

BRIDGE OF HOPE LANCASTER AND CHESTER
COUNTIES

FINANCIAL REPORT

March 31, 2012

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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 statements of financial position of Bridge of Hope Lancaster and Chester Counties (a nonprofit organization), as of March 31, 2012 and 2011, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide a reasonable basis for our opinion.

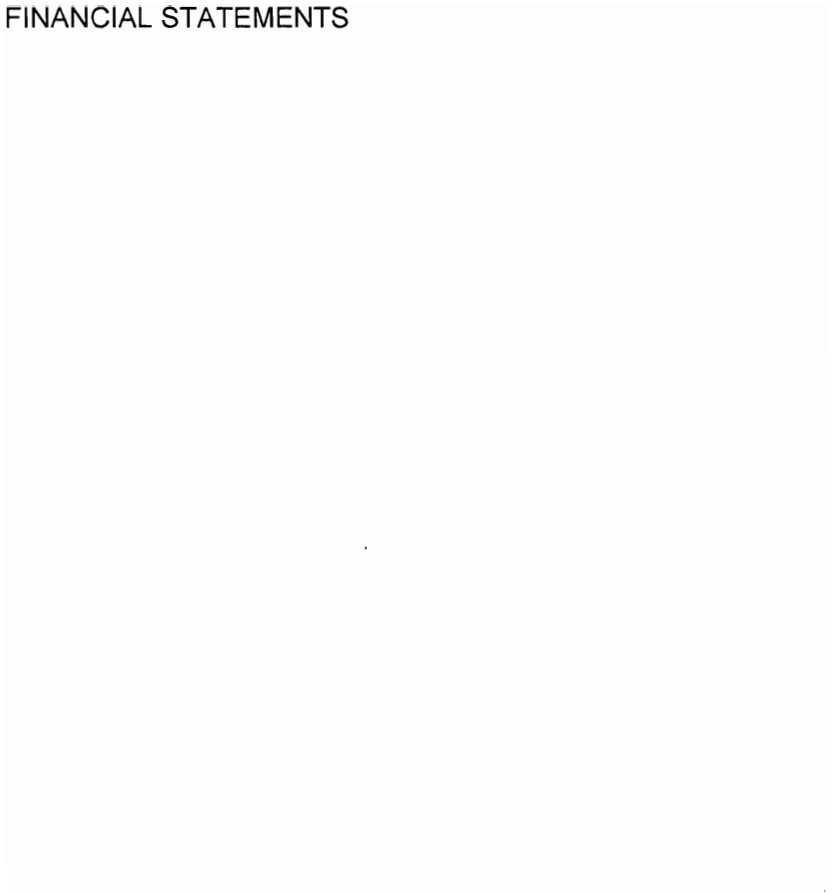
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge of Hope Lancaster and Chester Counties as of March 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Simon Lever LLP

