

Bridge Builders International

Audited Financial Statements

For the Years Ended May 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of
Bridge Builders International
Albany, Oregon

We have audited the accompanying financial statements of Bridge Builders International (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows 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 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 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 Organization'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 Organization'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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Net Asset Balances on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ligke Kross : DM, PC

Elgin, Illinois
September 16, 2021

Bridge Builders International
Statements of Financial Position
May 31, 2021 and 2020

Assets		<u>2021</u>	<u>2020</u>
Current Assets:			
Cash and cash equivalents	\$	<u>125,302</u>	\$ <u>79,735</u>
Total Current Assets		<u>125,302</u>	<u>79,735</u>
Total Assets	\$	<u><u>125,302</u></u>	\$ <u><u>79,735</u></u>
 Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$	4,893	\$ 949
Payroll liabilities		3,131	2,369
Credit cards payable		<u>5,690</u>	<u>345</u>
Total Current Liabilities		<u>13,714</u>	<u>3,663</u>
 Net Assets:			
Without donor restrictions		57,606	36,577
With donor restrictions		<u>53,982</u>	<u>39,495</u>
Total Net Assets		<u>111,588</u>	<u>76,072</u>
Total Liabilities and Net Assets	\$	<u><u>125,302</u></u>	\$ <u><u>79,735</u></u>

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

Bridge Builders International
Statements of Activities and Changes in Net Assets
For the Years Ended May 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions	\$ 371,384	\$ 289,090	\$ 660,474	\$ 345,976	\$ 312,957	\$ 658,933
Government grant	24,712	-	24,712	39,724	-	39,724
Other income	-	-	-	153	-	153
Total Revenue	<u>396,096</u>	<u>289,090</u>	<u>685,186</u>	<u>385,853</u>	<u>312,957</u>	<u>698,810</u>
Net assets released from restrictions	<u>274,603</u>	<u>(274,603)</u>	<u>-</u>	<u>321,688</u>	<u>(321,688)</u>	<u>-</u>
Expenses:						
Program expenses	515,973	-	515,973	549,168	-	549,168
General and administrative	92,378	-	92,378	94,280	-	94,280
Fundraising	41,319	-	41,319	61,023	-	61,023
Total Expenses	<u>649,670</u>	<u>-</u>	<u>649,670</u>	<u>704,471</u>	<u>-</u>	<u>704,471</u>
Change in net assets	<u>21,029</u>	<u>14,487</u>	<u>35,516</u>	<u>3,070</u>	<u>(8,731)</u>	<u>(5,661)</u>
Net assets, beginning of year	36,577	39,495	76,072	33,507	48,226	81,733
Net assets, end of year	<u>\$ 57,606</u>	<u>\$ 53,982</u>	<u>\$ 111,588</u>	<u>\$ 36,577</u>	<u>\$ 39,495</u>	<u>\$ 76,072</u>

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

Bridge Builders International
Statements of Functional Expenses
For the Years Ended May 31, 2021 and 2020

	2021			Total Expenses 2021	Total Expenses 2020
	Program Services	Management and General	Fundraising Services		
Salaries and Related Expenses:					
Salaries, wages and other compensation	\$ 178,592	\$ 33,562	\$ 25,772	\$ 237,926	\$ 242,487
Employee benefits	12,872	11,376	2,651	26,899	45,671
Payroll taxes	3,825	3,909	765	8,499	6,124
Total Salaries and Related Expenses	<u>195,289</u>	<u>48,847</u>	<u>29,188</u>	<u>273,324</u>	<u>294,282</u>
Operating Expenses:					
Missions	273,221	-	-	273,221	249,510
Computer expense	1,162	27,276	2,709	31,147	28,852
Operating costs	24,543	-	-	24,543	22,360
Hospitality	3,512	-	67	3,579	25,813
Travel	17,758	-	-	17,758	50,131
Professional fees	-	7,328	-	7,328	7,319
Postage and shipping	-	-	1,654	1,654	5,779
Printing and publication	-	-	2,078	2,078	4,137
Service fees	-	1,400	2,551	3,951	3,668
Telephone	-	2,295	-	2,295	2,647
Dues and subscriptions	11	-	3,072	3,083	2,513
Occupancy	-	2,760	-	2,760	2,219
Conferences and meetings	110	-	-	110	1,598
Board expenses	-	-	-	-	1,567
Insurance	341	1,853	-	2,194	1,059
Gifts	-	494	-	494	487
Supplies	-	75	-	75	480
Organization costs	-	50	-	50	50
Miscellaneous expenses	26	-	-	26	-
Total Operating Expenses	<u>320,684</u>	<u>43,531</u>	<u>12,131</u>	<u>376,346</u>	<u>410,189</u>
Total Expenses	<u>\$ 515,973</u>	<u>\$ 92,378</u>	<u>\$ 41,319</u>	<u>\$ 649,670</u>	<u>\$ 704,471</u>

