

**CONSOLIDATED FINANCIAL STATEMENTS**

**BRIDGES TO PROSPERITY, INC.**

**FOR THE YEAR ENDED AUGUST 31, 2020  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2019**

# BRIDGES TO PROSPERITY, INC.

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Bridges to Prosperity, Inc.  
Denver, Colorado

We have audited the accompanying consolidated financial statements of Bridges to Prosperity, Inc. and Related Entity (Bridges to Prosperity), which comprise the consolidated statement of financial position as of August 31, 2020, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bridges to Prosperity as of August 31, 2020, and the consolidated change in its net assets, consolidated functional expenses and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Bridges to Prosperity's 2019 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated March 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

March 3, 2021

## BRIDGES TO PROSPERITY, INC.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

## ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,142,525	\$ 867,391
Contributions and grants receivable, net of allowance for doubtful amounts of \$11,232 in 2020 and \$15,212 in 2019	851,335	859,073
Foreign government receivable	317,682	326,375
Prepaid expenses	202,210	127,493
Other receivables	<u>42,338</u>	<u>5,030</u>
Total current assets	<u>2,556,090</u>	<u>2,185,362</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	26,679	16,035
Furniture	60,884	61,418
Vehicles	<u>230,542</u>	<u>190,058</u>
	318,105	267,511
Less: Accumulated depreciation and amortization	<u>(107,014)</u>	<u>(74,094)</u>
Net property and equipment	<u>211,091</u>	<u>193,417</u>
<b>NONCURRENT ASSETS</b>		
Security deposits	<u>-</u>	<u>8,017</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,767,181</u></b>	<b>\$ <u>2,386,796</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 332,949	\$ 565,413
Federal loan payable	95,935	-
Deferred rent liability	<u>-</u>	<u>3,693</u>
Total current liabilities	<u>428,884</u>	<u>569,106</u>
<b>NONCURRENT LIABILITIES</b>		
Federal loan payable, net of current portion	<u>153,865</u>	<u>-</u>
Total liabilities	<u>582,749</u>	<u>569,106</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,095,107	1,682,114
With donor restrictions	<u>89,325</u>	<u>135,576</u>
Total net assets	<u>2,184,432</u>	<u>1,817,690</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,767,181</u></b>	<b>\$ <u>2,386,796</u></b>

See accompanying notes to consolidated financial statements.

## BRIDGES TO PROSPERITY, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 3,702,839	\$ 1,077,030	\$ 4,779,869	\$ 4,259,531
In-kind contributions	2,089,100	-	2,089,100	2,958,526
Other	2,273	-	2,273	37,762
Net assets released from donor restrictions	<u>1,123,281</u>	<u>(1,123,281)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,917,493</u>	<u>(46,251)</u>	<u>6,871,242</u>	<u>7,255,819</u>
<b>EXPENSES</b>				
Program Services:				
Bridge Building	<u>5,394,320</u>	<u>-</u>	<u>5,394,320</u>	<u>5,906,943</u>
Supporting Services:				
Management and General	514,278	-	514,278	371,781
Fundraising	<u>595,902</u>	<u>-</u>	<u>595,902</u>	<u>704,861</u>
Total supporting services	<u>1,110,180</u>	<u>-</u>	<u>1,110,180</u>	<u>1,076,642</u>
Total expenses	<u>6,504,500</u>	<u>-</u>	<u>6,504,500</u>	<u>6,983,585</u>
Change in net assets	412,993	(46,251)	366,742	272,234
Net assets at beginning of year	<u>1,682,114</u>	<u>135,576</u>	<u>1,817,690</u>	<u>1,545,456</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,095,107</u></b>	<b><u>\$ 89,325</u></b>	<b><u>\$ 2,184,432</u></b>	<b><u>\$ 1,817,690</u></b>