Simon Lever LLP

June 12, 2012

FINANCIAL STATEMENTS



Bridge of Hope Lancaster and Chester Counties

STATEMENTS OF FINANCIAL POSITION
March 31, 2012 and 2011

| | 2012 | 2011 |
|---|-------------------------|-------------------------|
| | <u>\$</u> | <u>\$</u> |
| ASSETS | | |
| Assets | | |
| Cash and cash equivalents | 207,086 | 172,500 |
| Unconditional promises to give | 765,757 | 16,765 |
| Prepaid expenses | 10,710 | 6,251 |
| Total Operating Assets | <u>983,553</u> | <u>195,516</u> |
| Assets Whose Use is Limited | | |
| Restricted cash and cash equivalents | 15,000 | 15,000 |
| Cash and cash equivalents designated for endowment | 6,000 | 6,000 |
| Cash and cash equivalents temporarily restricted for program activities | 30,626 | 39,824 |
| Investments temporarily restricted for endowments | 158,525 | 174,400 |
| Cash and cash equivalents permanently restricted for endowments | 37,103 | 40,819 |
| Investments permanently restricted for endowments | 938,310 | 883,936 |
| Unconditional promises to give for endowments | 28,950 | 91,042 |
| Total Assets Whose Use is Limited | <u>1,214,514</u> | <u>1,251,021</u> |
| Property and Equipment | | |
| Office building and land - Olive Street | 183,493 | 183,168 |
| Office building - Marietta Avenue | 46,789 | 46,789 |
| Office furniture and equipment - Olive Street | 55,250 | 51,732 |
| Residential rental building and land | 44,504 | 44,504 |
| Total | <u>330,036</u> | <u>326,193</u> |
| Less accumulated depreciation | 116,795 | 99,673 |
| Net Property and Equipment | <u>213,241</u> | <u>226,520</u> |
| <u>TOTAL ASSETS</u> | <u>2,411,308</u> | <u>1,673,057</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | 3,322 | 5,415 |
| Accrued wages and benefits | 31,639 | 25,826 |
| Accrued expenses | 516 | 790 |
| Accrued payroll taxes | 4,678 | 5,042 |
| Security deposits | 650 | 650 |
| Total Liabilities | <u>40,805</u> | <u>37,723</u> |
| Net Assets | | |
| Unrestricted | | |
| Undesignated | 460,522 | 399,313 |
| Board designated | 716,467 | 6,000 |
| Total Unrestricted Net Assets | <u>1,176,989</u> | <u>405,313</u> |
| Temporarily Restricted Net Assets | 189,151 | 214,224 |
| Permanently Restricted Net Assets | <u>1,004,363</u> | <u>1,015,797</u> |
| Total Net Assets | <u>2,370,503</u> | <u>1,635,334</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>2,411,308</u> | <u>1,673,057</u> |

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

**STATEMENT OF ACTIVITIES
Year Ended March 31, 2012**

| | UNRESTRICTED \$ | TEMPORARILY RESTRICTED \$ | PERMANENTLY RESTRICTED \$ | TOTAL \$ |
|---------------------------------------|--------------------|---------------------------------|---------------------------------|------------------|
| Revenue and Other Support | | | | |
| Donations, contributions and support | 1,136,971 | 0 | 3,566 | 1,140,537 |
| Grants | 189,500 | 43,305 | 0 | 232,805 |
| Fundraising, net of special events | | | | |
| expenses \$20,709 | 115,649 | 15,875 | 0 | 131,524 |
| Interest income | 374 | 0 | 0 | 374 |
| Rental income | 4,050 | 0 | 0 | 4,050 |
| Investment income | 0 | 29,465 | 0 | 29,465 |
| Realized gain on investments | 0 | 26,266 | 0 | 26,266 |
| Unrealized loss on investments | 0 | (24,385) | 0 | (24,385) |
| Net assets released from restrictions | 130,599 | (115,599) | (15,000) | 0 |
| Total Revenue and Other Support | <u>1,577,143</u> | <u>(25,073)</u> | <u>(11,434)</u> | <u>1,540,636</u> |
| Functional Expenses | | | | |
| Program services | 635,466 | 0 | 0 | 635,466 |
| Support services | | | | |
| General and administrative | 96,372 | 0 | 0 | 96,372 |
| Fundraising | 67,019 | 0 | 0 | 67,019 |
| Rental property expenses | 6,610 | 0 | 0 | 6,610 |
| Total Functional Expenses | <u>805,467</u> | <u>0</u> | <u>0</u> | <u>805,467</u> |
| Change in Net Assets | 771,676 | (25,073) | (11,434) | 735,169 |
| Net Assets at Beginning of Year | 405,313 | 214,224 | 1,015,797 | 1,635,334 |
| Net Assets at End of Year | <u>1,176,989</u> | <u>189,151</u> | <u>1,004,363</u> | <u>2,370,503</u> |

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF ACTIVITIES
Year Ended March 31, 2011