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

Bridge Builders International
Statements of Functional Expenses
For the Years Ended May 31, 2020 and 2019

	2020			Total Expenses 2020	Total Expenses 2019
	Program Services	Management and General	Fundraising Services		
Salaries and Related Expenses:					
Salaries, wages and other compensation	\$ 188,376	\$ 29,149	\$ 24,962	\$ 242,487	\$ 244,721
Employee benefits	21,947	19,195	4,529	45,671	50,241
Payroll taxes	2,756	2,817	551	6,124	8,007
Total Salaries and Related Expenses	<u>213,079</u>	<u>51,161</u>	<u>30,042</u>	<u>294,282</u>	<u>302,969</u>
Operating Expenses:					
Missions	248,247	-	1,263	249,510	388,886
Computer expense	-	26,323	2,529	28,852	28,399
Operating costs	22,360	-	-	22,360	25,215
Hospitality	16,465	-	9,348	25,813	4,982
Travel	47,131	-	3,000	50,131	33,393
Professional fees	-	7,319	-	7,319	7,100
Postage and shipping	-	-	5,779	5,779	5,286
Printing and publication	-	-	4,137	4,137	3,448
Service fees	-	1,221	2,447	3,668	3,428
Telephone	-	2,647	-	2,647	2,835
Dues and subscriptions	35	-	2,478	2,513	4,071
Occupancy	-	2,219	-	2,219	1,560
Conferences and meetings	1,598	-	-	1,598	-
Board expenses	-	1,567	-	1,567	2,573
Insurance	253	806	-	1,059	2,039
Gifts	-	487	-	487	225
Supplies	-	480	-	480	413
Organization costs	-	50	-	50	50
Miscellaneous expenses	-	-	-	-	(200)
Total Operating Expenses	<u>336,089</u>	<u>43,119</u>	<u>30,981</u>	<u>410,189</u>	<u>513,703</u>
Depreciation and amortization	-	-	-	-	270
Total Expenses	<u>\$ 549,168</u>	<u>\$ 94,280</u>	<u>\$ 61,023</u>	<u>\$ 704,471</u>	<u>\$ 816,942</u>

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

Bridge Builders International
Statements of Cash Flows
For the Years Ended May 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flow from Operating Activities:		
Change in net assets	\$ 35,516	\$ (5,661)
Cash provided (used) by assets and liabilities:		
Accounts payable	3,944	(10,632)
Payroll liabilities	762	(1,423)
Credit cards payable	<u>5,345</u>	<u>(2,759)</u>
Net Cash Provided by (Used in) Operating Activities	<u>45,567</u>	<u>(20,475)</u>
Net Increase (Decrease) in Cash	45,567	(20,475)
Cash and Cash Equivalents Balance, Beginning of Year	79,735	100,210
Cash and Cash Equivalents Balance, End of Year	<u>\$ 125,302</u>	<u>\$ 79,735</u>

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

Bridge Builders International
Notes to Financial Statements
May 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

Nature of Activities:

Bridge Builders International (the “Organization”) is an Oregon nonprofit corporation. The mission of the Organization is to assist Christ-centered churches and missionary organizations to build working relationships with churches and other ministries in developing countries by establishing partnerships between them. The activity of the Organization includes the development of training materials to promote the purposes of the Organization and the mobilization of believers in the United States to have effective ministries in the developing countries of the world. The Organization is primarily supported through contributions from individuals and churches.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America applicable to non-profit organizations.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (“ASU”) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions, which will either be met by the Organization’s actions, the passage of time or are perpetual in nature. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, and expenses during the reported period. Actual results could differ from these estimates.

Cash and Cash Equivalents:

The Organization defines cash and cash equivalents, for the purposes of reporting cash flows, as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Bridge Builders International
Notes to Financial Statements
May 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment:

Expenditures for land, building and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expense is calculated using the straight-line method and estimated useful lives of the assets.

Repairs and maintenance which materially add to the value of the property or appreciably prolong its life are recorded as an increase to the appropriate asset account. The Organization capitalizes all property and equipment with a cost greater than or equal to \$2,500.

Revenue Recognition:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, “ASC 606”) in 2019 under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The effect of the Organization’s adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis and the effects of the adoption are outlined below.

Bridge Builders International
Notes to Financial Statements
May 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

The effect of ASC 606 and ASU 2018-08 on the Organization's financial statements were examined in conjunction with one another. Certain of the Organization's revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Organization reassessed the nature of its revenue producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that had been classified as exchange transactions in previous years were now concluded to be contributions under ASU 2018-08.

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 Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status:

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Liquidity:

The Organization has \$125,302 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents. Other than the donor restricted \$53,982, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a goal to maintain cash on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$54,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Bridge Builders International
Notes to Financial Statements
May 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Pending Accounting Changes:

In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-reported expenses in the statement of activities and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization’s fiscal year beginning after December 15, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Upon adoption, among other effects, the Organization will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments. The qualitative effects on the Organization’s future financial statements of these changes and related retrospective adjustments have not yet been determined.