## BRIDGES TO PROSPERITY, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020				2019	
	Program Services	Supporting Services			Total Expenses	Total Expenses
	Bridge Building	Management and General	Fundraising	Total Supporting Services		
Salaries and related expenses	\$ 1,872,153	\$ 327,967	\$ 456,607	\$ 784,574	\$ 2,656,727	\$ 2,258,066
Travel and meetings	319,569	16,329	28,145	44,474	364,043	444,645
Professional services	209,723	47,572	65,323	112,895	322,618	258,376
Volunteer travel	192,937	-	-	-	192,937	137,966
Bridge building materials and labor, net of government reimbursements of \$1,005,666	185,655	-	-	-	185,655	370,209
Other expenses	170,363	10,055	1,337	11,392	181,755	93,469
Office costs	113,163	11,037	17,977	29,014	142,177	149,255
Occupancy	27,439	77,942	-	77,942	105,381	101,921
Depreciation	78,038	2,095	-	2,095	80,133	47,787
Equipment and maintenance	54,567	-	-	-	54,567	24,158
Insurance	41,577	10,930	-	10,930	52,507	36,482
Other employee costs	28,722	9,323	3,131	12,454	41,176	52,074
Promotion	11,314	1,028	23,382	24,410	35,724	50,651
Subtotal expenses	3,305,220	514,278	595,902	1,110,180	4,415,400	4,025,059
In-kind expenses:						
Bridge building supplies	1,215,199	-	-	-	1,215,199	1,103,436
Professional services, travel and other	663,883	-	-	-	663,883	1,689,946
Field labor	210,018	-	-	-	210,018	165,144
Subtotal in-kind expenses	2,089,100	-	-	-	2,089,100	2,958,526
<b>TOTAL</b>	<b>\$ 5,394,320</b>	<b>\$ 514,278</b>	<b>\$ 595,902</b>	<b>\$ 1,110,180</b>	<b>\$ 6,504,500</b>	<b>\$ 6,983,585</b>

See accompanying notes to consolidated financial statements.

## BRIDGES TO PROSPERITY, INC.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 366,742	\$ 272,234
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	80,133	47,788
Change in allowance for bad debt	(3,980)	15,212
Loss (gain) on sales and disposals of property and equipment	1,398	(16,224)
Decrease (increase) in:		
Contributions and grants receivable	11,718	38,846
Foreign government receivable	8,693	(244,355)
Prepaid expenses	(74,717)	(44,024)
Other receivables	(37,308)	20,859
Security deposits	8,017	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	(232,463)	139,298
Deferred rent liability	(3,693)	(235)
Net cash provided by operating activities	<u>124,540</u>	<u>229,399</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(147,063)	(125,226)
Proceeds from sales of property and equipment	<u>47,857</u>	<u>86,107</u>
Net cash used by investing activities	<u>(99,206)</u>	<u>(39,119)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Federal loan	<u>249,800</u>	<u>-</u>
Net cash provided by financing activities	<u>249,800</u>	<u>-</u>
Net increase in cash and cash equivalents	275,134	190,280
Cash and cash equivalents at beginning of year	<u>867,391</u>	<u>677,111</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,142,525</b>	<b>\$ 867,391</b>



## BRIDGES TO PROSPERITY, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 2020

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Bridges to Prosperity, Inc. envisions a world where poverty caused by rural isolation no longer exists. Rural isolation is a root cause of poverty, and we believe that connection is the foundation to opportunity. We work with local communities, partners and foundations to build footbridges that connect residents to education, health care and economic opportunity. With a sophisticated data collection and evaluation program, the organization is able to prove that the value and impact of its work is sustained long after the opening celebration.

Bridges to Prosperity, Inc. is a non-profit organization, incorporated in the State of Virginia and located in Denver, Colorado. Bridges to Prosperity, Inc. also maintains representative offices in Uganda and Rwanda in support of its local program activity.

Puentes Para La Prosperidad Bolivia Limitada (PPLPBL) is a for-profit entity established and registered in May 2014 in Cochabamba, Bolivia. The purpose of PPLPBL is to support Bridges to Prosperity, Inc.'s program activities in Bolivia. The entity type elected at the time of registration was determined by management to be the most appropriate in order to ensure ease in establishing Bridges to Prosperity, Inc.'s in-country presence as well as a reasonable timeliness in commencing its program activities. As of August 31, 2020, PPLPBL was dissolved, and the remaining assets were transferred to Bridges to Prosperity, Inc..