| | UNRESTRICTED \$ | TEMPORARILY RESTRICTED \$ | PERMANENTLY RESTRICTED \$ | TOTAL \$ |
|---------------------------------------|--------------------|---------------------------------|---------------------------------|------------------|
| Revenue and Other Support | | | | |
| Donations, contributions and support | 457,434 | 15,045 | 4,514 | 476,993 |
| Grants | 116,300 | 69,800 | 0 | 186,100 |
| Fundraising, net of special events | | | | |
| expenses \$21,129 | 120,586 | 16,985 | 0 | 137,571 |
| Interest income | 535 | 0 | 0 | 535 |
| Rental income | 7,200 | 0 | 0 | 7,200 |
| Investment income | 0 | 22,544 | 0 | 22,544 |
| Realized gain on investments | 0 | 38,335 | 0 | 38,335 |
| Unrealized gain on investments | 0 | 36,548 | 0 | 36,548 |
| Net assets released from restrictions | 118,353 | (118,353) | 0 | 0 |
| Total Revenue and Other Support | <u>820,408</u> | <u>80,904</u> | <u>4,514</u> | <u>905,826</u> |
| Functional Expenses | | | | |
| Program services | 631,395 | 0 | 0 | 631,395 |
| Support services | | | | |
| General and administrative | 102,040 | 0 | 0 | 102,040 |
| Fundraising | 58,363 | 0 | 0 | 58,363 |
| Rental property expenses | 4,872 | 0 | 0 | 4,872 |
| Total Functional Expenses | <u>796,670</u> | <u>0</u> | <u>0</u> | <u>796,670</u> |
| Change in Net Assets | 23,738 | 80,904 | 4,514 | 109,156 |
| Net Assets at Beginning of Year | 381,575 | 133,320 | 1,011,283 | 1,526,178 |
| Net Assets at End of Year | <u>405,313</u> | <u>214,224</u> | <u>1,015,797</u> | <u>1,635,334</u> |

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2012

| | PROGRAM SERVICES | GENERAL AND ADMINISTRATIVE | FUNDRAISING | RENTAL EXPENSES | TOTAL |
|--------------------------------------|------------------|----------------------------|---------------|-----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Staffing and Related Expenses | | | | | |
| Salaries | 315,127 | 58,050 | 41,464 | 0 | 414,641 |
| Employee benefits | 28,689 | 5,411 | 3,865 | 0 | 37,965 |
| Payroll taxes | 28,730 | 5,292 | 3,780 | 0 | 37,802 |
| Staff training and travel | 13,616 | 1,855 | 2,045 | 0 | 17,516 |
| Total Staffing and Related Expenses | 386,162 | 70,608 | 51,154 | 0 | 507,924 |
| Building and Facility Expenses | | | | | |
| Real estate taxes | 0 | 0 | 0 | 1,827 | 1,827 |
| Condo association fees | 6,536 | 0 | 0 | 0 | 6,536 |
| Depreciation | 11,907 | 2,194 | 1,567 | 1,454 | 17,122 |
| Maintenance and repairs | 1,459 | 0 | 0 | 0 | 1,459 |
| Telephone | 4,746 | 874 | 624 | 0 | 6,244 |
| Utilities and other | 6,825 | 0 | 0 | 3,329 | 10,154 |
| Total Building and Facility Expenses | 31,473 | 3,068 | 2,191 | 6,610 | 43,342 |
| Client and Mentoring Expenses | | | | | |
| Rental assistance | 80,492 | 0 | 0 | 0 | 80,492 |
| In-kind support | 39,346 | 0 | 0 | 0 | 39,346 |
| Alumni program | 6,999 | 0 | 0 | 0 | 6,999 |
| Direct needs | 56,729 | 0 | 0 | 0 | 56,729 |
| Family building | 2,573 | 0 | 0 | 0 | 2,573 |
| Mentor training | 4,207 | 0 | 0 | 0 | 4,207 |
| Total Client and Mentoring Expenses | 190,346 | 0 | 0 | 0 | 190,346 |
| Other Expenses | | | | | |
| Newsletter and printed materials | 2,634 | 0 | 0 | 0 | 2,634 |
| Fundraising appeals | 0 | 0 | 2,788 | 0 | 2,788 |
| Insurance | 7,417 | 1,367 | 976 | 0 | 9,760 |
| Legal and accounting | 0 | 12,305 | 0 | 0 | 12,305 |
| Miscellaneous | 5,716 | 196 | 3,009 | 0 | 8,921 |
| Consulting | 0 | 0 | 5,359 | 0 | 5,359 |
| Investment expenses | 0 | 6,670 | 0 | 0 | 6,670 |
| Office supplies and postage | 11,718 | 2,158 | 1,542 | 0 | 15,418 |
| Total Other Expenses | 27,485 | 22,696 | 13,674 | 0 | 63,855 |
| Total Functional Expenses | 635,466 | 96,372 | 67,019 | 6,610 | 805,467 |