Note 2 – Property and Equipment

Property and equipment consist of the following:

	2021	2020
Equipment	\$ 4,676	\$ 4,676
Less: accumulated depreciation	4,676	4,676
Property and equipment, net	\$ -	\$ -

There was no depreciation expense for the years ended May 31, 2021 and 2020, respectively.

Note 3 – Compensated Absences

Employees of the Organization are entitled to paid vacation, depending on job classification, length of service, and other factors. All vacation hours have been used; therefore no accrued liability was calculated as of May 31, 2021 or 2020.

Note 4 – Related-Party Transactions

The Organization partners with a related party in Latvia to carry out ministry and programs. This party has an independent board and is not under control of the Organization. During the year ended May 31, 2021, the Organization contributed \$314,154 to the related party, and provided expense reimbursement of \$47,725. During the year ended May 31, 2020, the Organization contributed \$321,673 and provided expense reimbursement of \$90,922 to the related party.

Bridge Builders International
Notes to Financial Statements
May 31, 2021 and 2020

Note 5 – Paycheck Protection Program Grant

On March 1, 2021, the Organization was awarded a grant in the aggregate amount of \$24,712, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, as modified by the Paycheck Protection Program Flexibility Act (PPPFA), certain amounts of the grant maybe forgiven if they are used for qualifying expenses through April 26, 2021, which include payroll costs, group health care benefit costs, rent, and utilities, as described in the CARES Act. The Organization has used the entire grant amount for qualifying expenses and has met other conditions of the grant. The amount of the grant is thus shown on the Statements of Activities and Changes in Net Assets as income from grant revenue.

Note 6 – Effect of COVID-19

COVID-19 has had a major impact on the Organization for the year ended May 31, 2021. Receiving the Paycheck Protection and Program Grant, as disclosed in Note 5 has allowed the Organization to continue its work and keep the staff employed.

The impact to the Organization included donations decreasing substantially. One major donor discontinued during the first month of the pandemic which reduced the Organization’s income. Major partnership projects in the United States have been postponed or cancelled. New COVID regulations are announced frequently which means that new restrictions impact the Organization’s projects in Europe.

Note 7 – Subsequent Event

The Organization evaluated its May 31, 2021 financial statements for subsequent events through the date of this report, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 virus, economic conditions have arisen which could negatively impact revenue.

Anticipated effects of COVID-19 that could impact the Organization for the year ended May 31, 2022 include a continued reduction of its donor base. The Organization’s major partnership projects in the United States have unconfirmed dates due to possible changes in regulations. Conference attendance in Dallas was denied due to limited number of attendees. Regulations in Europe change frequently. Therefore, planning ministry events and projects are expected to be complicated as they may be cancelled or postponed. The situation remains uncertain. Lastly, the Organization hopes to be able to keep everyone employed in light of the Organization’s reduced donor base. Management believes there is a plan in place to continue operations.

Supplementary Information

Bridge Builders International
Schedule of Net Asset Balances
For the Year Ended May 31, 2021

Fund	Beginning Balance	Donations	Expenses	Ending Balance
RF Technology Fund	\$ -	\$ 14,367	\$ 3,735	\$ 10,632
Prayer Days	-	2,000	2,000	-
Ugis Pallo	-	2,568	2,568	-
Elvis & Rachel Wallace	-	8,812	185	8,627
Baltic Pastoral Institute	1,429	960	144	2,245
EW - Operations & Scholarships	8,702	67,878	62,990	13,590
Camp Ganibas	-	110,000	110,000	-
Celebrate Recovery	825	-	825	-
European Student Fund	-	5,200	5,200	-
Sheep Farm EW-Hope for Farm Families	1,906	850	685	2,071
Imago Dei - Art Ministry Latvia	-	3,000	-	3,000
Milestiba Maja - LCC - Lidums	7,400	10,313	13,526	4,187
Ministry Lidums	1,752	11,660	9,279	4,133
Ministry Roth	2,726	9,590	8,584	3,732
Mission Pakapieni	90	4,060	4,060	90
EW - Construction Projects	12,900	-	12,900	-
Aldis Sneidre	810	16,306	16,306	810
Philippines Pastor Support	45	400	267	178
City Church of Christ Riga	450	17,066	17,066	450
Pastor Janis - Prison Ministry	0	4,060	4,060	-
Soli Deo De Gloria	460	-	223	237
Total Net Assets With Donor Restrictions	<u>39,495</u>	<u>289,090</u>	<u>266,115</u>	<u>53,982</u>
Total Net Assets Without Donor Restrictions	<u>36,577</u>	<u>396,096</u>	<u>383,555</u>	<u>57,606</u>
Total Net Assets	<u>\$ 76,072</u>	<u>\$ 685,186</u>	<u>\$ 649,670</u>	<u>\$ 111,588</u>

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