##### Principles of consolidation -

The accounts of Bridges to Prosperity, Inc. have been consolidated with PPLPBL (together, "Bridges to Prosperity") in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated (and controlled or majority owned) organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

##### Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions (continued)** - Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Bridges to Prosperity's consolidated financial statements for the year ended August 31, 2019, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2020, Bridges to Prosperity adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way Bridges to Prosperity recognized revenue; however, the presentation and disclosures of revenue have been enhanced. Bridges to Prosperity has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2020, Bridges to Prosperity adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Bridges to Prosperity adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

Bridges to Prosperity considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Bridges to Prosperity maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Bridges to Prosperity maintained \$19,474 of cash and cash equivalents on hand and at financial institutions in foreign countries as of August 31, 2020; all such funds maintained in foreign countries are uninsured.

Receivables -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with those donors.

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Receivables (continued) -

Local government reimbursement receivables consist of amounts due from local government districts that Bridges to Prosperity partners with in connection with its bridge building projects, and are recorded at their net realizable value, which approximates fair value. All local government reimbursement receivables are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. All receivables are expected to be collected in one year or less.

Property and equipment -

Property and equipment in excess of \$1,500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended August 31, 2020 totaled \$80,133.

Costs incurred to construct bridges are expensed as incurred. Bridges to Prosperity does not capitalize or track the completion of bridges since the organization does not take possession of the bridges upon completion.

Income taxes -

Bridges to Prosperity, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Bridges to Prosperity, Inc. is not a private foundation.

PPLPBL is a for-profit entity that is subject to local tax on its activities (assuming a net profit is realized). During the year ended August 31, 2020, PPLPBL paid \$9,603 in taxes, which is included in Other Expenses in the accompanying Consolidated Statement of Functional Expenses.

Uncertain tax positions -

For the year ended August 31, 2020, Bridges to Prosperity has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue recognition -

The majority of Bridges to Prosperity's revenue is received through support from individuals, foundations, corporations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. Bridges to Prosperity performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional awards are not recognized until the conditions on which they depend are substantially met.

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Revenue recognition (continued) -

Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Awards qualifying as conditional contributions contain a "barrier" and a right of return or right of release from obligation (and the entity has limited discretion over how funds transferred should be spent). Conditional awards are not recognized until the conditions on which they depend are substantially met; revenue is recognized when the condition or conditions are satisfied. During the year ended August 31, 2020, Bridges to Prosperity did not receive assistance from donors under conditional awards.

In-kind contributions -

In-kind contributions consist of donated services and materials for bridge construction projects. Donated services are recorded at their fair value as of the date of the gift. Bridge materials are recorded at fair value on the date utilized in bridge construction.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Bridges to Prosperity are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Bridges to Prosperity partners with local government districts on bridge building projects, and is reimbursed by those districts for certain project expenses, primarily local materials and labor. Accordingly, Bridges to Prosperity's bridge building materials and labor are reported net of these local government reimbursements in the accompanying Consolidated Statement of Functional Expenses.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements.

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

New accounting pronouncement (not yet adopted) (continued) -

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Bridges to Prosperity plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact Bridges to Prosperity's operations. The overall potential impact is unknown at this time.

**2. LINES OF CREDIT**

Bridges to Prosperity maintains a \$500,000 revolving line of credit bearing interest at the Wall Street Journal U.S. Prime Rate (Index) plus 0.50% (3.75% as of August 31, 2020). The line of credit matures on March 31, 2021 and is secured by Bridges to Prosperity's inventory, chattel paper, accounts, equipment and general intangibles.

Bridges to Prosperity entered into a \$250,000 loan facility with a private charitable foundation on August 6, 2020. The loan is unsecured, and bears interest at 2% per annum.

As of August 31, 2020, there were no outstanding borrowings on the line of credit or the loan facility.

