

BRIDGE OF HOPE LANCASTER AND CHESTER  
COUNTIES

FINANCIAL REPORT

March 31, 2010

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CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bridge of Hope Lancaster and Chester Counties  
Coatesville, Pennsylvania

We have audited the accompanying statement of financial position of Bridge of Hope Lancaster and Chester Counties (a nonprofit organization), as of March 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge of Hope Lancaster and Chester Counties, as of March 31, 2010 and 2009, 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.

  
Simon Lever LLP

June 11, 2010

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FINANCIAL STATEMENTS

## BRIDGE OF HOPE LANCASTER AND CHESTER COUNTIES

STATEMENTS OF FINANCIAL POSITION  
March 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
ASSETS		
Assets		
Cash and cash equivalents	134,498	124,852
Unconditional promises to give	25,092	0
Prepaid expenses	9,322	7,764
Total Operating Assets	<u>168,912</u>	<u>132,616</u>
Assets Whose Use is Limited		
Restricted cash	15,000	15,000
Cash designated for endowment	6,000	6,000
Cash temporarily restricted for program activities	56,347	34,143
Investments temporarily restricted for endowments	76,973	0
Cash permanently restricted for endowments	36,553	199,767
Investments permanently restricted for endowments	721,228	0
Certificates of deposit restricted for endowments	0	403,890
Unconditional promises to give for endowments	253,502	375,376
Total Assets Whose Use is Limited	<u>1,165,603</u>	<u>1,034,176</u>
Property and Equipment		
Office building and land - Olive Street	183,168	183,168
Office building - Marietta Avenue	46,789	46,789
Office furniture and equipment - Olive Street	56,169	40,481
Residential rental building and land	44,504	44,504
Total	<u>330,630</u>	<u>314,942</u>
Less accumulated depreciation	98,590	83,922
Net Property and Equipment	<u>232,040</u>	<u>231,020</u>
<u>TOTAL ASSETS</u>	<u>1,566,555</u>	<u>1,397,812</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	5,940	7,108
Accrued wages	14,150	18,380
Accrued expenses	14,415	17,380
Accrued payroll taxes	5,222	0
Security deposits	650	0
Deferred revenue	0	850
Total Operating Liabilities	<u>40,377</u>	<u>43,718</u>
Net Assets		
Unrestricted		
Undesignated	375,575	334,918
Board designated	6,000	6,000
Total Unrestricted Net Assets	<u>381,575</u>	<u>340,918</u>
Temporarily Restricted Net Assets	133,320	34,143
Permanently Restricted Net Assets	<u>1,011,283</u>	<u>979,033</u>
Total Net Assets	<u>1,526,178</u>	<u>1,354,094</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>1,566,555</u>	<u>1,397,812</u>

See Notes to Financial Statements

BRIDGE OF HOPE LANCASTER AND CHESTER COUNTIES

STATEMENT OF ACTIVITIES  
Year Ended March 31, 2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	\$	\$	\$	\$
Revenue and Other Support				
Donations, contributions and support	412,674	15,000	32,250	459,924
Grants	104,700	85,265	0	189,965
Fundraising, net of special events expenses \$18,983	157,809	18,935	0	176,744
Interest income	453	1,077	0	1,530
Rental income	6,868	0	0	6,868
Investment income	0	11,813	0	11,813
Unrealized gain on investments	0	64,083	0	64,083
Net assets released from restrictions	96,996	(96,996)	0	0
Total Revenue and Other Support	<u>779,500</u>	<u>99,177</u>	<u>32,250</u>	<u>910,927</u>
Functional Expenses				
Program services	577,031	0	0	577,031
Support services				
General and administrative	115,216	0	0	115,216
Fundraising	41,730	0	0	41,730
Rental property expenses	4,866	0	0	4,866
Total Functional Expenses	<u>738,843</u>	<u>0</u>	<u>0</u>	<u>738,843</u>
Change in Net Assets	40,657	99,177	32,250	172,084
Net Assets at Beginning of Year	<u>340,918</u>	<u>34,143</u>	<u>979,033</u>	<u>1,354,094</u>
Net Assets at End of Year	<u><u>381,575</u></u>	<u><u>133,320</u></u>	<u><u>1,011,283</u></u>	<u><u>1,526,178</u></u>