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2011

| | PROGRAM SERVICES | GENERAL AND ADMINISTRATIVE | FUNDRAISING | RENTAL EXPENSES | TOTAL |
|--------------------------------------|------------------|----------------------------|---------------|-----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Staffing and Related Expenses | | | | | |
| Salaries | 308,576 | 66,661 | 37,497 | 0 | 412,734 |
| Employee benefits | 32,235 | 7,025 | 3,952 | 0 | 43,212 |
| Payroll taxes | 28,535 | 6,088 | 3,424 | 0 | 38,047 |
| Staff training and travel | 13,165 | 2,914 | 1,995 | 0 | 18,074 |
| Total Staffing and Related Expenses | 382,511 | 82,688 | 46,868 | 0 | 512,067 |
| Building and Facility Expenses | | | | | |
| Real estate taxes | 0 | 0 | 0 | 2,174 | 2,174 |
| Condo association fees | 6,628 | 0 | 0 | 0 | 6,628 |
| Depreciation | 10,756 | 2,295 | 1,291 | 1,454 | 15,796 |
| Maintenance and repairs | 2,449 | 0 | 0 | 0 | 2,449 |
| Telephone | 4,892 | 1,044 | 587 | 0 | 6,523 |
| Utilities and other | 6,794 | 0 | 0 | 1,244 | 8,038 |
| Total Building and Facility Expenses | 31,519 | 3,339 | 1,878 | 4,872 | 41,608 |
| Client and Mentoring Expenses | | | | | |
| Rental assistance | 83,356 | 0 | 0 | 0 | 83,356 |
| In-kind support | 44,863 | 0 | 0 | 0 | 44,863 |
| Alumni program | 6,648 | 0 | 0 | 0 | 6,648 |
| Direct needs | 46,784 | 0 | 0 | 0 | 46,784 |
| Family building | 2,148 | 0 | 0 | 0 | 2,148 |
| Mentor training | 4,542 | 0 | 0 | 0 | 4,542 |
| Total Client and Mentoring Expenses | 188,341 | 0 | 0 | 0 | 188,341 |
| Other Expenses | | | | | |
| Newsletter and printed materials | 1,369 | 0 | 0 | 0 | 1,369 |
| Fund raising appeals | 0 | 0 | 6,585 | 0 | 6,585 |
| Insurance | 7,387 | 1,576 | 886 | 0 | 9,849 |
| Legal and accounting | 0 | 11,150 | 0 | 0 | 11,150 |
| Miscellaneous | 6,743 | 401 | 523 | 0 | 7,667 |
| Office supplies and postage | 13,525 | 2,886 | 1,623 | 0 | 18,034 |
| Total Other Expenses | 29,024 | 16,013 | 9,617 | 0 | 54,654 |
| Total Functional Expenses | 631,395 | 102,040 | 58,363 | 4,872 | 796,670 |

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2012 and 2011

| | 2012 | 2011 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | 735,169 | 109,156 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 17,122 | 15,796 |
| Investment income | (29,465) | (22,544) |
| Realized gain on investments | (26,266) | (38,335) |
| Unrealized (gain) loss on investments | 24,385 | (36,548) |
| Donations, contributions and support restricted for long-term purposes | (3,566) | (4,514) |
| Release of permanently restricted net asset | 15,000 | 0 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in unconditional promises to give | (748,992) | 8,327 |
| (Increase) decrease in prepaid expenses | (4,459) | 3,071 |
| Decrease in accounts payable | (2,093) | (525) |
| Increase (decrease) in accrued wages and benefits | 5,813 | (2,075) |
| Increase (decrease) in accrued expenses | (274) | 126 |
| Decrease in accrued payroll taxes | (364) | (180) |
| Net Cash Provided by (Used in) Operating Activities | <u>(17,990)</u> | <u>31,755</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (3,843) | (10,276) |
| Increase in cash restricted or designated for future purposes | 12,914 | 12,257 |
| Purchase of investments restricted or designated for future purposes | (43,990) | (162,708) |
| Distribution from investments restricted or designated for future purposes | 36,837 | 0 |
| Net Cash Provided by (Used in) Investing Activities | <u>1,918</u> | <u>(160,727)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from donations, contributions and support: | | |
| Investment in permanent endowment | 50,658 | 166,974 |
| Net Cash Provided by Financing Activities | <u>50,658</u> | <u>166,974</u> |
| Net Cash Flows Provided by Operating, Investing and Financing Activities | 34,586 | 38,002 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning | <u>172,500</u> | <u>134,498</u> |
| Ending | <u><u>207,086</u></u> | <u><u>172,500</u></u> |

See Notes to Financial Statements

Bridge Of Hope Lancaster And Chester Counties

Notes To Financial Statements March 31, 2012 And 2011

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, 2012 and 2011, the Organization received \$15,875 and \$16,985, 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.