**3. FEDERAL LOAN PAYABLE**

On April 13, 2020, Bridges to Prosperity received loan proceeds in the amount of \$249,800 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest (1%) payments amortized over the term of the promissory note with a deferral of payments for the first sixteen months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. Bridges to Prosperity intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. Bridges to Prosperity intends to apply for forgiveness before the deadline. If forgiveness is granted, Bridges to Prosperity will record revenue from debt extinguishments during the period that forgiveness was approved. Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

**Year Ending August 31,**

2021	\$ 95,935
2022	<u>153,865</u>
	<b><u>\$ 249,800</u></b>

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at August 31, 2020:

<b>Bridge Building</b>	<b>\$ <u>89,325</u></b>
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The following net assets with donor restrictions were released from donor restrictions by incurring expenses, satisfying the restricted purposes specified by the donors:

<b>Bridge Building</b>	<b>\$ <u>1,123,281</u></b>
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**5. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,142,525
Contributions and grants receivable, net of allowance	851,335
Foreign government receivable	317,682
Other receivables	<u>42,338</u>
Subtotal financial assets available within one year	2,353,880
Less: donor restricted funds	<u>(89,325)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ <u>2,264,555</u></b>

Bridges to Prosperity has a policy to structure its financial assets to be available and liquid as its obligations become due. As of August 31, 2020, Bridges to Prosperity has financial assets equal to approximately six months of operating expenses. In addition, Bridges to Prosperity has a line of credit agreement (as further discussed in Note 2) which allows for additional available borrowings up to \$500,000.

**6. IN-KIND CONTRIBUTIONS**

During the year ended August 31, 2020, Bridges to Prosperity was the beneficiary of donated goods and services which allowed Bridges to Prosperity to provide greater resources toward various programs.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended August 31, 2020.

Government donated materials and supplies	\$ 852,309
Government donated services	170,169
Donated engineering services	663,883
Other donated materials and supplies	362,889
Other donated services	<u>39,850</u>
<b>TOTAL</b>	<b>\$ <u>2,089,100</u></b>

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**7. LEASE COMMITMENTS**

Bridges to Prosperity leased office space for its principal operations in Denver, Colorado under a three-year agreement, which originated in May 2018. Base rent was \$46,682 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. This lease was terminated early in May 2020 and as of the date of this report, Bridges to Prosperity does not lease any office space in the United States.

Rent expense for the Colorado and other foreign offices for the year ended August 31, 2020 totaled \$105,381.

**8. RETIREMENT PLAN**

Bridges to Prosperity provides retirement benefits to its employees. Previously, Bridges to Prosperity maintained a SIMPLE IRA Plan covering all full-time employees with one month of eligible experience, and provided a contribution equaling 2% of each eligible employee's compensation; this plan terminated on December 31, 2019 and was replaced with a new 403(b) plan which covers all full-time employees on their date of hire.

Bridges to Prosperity determines the amount of any nonelective or matching contributions to the 403(b) plan on an annual basis. Contributions to the plan during the year ended August 31, 2020 totaled \$46,678.

**9. RELATED PARTY TRANSACTIONS**

During the year ended August 31, 2020, Bridges to Prosperity received \$204,000 in contributions from donors (in which those funds were transferred through Bridges to Prosperity Charitable Trust, a Trust formed in the United Kingdom). The Trust was formed for the charitable purpose of raising funds to prevent or relieve poverty in rural communities anywhere in the world and to provide grant or other financial support for infrastructure and transportation projects. The chair of the board of directors for the Trust is on the board of directors of Bridges to Prosperity and the chair of the board of directors for Bridges to Prosperity is on the board of directors for the Trust.

During the year ended August 31, 2019, four donors owed Bridges to Prosperity \$132,000, which was received by Bridges to Prosperity through the Trust during the year ended August 31, 2020 (and was recorded in contributions and grants receivable as of August 31, 2019). There were no amounts due from the Trust as of August 31, 2020.

**10. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, Bridges to Prosperity has evaluated events and transactions for potential recognition or disclosure through March 3, 2021, the date the consolidated financial statements were issued.

On September 18, 2020 Bridges to Prosperity entered into a \$100,000 line of credit. The line bears no interest and is payable on January 1, 2022. As of the date of this report the full amount of the line is outstanding.

On February 11, 2021, Bridges to Prosperity entered into a two-year promissory note agreement in the amount of \$249,100 (with a 1% fixed interest rate) under the Paycheck Protection Program.

**BRIDGES TO PROSPERITY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2020**

**10. SUBSEQUENT EVENTS (Continued)**

The promissory note requires monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.