See Notes to Financial Statements

BRIDGE OF HOPE LANCASTER AND CHESTER COUNTIES

STATEMENT OF ACTIVITIES  
Year Ended March 31, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	\$	\$	\$	\$
Revenue and Other Support				
Donations, contributions and support	451,356	4,685	723,972	1,180,013
Grants	101,200	60,000	0	161,200
Fundraising, net of special events expenses \$20,794	111,667	17,951	0	129,618
Interest income	7,340	0	0	7,340
Rental income	6,075	0	0	6,075
Net assets released from restrictions	118,286	(118,286)	0	0
Total Revenue and Other Support	<u>795,924</u>	<u>(35,650)</u>	<u>723,972</u>	<u>1,484,246</u>
Functional Expenses				
Program services	674,364	0	0	674,364
Support services				
General and administrative	97,399	0	0	97,399
Fundraising	56,508	0	0	56,508
Rental property expenses	4,810	0	0	4,810
Total Functional Expenses	<u>833,081</u>	<u>0</u>	<u>0</u>	<u>833,081</u>
Change in Net Assets	(37,157)	(35,650)	723,972	651,165
Net Assets at Beginning of Year	<u>378,075</u>	<u>69,793</u>	<u>255,061</u>	<u>702,929</u>
Net Assets at End of Year	<u><u>340,918</u></u>	<u><u>34,143</u></u>	<u><u>979,033</u></u>	<u><u>1,354,094</u></u>

See Notes to Financial Statements

BRIDGE OF HOPE LANCASTER AND CHESTER COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended March 31, 2010

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	RENTAL EXPENSES	TOTAL
	\$	\$	\$	\$	\$
Staffing and Related Expenses					
Salaries	285,372	76,950	23,085	0	385,407
Employee benefits	30,877	8,539	2,562	0	41,978
Payroll taxes	25,006	6,758	2,027	0	33,791
Staff training and travel	9,899	2,396	2,005	0	14,300
Total Staffing and Related Expenses	<u>351,154</u>	<u>94,643</u>	<u>29,679</u>	<u>0</u>	<u>475,476</u>
Building and Facility Expenses					
Real estate taxes	0	0	0	2,295	2,295
Condo association fees	6,581	0	0	0	6,581
Depreciation	9,778	2,643	793	1,454	14,668
Maintenance and repairs	1,288	0	0	0	1,288
Telephone	5,503	1,487	446	0	7,436
Utilities and other	6,384	0	0	1,117	7,501
Total Building and Facility Expenses	<u>29,534</u>	<u>4,130</u>	<u>1,239</u>	<u>4,866</u>	<u>39,769</u>
Client and Mentoring Expenses					
Rental assistance	74,848	0	0	0	74,848
In-kind support	37,935	0	0	0	37,935
Alumni program	7,250	0	0	0	7,250
Direct needs	44,228	0	0	0	44,228
Incentive to save	3,810	0	0	0	3,810
Family building	1,847	0	0	0	1,847
Mentor training	2,712	0	0	0	2,712
Total Client and Mentoring Expenses	<u>172,630</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,630</u>
Other Expenses					
Newsletter and printed materials	780	0	0	0	780
Fundraising appeals	0	0	6,152	0	6,152
Insurance	6,755	1,826	548	0	9,129
Legal and accounting	0	11,414	0	0	11,414
Miscellaneous	5,680	366	3,261	0	9,307
Office supplies and postage	10,498	2,837	851	0	14,186
Total Other Expenses	<u>23,713</u>	<u>16,443</u>	<u>10,812</u>	<u>0</u>	<u>50,968</u>
<u>Total Functional Expenses</u>	<u>577,031</u>	<u>115,216</u>	<u>41,730</u>	<u>4,866</u>	<u>738,843</u>