Investments – The Organization records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Unrealized losses totaled \$24,385 for the year ended March 31, 2012. Unrealized gains totaled \$36,548 for the year ended March 31, 2011. Investment income amounted to \$55,731 and \$60,879 for the years ended March 31, 2012 and 2011, respectively.

Bridge Of Hope Lancaster And Chester Counties

**Notes To Financial Statements
March 31, 2012 And 2011**

Note 1 – Summary of Significant Accounting Policies – Continued

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.

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 amounted to \$40,059 and \$47,308 for the years ended March 31, 2012 and 2011, 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. There were no donated services received during the years ending March 31, 2012 and 2011.

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 Organization 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, 2012 and 2011.

The Organization is no longer subject to examination by the Internal Revenue Service for years prior to March 31, 2009.

Bridge Of Hope Lancaster And Chester Counties

**Notes To Financial Statements
March 31, 2012 And 2011**

Note 1 – Summary of Significant Accounting Policies – Continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 were to be made before the earlier of the date the combined total contributions equaled or exceeded \$1 million dollars, or April 1, 2011. The distribution percentages are five percent (5.0%) of the average of the market value of the fund for the previous 36 months. For the years ended March 31, 2012 and 2011, the Organization distributed from the endowment fund \$36,837 and \$0, respectively.

Subsequent Events - The date to which events occurring after March 31, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 12, 2012, which is the date on which the financial statements were available to be issued.

Bridge Of Hope Lancaster And Chester Counties

Notes To Financial Statements March 31, 2012 And 2011

Note 2 – New Accounting Standards

Issued:

In May 2011, the Financial Accounting Standards Board (FASB) issued new guidance to achieve common fair value measurement and disclosure requirements between accounting principles generally accepted in the United States of America and International Financial Reporting Standards. This new guidance, which is effective for the Organization beginning April 1, 2012, amends current United States generally accepted accounting principles on fair value measurement and disclosure guidance to include increased transparency around valuation inputs and investment categorization. The Organization does not expect the adoption will have a material impact on its financial statements.

Note 3 – Unconditional Promises to Give

As of March 31, 2012, various contributors pledged funds towards the endowment campaign or for general purposes. As of March 31, 2012 and 2011, unconditional promises to give consist of the following:

| | <u>2012</u> | <u>2011</u> |
|--|----------------|----------------|
| | <u>\$</u> | <u>\$</u> |
| General operating funds | 55,290 | 16,765 |
| Endowment for Independence Campaign | 30,000 | 95,082 |
| Board designated funds | 710,467 | 0 |
| Less: Discounts to present values | 0 | 288 |
| Allowance for uncollectible promises to give | <u>1,050</u> | <u>3,752</u> |
| Total Unconditional Promises to Give | <u>794,707</u> | <u>107,807</u> |
| Amounts due in one year | 780,457 | 80,345 |
| Amounts due in two to five years | <u>14,250</u> | <u>27,462</u> |
| Total | <u>794,707</u> | <u>107,807</u> |

Bridge Of Hope Lancaster And Chester Counties

Notes To Financial Statements March 31, 2012 And 2011

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.

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, 2012 and 2011.

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

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.

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

Bridge Of Hope Lancaster And Chester Counties

Notes To Financial Statements
March 31, 2012 And 2011

Note 4 – Fair Value Measurements - Continued

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 tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of March 31, 2012 and 2011:

Assets at Fair Value as of March 31, 2012

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------|----------------|----------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Money Market Funds | 15,994 | 0 | 0 | 15,994 |
| Fixed Income Securities | | | | 0 |
| Intermediate Term | 0 | 324,294 | 0 | 324,294 |
| Short Term | 0 | 107,502 | 0 | 107,502 |
| Mutual Funds | | | | 0 |
| Large Cap Core | 195,243 | 0 | 0 | 195,243 |
| Large Cap Growth | 54,544 | 0 | 0 | 54,544 |
| Large Cap Value | 43,343 | 0 | 0 | 43,343 |
| Small Cap Core | 108,180 | 0 | 0 | 108,180 |
| International | 247,735 | 0 | 0 | 247,735 |
| <u>Total Assets at</u> | | | | |
| <u>Fair Value</u> | <u>665,039</u> | <u>431,796</u> | <u>0</u> | <u>1,096,835</u> |

