

Bridge Builders International
Audited Financial Statements
For the Years Ended May 31, 2023 and 2022
(With Independent Auditor's Report Thereon)

Table of Contents

Independent Auditor’s Report.....	1-3
<u>Financial Statements</u>	
Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-13
<u>Supplementary Information</u>	
Schedule of Net Asset Balances	14

Independent Auditor's Report

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

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Independent Auditor's Report (continued)

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 14 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 Gross : On, PC

Elgin, Illinois
October 16, 2023

Bridge Builders International
Statements of Financial Position
For the Years Ended May 31, 2023 and 2022

		Assets	
		<u>2023</u>	<u>2022</u>
Current Assets:			
Cash and cash equivalents	\$	196,799	\$ 301,728
Other current assets		<u>2,306</u>	<u>12,134</u>
Total Current Assets		<u>199,105</u>	<u>313,862</u>
Total Assets	\$	<u><u>199,105</u></u>	\$ <u><u>313,862</u></u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$	1,557	\$ 2,951
Credit cards payable		12,586	15,422
Payroll liabilities		<u>3,777</u>	<u>1,293</u>
Total Current Liabilities		<u>17,920</u>	<u>19,666</u>
Net Assets:			
Without donor restrictions		(6,509)	46,393
Board designated		<u>-</u>	<u>34,151</u>
Total Net Assets Without Donor Restrictions		<u>(6,509)</u>	<u>80,544</u>
With donor restrictions		<u>187,694</u>	<u>213,652</u>
Total Net Assets		<u>181,185</u>	<u>294,196</u>
Total Liabilities and Net Assets	\$	<u><u>199,105</u></u>	\$ <u><u>313,862</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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions	\$ 398,523	\$ 394,905	\$ 793,428	\$ 469,479	\$ 496,036	\$ 965,515
Employee retention credit	26,398	-	26,398	-	-	-
Total Revenue	<u>424,921</u>	<u>394,905</u>	<u>819,826</u>	<u>469,479</u>	<u>496,036</u>	<u>965,515</u>
Net assets released from restrictions	<u>420,863</u>	<u>(420,863)</u>	<u>-</u>	<u>336,366</u>	<u>(336,366)</u>	<u>-</u>
Expenses:						
Program expenses	760,496	-	760,496	624,738	-	624,738
General and administrative	121,605	-	121,605	106,764	-	106,764
Fundraising	50,736	-	50,736	51,405	-	51,405
Total Expenses	<u>932,837</u>	<u>-</u>	<u>932,837</u>	<u>782,907</u>	<u>-</u>	<u>782,907</u>
Change in Net Assets	<u>(87,053)</u>	<u>(25,958)</u>	<u>(113,011)</u>	<u>22,938</u>	<u>159,670</u>	<u>182,608</u>
Net Assets, Beginning of Year	80,544	213,652	294,196	57,606	53,982	111,588
Net Assets, End of Year	<u>\$ (6,509)</u>	<u>\$ 187,694</u>	<u>\$ 181,185</u>	<u>\$ 80,544</u>	<u>\$ 213,652</u>	<u>\$ 294,196</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, 2023 and 2022

	2023			Total Expenses 2023	Total Expenses 2022
	Program Services	Management and General	Fundraising Services		
Salaries and Related Expenses:					
Salaries, wages, and other compensation	\$ 239,887	\$ 51,290	\$ 35,417	\$ 326,594	\$ 273,571
Employee benefits	10,859	11,101	2,172	24,132	22,510
Payroll taxes	5,528	5,651	1,106	12,285	9,266
Total Salaries and Related Expenses	<u>256,274</u>	<u>68,042</u>	<u>38,695</u>	<u>363,011</u>	<u>305,347</u>
Operating Expenses:					
Missions	429,268	-	-	429,268	332,203
Computer expense	1,014	513	2,530	4,057	11,939
Operating costs	30,889	-	-	30,889	27,042
Travel	39,990	-	-	39,990	44,456
Accounting fees	-	8,615	2,669	11,284	10,591
Postage and printing	-	-	2,801	2,801	2,097
Education	2,288	-	-	2,288	30
Management fees	-	31,578	-	31,578	27,000
Service fees	-	1,528	3,870	5,398	6,277
Special events	-	-	171	171	246
Occupancy	-	8,441	-	8,441	6,285
Board expenses	-	-	-	-	6,297
Insurance	257	1,834	-	2,091	2,037
Gifts	-	538	-	538	838
Supplies	516	516	-	1,032	222
Total Operating Expenses	<u>504,222</u>	<u>53,563</u>	<u>12,041</u>	<u>569,826</u>	<u>477,560</u>
Total Expenses	<u>\$ 760,496</u>	<u>\$ 121,605</u>	<u>\$ 50,736</u>	<u>\$ 932,837</u>	<u>\$ 782,907</u>