See Notes to Financial Statements



BRIDGE OF HOPE LANCASTER AND CHESTER COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended March 31, 2009

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	RENTAL EXPENSES	TOTAL
	\$	\$	\$	\$	\$
<b>Staffing and Related Expenses</b>					
Salaries	318,912	61,273	28,594	0	408,779
Employee benefits	40,530	7,794	3,637	0	51,961
Payroll taxes	26,122	5,023	2,344	0	33,489
Staff training and travel	14,721	3,184	1,853	0	19,758
<b>Total Staffing and Related Expenses</b>	<b>400,285</b>	<b>77,274</b>	<b>36,428</b>	<b>0</b>	<b>513,987</b>
<b>Building and Facility Expenses</b>					
Real estate taxes	0	0	0	1,781	1,781
Condo association fees	6,583	0	0	0	6,583
Depreciation	9,050	1,740	813	1,450	13,053
Maintenance and repairs	1,958	0	0	0	1,958
Loss on sale of assets	0	183	0	0	183
Telephone	5,138	931	435	0	6,504
Utilities and other	9,219	0	0	1,579	10,798
<b>Total Building and Facility Expenses</b>	<b>31,948</b>	<b>2,854</b>	<b>1,248</b>	<b>4,810</b>	<b>40,860</b>
<b>Client and Mentoring Expenses</b>					
Rental assistance	85,460	0	0	0	85,460
In-kind support	52,468	0	0	0	52,468
Alumni program	14,276	0	0	0	14,276
Direct needs	46,787	0	0	0	46,787
Incentive to save	1,260	0	0	0	1,260
Family building	2,029	0	0	0	2,029
Mentor training	4,964	0	0	0	4,964
<b>Total Client and Mentoring Expenses</b>	<b>207,244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>207,244</b>
<b>Other Expenses</b>					
Newsletter and printed materials	4,759	0	6,505	0	11,264
Fund raising appeals	0	0	10,027	0	10,027
Insurance	7,198	1,384	646	0	9,228
Legal and accounting	0	13,069	0	0	13,069
Miscellaneous	7,346	275	467	0	8,088
Office supplies and postage	15,584	2,543	1,187	0	19,314
<b>Total Other Expenses</b>	<b>34,887</b>	<b>17,271</b>	<b>18,832</b>	<b>0</b>	<b>70,990</b>
<b>Total Functional Expenses</b>	<b>674,364</b>	<b>97,399</b>	<b>56,508</b>	<b>4,810</b>	<b>833,081</b>

See Notes to Financial Statements

STATEMENTS OF CASH FLOWS  
Years Ended March 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	172,084	651,165
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,668	13,053
Loss on sale of assets	0	183
Investment income	(12,890)	0
Unrealized gain on investments	(64,083)	0
Donations, contributions and support restricted for long-term purposes	(32,250)	(723,972)
Changes in assets and liabilities:		
Increase in unconditional promises to give	(25,092)	0
(Increase) decrease in prepaid expenses	(1,558)	158
Decrease in accounts payable	(1,168)	(3,308)
Increase (decrease) in accrued wages	(4,230)	50
Increase (decrease) in accrued expenses	(2,965)	3,931
Increase in accrued payroll taxes	5,222	0
Increase in security deposits	650	0
Increase (decrease) in deferred revenue	(850)	850
Net Cash Provided by (Used in) Operating Activities	<u>47,538</u>	<u>(57,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	0	(15,000)
Purchase of property and equipment	(15,688)	(5,465)
Increase in cash restricted or designated for future purposes	141,010	45,511
Purchase of investments restricted or designated for future purposes	(721,228)	0
(Increase) decrease in certificates of deposit restricted or designated for future purposes	403,890	(403,890)
Net Cash Used in Investing Activities	<u>(192,016)</u>	<u>(378,844)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from donations, contributions and support:		
Investment in permanent endowment	154,124	394,029
Net Cash Provided by Financing Activities	<u>154,124</u>	<u>394,029</u>
Net Cash Flows Provided by (Used in) Operating, Investing and Financing Activities	9,646	(42,705)
CASH AND CASH EQUIVALENTS		
Beginning	<u>124,852</u>	<u>167,557</u>
Ending	<u><u>134,498</u></u>	<u><u>124,852</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations - Bridge of Hope Lancaster and Chester Counties is a nonprofit organization with offices located in Coatesville and Lancaster, Pennsylvania. The mission of the Organization is to end and prevent homelessness for women and children with the help of trained mentoring groups within congregations. Single mothers achieve permanent housing and financial self-sufficiency through employment and attain stability and enhanced self-esteem through ongoing mentoring friendships. The Organization's goal is to exemplify Christ's love and to promote physical, emotional, social, and spiritual wholeness.

