult Education & Outreach also offers our fitness center with classes and personal trainers fully accessible to the Deaf and hard of hearing.

**Empowerment & Advocacy**, a critical piece of Adult Education & Outreach, served 55 individuals in 2015-16, providing services such as education advocacy, job training and placement assistance, self-advocacy support, housing, healthcare access, and much more. In the first two months of FY17, this growing program has already served 35 individuals and anticipates serving approximately 180 individuals throughout the year.

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

##### Accounting Periods

All references to 2016 and 2015 in these financial statements refer to the years ended June 30, 2016 and 2015 unless otherwise noted.

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2016 AND 2015

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

##### **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.

##### **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.

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2016 AND 2015

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

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

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, 2016 and 2015, management deemed all promises to give to be fully collectible, and no allowances have been recorded.

See Note 4 for further details related to promises to give.

##### Receivables and Allowance for Uncollectible Accounts

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

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

##### Property and Equipment

Property and equipment in excess of \$1,000 are recorded at cost at the date of purchase or fair value at the date of gift. Depreciation expense is computed by using the straight-line method over the estimated useful lives of the related assets, which range from five to ten years for furniture and equipment and forty years for the building. See Note 5 for further details related to property and equipment.

## **HEARING BRIDGES**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2016 AND 2015**

#### **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, 2016, Bridges is no longer subject to U.S. tax examinations of these returns by tax authorities for years before June 30, 2013.

##### **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. Volunteers donated 6,872 hours of skilled and unskilled services during 2016. Volunteer hours were valued at \$23.56 per hour by The Independent Sector, creating a total value of \$16,193. These services did not meet the criteria for recognition and are not included in the Statement of Activities.

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.

##### **Events Occurring After the Reporting Date**

Bridges has evaluated events and transactions that occurred between June 30, 2016 and September 23, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2016 AND 2015

#### 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Fair value	\$ 7,558	\$ 6,715
Cost	(1,338)	(1,338)
Net unrealized gains	<u>\$ 6,220</u>	<u>\$ 5,377</u>

The net investment return consisted of the following for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Dividend income	\$ 1,793	\$ 1,568
Net unrealized gains (losses) during the year	843	(1,409)
Net investment return	<u>\$ 2,636</u>	<u>\$ 159</u>

#### NOTE 4 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
For subsequent fiscal year's operations:		
Baptist Healing Trust	\$ 55,000	\$ 60,000
For specific purposes:		
United Way	50,000	50,000
Tennessee Disability Coalition	5,000	-
Total promises to give	<u>\$ 110,000</u>	<u>\$ 110,000</u>

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

## HEARING BRIDGES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2016 AND 2015

#### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 122,794	\$ 122,794
Building and improvements	1,897,540	1,888,672
Office furniture and equipment	204,606	179,861
Vehicles	25,500	25,500
Total cost	<u>2,250,440</u>	<u>2,216,827</u>
Less accumulated depreciation	<u>(234,690)</u>	<u>(172,985)</u>
Property and equipment, net	<u>\$ 2,015,750</u>	<u>\$ 2,043,842</u>

#### NOTE 6 – NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
For subsequent fiscal year's operations:		
Baptist Healing Trust	\$ 55,000	\$ 60,000
For specific purposes:		
Youth, case management and wellness	50,000	50,242
Education and community outreach	13,178	-
Scholarships	200	-
Total temporarily restricted net assets	<u>\$ 118,378</u>	<u>\$ 110,242</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the passage of time restrictions during 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Passage of time restrictions:		
Baptist Healing Trust	\$ 60,000	\$ 60,000
Satisfaction of specific purposes:		
Youth, case management and wellness	50,000	59,956
Education and community outreach	11,822	-
Van	-	5,000
Scholarships	1,000	1,330
Literacy	242	24,758
Exercise equipment	-	1,238
Technology	-	3,831
Total net assets released from restrictions	<u>\$ 123,064</u>	<u>\$ 156,113</u>



## **HEARING BRIDGES**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2016 AND 2015**

#### **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 \$7,166 and \$9,076 for 2016 and 2015, 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, and grants receivable. At June 30, 2016, three entities comprised 91% of the balance of promises to give and grants receivable. At June 30, 2015, these same three entities comprised the entire balance of promises to give and grants receivable. These same entities accounted for \$255,000 and \$260,000 of contributions and grants recognized by Bridges during 2016 and 2015, respectively.

During 2016, one entity accounted for 15.4% of total program service fees. During 2015, there were no such entities whose separate program service fees accounted for at least 10% of total program service fees.