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

Bridge Builders International
Statement of Functional Expenses
For the Year Ended May 31, 2022

	2022			
	Program Services	Management and General	Fundraising Services	Total Expenses 2022
Salaries and Related Expenses:				
Salaries, wages, and other compensation	\$ 202,263	\$ 42,537	\$ 28,771	\$ 273,571
Employee benefits	10,129	10,355	2,026	22,510
Payroll taxes	4,170	4,262	834	9,266
Total Salaries and Related Expenses	216,562	57,154	31,631	305,347
Operating Expenses:				
Missions	332,203	-	-	332,203
Computer expense	930	871	10,138	11,939
Operating costs	27,042	-	-	27,042
Travel	44,456	-	-	44,456
Accounting fees	-	8,116	2,475	10,591
Postage and shipping	-	-	2,097	2,097
Education	30	-	-	30
Management fees	-	27,000	-	27,000
Service fees	-	1,459	4,818	6,277
Special events	-	-	246	246
Occupancy	-	6,285	-	6,285
Board expenses	3,149	3,148	-	6,297
Insurance	255	1,782	-	2,037
Gifts	-	838	-	838
Supplies	111	111	-	222
Total Operating Expenses	408,176	49,610	19,774	477,560
Total Expenses	\$ 624,738	\$ 106,764	\$ 51,405	\$ 782,907

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

Bridge Builders International
Statements of Cash Flows
For the Years Ended May 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flow from Operating Activities:		
Change in net assets	\$ (113,011)	\$ 182,608
Cash provided (used) by assets and liabilities:		
Other current assets	9,828	(12,134)
Accounts payable	(1,394)	(1,942)
Credit cards payable	(2,836)	9,732
Payroll liabilities	2,484	(1,838)
Net Cash Provided (Used) by Operating Activities	<u>(104,929)</u>	<u>176,426</u>
Net Increase (Decrease) in Cash	(104,929)	176,426
Cash and Cash Equivalents Balance, Beginning of Year	301,728	125,302
Cash and Cash Equivalents Balance, End of Year	<u>\$ 196,799</u>	<u>\$ 301,728</u>

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

Bridge Builders International
Notes to Financial Statements
May 31, 2023 and 2022

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, 2023 and 2022

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:

The Organization accounts for contributions in accordance with the recommendations in FASB ASC 958-225. In accordance with FASB ASC 958-225, contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Unrestricted contributions are recognized when received.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the ASU effective on June 1, 2020. The standard requires the Organization to reassess its revenue recognition policy to accurately depict whether a transfer of assets is a contribution or exchange transaction and whether a contribution received (including government grants) is conditional or unconditional. The Organization has elected to adopt the simultaneous release option for contributions that meet restrictions in the same reporting period. The adoption of this guidance did not have a significant impact on the Organization's financial position or change in net assets.

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.

Bridge Builders International
Notes to Financial Statements
May 31, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2023 and 2022, 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 \$196,799 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting solely of cash and cash equivalents. Other than the donor restricted \$187,694, 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 \$77,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Leases:

The Organization adopted *Accounting Standards Update (ASU) 2016-02, Leases*, issued February 2016, by the FASB. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either financing or operating, with the classification affecting the pattern of expense recognition in the Statements of Activities and Changes in Net Assets. The Organization adopted this update in the year ending May 31, 2023, using the modified retrospective transition method with June 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. Adoption of the standard had no effect on the financial statements.

Bridge Builders International
Notes to Financial Statements
May 31, 2023 and 2022

Note 2 – Property and Equipment

Property and equipment consist of the following:

	<u>2023</u>		<u>2022</u>
Equipment	\$ -	\$	4,676
Less: accumulated depreciation	-		4,676
Property and equipment, net	<u>\$ -</u>	\$	<u>-</u>

There was no depreciation expense for the years ended May 31, 2023 and 2022, respectively.