Public Support and Revenue - All contributions are considered available for unrestricted use unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if the contribution is designated for use in a future period. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For gifts of long-lived assets with no explicit donor stipulations that specify how long the assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service. As of March 31, 2010 and 2009, the Organization received \$18,935 and \$17,951, respectively, related to the Lancaster County Garden Luncheon which is held after year-end.

Unconditional promises to give are recorded as received. Unconditional promises to give which are due in the next year are recorded at their net realizable value. Unconditional promises to give which are due in subsequent years are recorded at the present value of their net realizable value unless immaterial, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end. Conditional promises to give are not included as support until such time as the condition is substantially met.

Estimates - The preparation of financial statements in conformity with generally accepted 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Long-Lived Assets - Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 1 - Summary of Significant Accounting Policies - Continued

Property and Equipment - Property and equipment are recorded at cost. Expenditures that significantly add to productive capacity or useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation is eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed by the straight-line method at rates based on estimated service lives.

Donated Services and Materials - Donated materials, services, and other noncash assets are reflected as contributions in the accompanying statements of activities at their estimated fair market value on the date received. Total donated materials and services amounted to \$41,184 and \$57,435 for the years ended March 31, 2010 and 2009, respectively.

Donated services are reflected in the financial statements at the fair value of the services received. Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization receives a significant amount of donated services from unpaid volunteers who assist in program activities. No amounts for these services have been recognized in the statements of activities for the value of these donated services, because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Federal Income Tax - The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code as a member of the group exemption letter of the national organization, Bridge of Hope, Inc. The Organization is not a private foundation as defined in Sections 170 and 509 of the Internal Revenue Code. The Organization files a separate Federal Form 990.

Accrued Interest and Penalties Related to Unrecognized Tax Benefits - The Company reports accrued interest and penalties related to unrecognized tax benefits as interest expense and penalties expense, respectively. There were no interest or penalties related to unrecognized tax benefits for the years ended March 31, 2010 and 2009.

The Company is no longer subject to examination by the Internal Revenue Service and the Pennsylvania Department of Revenue for years prior to March 31, 2007.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on the statement of functional expenses. Accordingly, certain costs have been allocated between program and supporting services.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 1 - Summary of Significant Accounting Policies - Continued

Endowment Fund - The Organization has established an endowment fund to support ongoing operations. The principal received under the endowment fund is permanently restricted with the income available for specific purposes. Permanently restricted net assets include the cash received and unconditional promises to give which has been restricted by the donor for the endowment fund.

The Organization has interpreted relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Board of Directors has approved this interpretation in the endowment fund policy. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the revenue stream and the overall endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that seek competitive investment performance versus appropriate or relative benchmarks. To meet the stated objectives a portion of the endowment's portfolio is dedicated to mutual funds in order to produce long-term appreciation of principal. Another portion is committed to fixed income investments in order to provide a consistent level of income and to reduce overall portfolio volatility.