Assets at Fair Value as of March 31, 2011

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------|----------------|----------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Money Market Funds | 10,000 | 0 | 0 | 10,000 |
| Fixed Income Securities | | | | |
| Intermediate Term | 0 | 344,062 | 0 | 344,062 |
| Short Term | 0 | 72,742 | 0 | 72,742 |
| Mutual Funds | | | | |
| Large Cap Core | 246,212 | 0 | 0 | 246,212 |
| Large Cap Growth | 36,692 | 0 | 0 | 36,692 |
| Large Cap Value | 31,480 | 0 | 0 | 31,480 |
| Small Cap Core | 106,962 | 0 | 0 | 106,962 |
| International | 210,186 | 0 | 0 | 210,186 |
| <u>Total Assets at</u> | | | | |
| <u>Fair Value</u> | <u>641,532</u> | <u>416,804</u> | <u>0</u> | <u>1,058,336</u> |

Bridge Of Hope Lancaster And Chester Counties

**Notes To Financial Statements
March 31, 2012 And 2011**

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, 2012 and 2011 was \$4,050 and \$7,200, 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, 2012 and 2011, the retirement plan benefit included in employee benefits expense was \$9,018 and \$8,581, respectively.

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

| | <u>2012</u> | <u>2011</u> |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Time Restrictions: | | |
| Program activities | 6,000 | 0 |
| Garden Luncheon - Lancaster County | 15,875 | 16,985 |
| Endowment for Independence | 158,525 | 174,400 |
| Purpose Restrictions: | | |
| Family Building program | 0 | 2,000 |
| Scholarship program | 50 | 0 |
| Rental assistance | 0 | 1,840 |
| Laptop program | 0 | 8,192 |
| Mental health program | 7,660 | 9,745 |
| Other | 1,041 | 1,062 |
| <u>Total Temporarily Restricted Net Assets</u> | <u>189,151</u> | <u>214,224</u> |

Bridge Of Hope Lancaster And Chester Counties

**Notes To Financial Statements
March 31, 2012 And 2011**

Note 7 – Temporarily Restricted Net Assets – Continued

Net assets released from temporary restrictions were as follows:

| | <u>2012</u> | <u>2011</u> |
|--|-----------------------|-----------------------|
| | <u>\$</u> | <u>\$</u> |
| Released from time restrictions: | | |
| Program activities | 6,000 | 7,500 |
| Garden Luncheon - Lancaster County | 16,985 | 18,935 |
| Endowment for Independence | 47,222 | 0 |
| Released from purpose restrictions: | | |
| Rental assistance | 16,840 | 23,460 |
| Scholarship program | 1,005 | 675 |
| Family Building program | 14,500 | 12,500 |
| Vehicle repairs | 2,750 | 1,299 |
| Laptop program | 8,192 | 26,271 |
| Girls of Hope program | 0 | 7,459 |
| Budgeting and case management | 0 | 20,000 |
| Mental health program | 2,085 | 254 |
| Other | 20 | 0 |
| <u>Total Temporarily Restricted Net Assets Released</u> | <u>115,599</u> | <u>118,353</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 the Organization’s professional staff, business tools and technology to ensure a highly functioning workplace and ongoing program development to address the emerging needs of the Organization’s 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.

Bridge Of Hope Lancaster And Chester Counties

Notes To Financial Statements
March 31, 2012 And 2011

Note 8 – Permanently Restricted and Board Designated Net Assets – Continued

Permanently restricted net assets consist of the following:

| | <u>2012</u> | <u>2011</u> |
|---|-------------------------|-------------------------|
| | <u>\$</u> | <u>\$</u> |
| Independence Endowment | 977,572 | 989,006 |
| Olive Street Property | <u>26,791</u> | <u>26,791</u> |
| Total Permanently Restricted Net Assets | <u><u>1,004,363</u></u> | <u><u>1,015,797</u></u> |

Net assets released from permanent restriction consisted of a donor redirecting \$15,000 of their contribution from the endowment to be used for general operating funds.