Note 3 – Leases

The Organization has a month-to-month contract for a storage unit. Rent paid for the years ending May 31, 2023 and 2022 was \$3,929 and \$1,800, respectively.

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, 2023, the Organization contributed \$465,600 to the related party, and provided expense reimbursement of \$69,619. During the year ended May 31, 2022, the Organization contributed \$375,738 to the related party, and provided expense reimbursement of \$59,414.

Note 5 – Employee Retention Credit

The Employee Retention Credit is a provision of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This credit provides an incentive for businesses to keep employees on their payroll. The Employee Retention Credit is a refundable tax credit against certain employment taxes. Under this program the Organization has recorded revenue in the amount of \$26,398 and \$0 on the Statements of Activities and Changes in Net Assets for the years ended May 31, 2023 and 2022, respectively. The Organization has filed for refunds of the Employee Retention Credit and has received \$26,398 to date.

Note 6 – Restricted Net Assets

As of the years ended May 31, 2023 and 2022 the Organization had net assets with donor restrictions in the amount of \$187,694 and \$213,652, respectively. These net assets are purpose restricted by the donors as detailed on the Schedule of Net Assets on page 14 of these financial statements.

Bridge Builders International
Notes to Financial Statements
May 31, 2023 and 2022

Note 7 – Reclassification

Certain reclassifications have been made to the May 31, 2022 financial statement presentation to correspond to the current year's format. The net asset balance at May 31, 2022 is unchanged due to these reclassifications.

Note 8 – Subsequent Events

On May 15, 2023, the Organization executed a lease agreement with an unrelated party for the lease of a 1,825 square foot unit in Riverview Business Park, Taylors, South Carolina. The lease terms provide for commencement on June 1, 2023, and call for monthly payments based on square footage and escalating over the term of the lease, through July 2028. As this lease commenced after the year ended May 31, 2023 the operating lease right-of-use asset and liability will be reflected on the financial statements for the year ended May 31, 2024.

Note 9 – Date of Management's Review

Subsequent events have been evaluated through the date of this report, which is the date the report was available to be issued. It was concluded that, except as noted in Note 8, there are no subsequent events required to be disclosed.

Supplementary Information

Bridge Builders International
Schedule of Net Asset Balances
For the Year Ended May 31, 2023

Fund	Beginning Balance	Donations	Expenses	Ending Balance
RF Technology Fund	\$ 7,367	\$ -	\$ 6,258	\$ 1,109
Ministry Kalvans	8,742	13,804	15,940	6,606
Baltic Pastoral Institute	3,061	4,330	4,049	3,342
EW - Operations & Scholarships	102,806	139,681	153,466	89,021
Camp Ganibas	-	31,000	31,000	-
Sheep Farm EW - Hope for Farm Families	2,400	1,000	95	3,305
Imago Dei Romania	8,646	450	9,096	-
Milestiba Maja - LCC - Lidums	99	1,200	1,119	180
Ministry Lidums	1,508	20,460	19,254	2,714
Ministry Roth	3,895	1,915	4,930	880
Mission Pakapieni	90	3,660	3,750	-
Slavic Maiboroda	810	36,965	36,664	1,111
Philippines Pastor Support	225	-	225	-
Ukrainian Assistance Fund	73,099	117,172	110,845	79,426
City Church of Christ Riga	904	19,773	20,677	-
Pastor Janis - Prison Ministry	-	3,495	3,495	-
Total Net Assets With Donor Restrictions	<u>213,652</u>	<u>394,905</u>	<u>420,863</u>	<u>187,694</u>
Without donor restrictions	46,393	418,171	471,073	(6,509)
Board designated	<u>34,151</u>	<u>6,750</u>	<u>40,901</u>	<u>-</u>
Total Net Assets Without Donor Restrictions	<u>80,544</u>	<u>424,921</u>	<u>511,974</u>	<u>(6,509)</u>
Total Net Assets	<u>\$ 294,196</u>	<u>\$ 819,826</u>	<u>\$ 932,837</u>	<u>\$ 181,185</u>

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