The spending policy (as determined by a resolution of the Board of Directors on May 12, 2009) for the Organization's endowment is calculated annually at the last scheduled meeting of the Finance Committee or Investment Committee of the year. No distributions for spending other than for expenses associated with the investment of funds are to be made before the earlier of the date the combined total contributions equal or exceed \$1 million dollars, or April 1, 2011. The distribution percentages will be five percent (5.0%) of the average of the market value of the fund for the previous 36 months.

Subsequent Events - The date to which events occurring after March 31, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 11, 2010, which is the date on which the financial statements were available to be issued.

NOTE 2 - Cash and Cash Equivalents

The Company maintains accounts at several banks. Deposits totaled \$260,958 at March 31, 2010, all of which was federally insured.

NOTE 3 - Unconditional Promises to Give

As of March 31, 2010, various contributors pledged funds towards the endowment campaign or for general purposes. As of March 31, 2010 and 2009, unconditional promises to give consist of the following:

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 3 - Unconditional Promises to Give - Continued

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
General operating funds	25,092	0
Endowment for Independence Campaign	266,651	405,226
Less: Discounts to present values	1,182	12,038
Allowance for uncollectible promises to give	<u>11,967</u>	<u>17,812</u>
Total Unconditional Promises to Give	<u>278,594</u>	<u>375,376</u>
Amounts due in one year	190,704	228,364
Amounts due in two to five years	<u>87,890</u>	<u>147,012</u>
Total	<u>278,594</u>	<u>375,376</u>

NOTE 4 - Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 4 - Fair Value Measurements - Continued

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2010.

*Money market funds:* Valued at cost which is equivalent to fair value.

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Organization at year-end.

*Fixed income securities:* Valued at quoted prices in markets that are not active, broker dealer quotations, or other methods by which all significant inputs are observable, either directly or indirectly.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of March 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Money market funds	10,258	0	0	10,258
Mutual funds	433,644	0	0	433,644
Fixed income securities	<u>0</u>	<u>354,299</u>	<u>0</u>	<u>354,299</u>
<u>Total Assets at</u>				
<u>Fair Value</u>	<u>443,902</u>	<u>354,299</u>	<u>0</u>	<u>798,201</u>

The Organization had no such investments for the year ending March 31, 2009.

NOTE 5 - Rental Income

The Organization rents a portion of the Coatesville office building on a month-to-month basis to an unaffiliated individual. Total rental income for the years ended March 31, 2010 and 2009 was \$6,868 and \$6,075, respectively.

NOTE 6 - Retirement Plan

During 2000, the Organization adopted a Simple IRA plan for employees. The plan provides a matching benefit of up to 3%. For the years ended March 31, 2010 and 2009, the retirement plan benefit included in employee benefits expense was \$7,621 and \$7,072, respectively.

BRIDGE OF HOPE LANCASTER AND CHESTER COUNTIES

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
	\$	\$
Time Restrictions:		
Program activities	7,500	0
Garden Brunch - Lancaster	18,935	17,951
Endowment for Independence	76,973	0
Purpose Restrictions:		
Family Building program	0	2,528
Scholarship Program	675	2,901
Rental Assistance	0	6,209
Vehicle repairs	1,299	0
Laptop program	19,462	0
Girls of Hope program	7,459	0
Other	1,017	4,554
<u>Total Temporarily Restricted Net Assets</u>	<u>133,320</u>	<u>34,143</u>

Net assets released from restrictions were as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Released from time restrictions		
Program activities	7,500	0
Garden Brunch - Lancaster County	17,951	26,585
Released from purpose restrictions		
Rental assistance	39,459	44,160
Scholarship program	3,976	3,099
Incentive to Save program	0	3,225
Client assistance and program support	2,765	5,000
Family Building program	18,528	19,912
Vehicle repairs	1,201	1,750
Alumni Program	4,000	0
Other	1,616	14,555
<u>Total Temporarily Restricted Net Assets Released</u>	<u>96,996</u>	<u>118,286</u>

NOTE 8 - Permanently Restricted and Board Designated Net Assets

A description of the two endowment programs follows:

Independence Endowment - The fund is designed to provide for professional program support. This includes but is not limited to a comfortable, functional environment where mothers meet and work with our professional staff, business tools and technology to ensure a highly functioning workplace and ongoing program development to address the emerging needs of our family participants.

Olive Street Property Endowment - The fund is designed to support the long-term renovation needs of the office located in Coatesville. In addition to the endowment funds invested above, the board has designated \$6,000 of unrestricted net assets towards supporting the Olive Street property.



NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 8 - Permanently Restricted and Board Designated Net Assets - Continued

Permanently restricted net assets consist of the following:

	2010 \$	2009 \$
Independence Endowment	984,492	952,242
Olive Street Property	26,791	26,791
Total Permanently Restricted Net Assets	1,011,283	979,033

NOTE 9 - Client Rental Assistance

In order for clients to obtain living quarters, the Organization will provide a statement of rental assistance to the lessor or, in some instances, will cosign the rental lease with the client. The lease agreements are for a period of one year. The security deposits are paid for and expensed by the Organization in the year the lease is obtained. Upon completion of the Organization's program the client is eligible to receive the security deposit from the landlord. The monthly rental assistance payments are made by both the Organization and client on a sliding scale with the client assuming full rental payment at a point in time usually between the 9<sup>th</sup> and 18<sup>th</sup> month of the lease.

The rental assistance payments are at the discretion of the Organization and can be terminated at any time without affecting the rental relationship between the client and the landlord. No leases were cosigned as of March 31, 2010 and 2009.

NOTE 10 - Endowment

Endowment Net Asset Composition by Type of Fund as of March 31, 2010:

	Unrestricted \$	Temporarily Restricted \$	Permanently Restricted \$	Total \$
Donor-restricted endowment funds			1,011,283	1,011,283
Board-designated endowment funds	12,117	76,973	0	89,090
Total funds	12,117	76,973	1,011,283	1,100,373

Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2010:

Endowment net assets, Beginning of year	11,838	0	979,033	990,871
Investment return:				
Investment income	279	76,973		77,252
Contributions		0	32,250	32,250
Endowment net assets, End of year	12,117	76,973	1,011,283	1,100,373

NOTES TO FINANCIAL STATEMENTS  
March 31, 2010 and 2009

NOTE 10 - Endowment - Continued

Endowment Net Asset Composition by Type of Fund as of March 31, 2009:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Donor-restricted endowment funds		979,033	979,033
Board-designated endowment funds	11,838		11,838
Total funds	<u>11,838</u>	<u>979,033</u>	<u>990,871</u>

Changes in Endowment Net Assets for the Fiscal Year Ended March 31, 2009:

Endowment net assets, Beginning of year	8,166	255,061	263,227
Investment return:			
Investment income	3,672		3,672
Contributions		723,972	723,972
Endowment net assets, End of year	<u>11,838</u>	<u>979,033</u>	<u>990,871</u>

NOTE 11 - Line of Credit

The Organization has a \$30,000 line of credit financing agreement with Mennonite Financial Federal Credit Union which expired on May 20, 2010. Subsequently, the Organization has renewed the line of credit through May 20, 2011. Interest is calculated at the Wall Street Journal's Prime Rate and is payable monthly. The Organization is required to maintain a deposit account with Mennonite Financial Federal Credit Union equal to 50% of the credit limit. The Organization has restricted \$15,000 of cash as of March 31, 2010 and 2009. There were no borrowings on the line of credit at March 31, 2010 and 2009.

NOTE 12 - Major Contributor

The Organization received a donation of \$200,000 from one contributor for the year ended March 31, 2009. The contribution consisted of a gift of \$52,543 and a pledge of \$147,457. There were no new major contributors during the year ended March 31, 2010.