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 9th and 18th 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, 2012 and 2011.

Note 10 – Endowment

Endowment net asset composition by type of fund as of March 31, 2012:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|----------------------|-------------------------------|-------------------------------|-------------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Donor-restricted endowment funds | 0 | 0 | 1,004,363 | 1,004,363 |
| Time-restricted endowment funds | 0 | 158,525 | 0 | 158,525 |
| Board-designated endowment funds | <u>12,598</u> | <u>0</u> | <u>0</u> | <u>12,598</u> |
| Total funds | <u><u>12,598</u></u> | <u><u>158,525</u></u> | <u><u>1,004,363</u></u> | <u><u>1,175,486</u></u> |

Bridge Of Hope Lancaster And Chester Counties

Notes To Financial Statements
March 31, 2012 And 2011

Note 10 – Endowment – Continued

Changes in endowment net assets for the fiscal year ended March 31, 2012:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------|---------------------------|---------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Endowment net assets, Beginning of year | 12,478 | 174,400 | 1,015,797 | 1,202,675 |
| Investment return: | | | | |
| Interest | 120 | 0 | 0 | 120 |
| Dividends | 0 | 29,465 | 0 | 29,465 |
| Realized gain | 0 | 26,266 | 0 | 26,266 |
| Unrealized loss | 0 | (24,385) | 0 | (24,385) |
| Contributions | 0 | 0 | 3,566 | 3,566 |
| Release of restriction | 0 | (47,221) | (15,000) | (62,221) |
| Endowment net assets, End of year | <u>12,598</u> | <u>158,525</u> | <u>1,004,363</u> | <u>1,175,486</u> |

Endowment net asset composition by type of fund as of March 31, 2011:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|-------------------------------------|---------------|---------------------------|---------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Donor-restricted endowment funds | 0 | 0 | 1,015,797 | 1,015,797 |
| Time-restricted endowment funds | 0 | 174,400 | 0 | 174,400 |
| Board-designated endowment funds | <u>12,478</u> | <u>0</u> | <u>0</u> | <u>12,478</u> |
| Total funds | <u>12,478</u> | <u>174,400</u> | <u>1,015,797</u> | <u>1,202,675</u> |

Bridge Of Hope Lancaster And Chester Counties

**Notes To Financial Statements
March 31, 2012 And 2011**

Note 10 – Endowment – Continued

Changes in endowment net assets for the fiscal year ended March 31, 2011:

| | <u>Unrestricted</u> | <u>Temporarily</u> | <u>Permanently</u> | <u>Total</u> |
|--|---------------------|--------------------|--------------------|------------------|
| | <u>\$</u> | <u>Restricted</u> | <u>Restricted</u> | <u>\$</u> |
| | | <u>\$</u> | <u>\$</u> | |
| Endowment net assets, Beginning of year | 12,117 | 76,973 | 1,011,283 | 1,100,373 |
| Investment return: | | | | |
| Interest | 361 | 0 | 0 | 361 |
| Dividends | 0 | 22,544 | 0 | 22,544 |
| Realized gain | 0 | 38,335 | 0 | 38,335 |
| Unrealized gain | 0 | 36,548 | 0 | 36,548 |
| Contributions | <u>0</u> | <u>0</u> | <u>4,514</u> | <u>4,514</u> |
| Endowment net assets, End of year | <u>12,478</u> | <u>174,400</u> | <u>1,015,797</u> | <u>1,202,675</u> |

Note 11 – Line Of Credit

The Organization has a \$30,000 line of credit financing agreement with Everence Federal Credit Union, which expires in August 2012. 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 Everence Federal Credit Union equal to 50% of the credit limit. The Organization has restricted \$15,000 of cash as of March 31, 2012 and 2011. There were no borrowings on the line of credit at March 31, 2012 and 2011.

Note 12 – Major Contributor

For the year ended March 31, 2012, the Organization received more than 10% of its contributions from one donor. Contribution revenue from the donor totaled \$749,431 for the year ended March 31, 2012, of which the full amount is outstanding as an unconditional promise to give as of March 31, 2012. Subsequently, the full amount of the unconditional promise to give was collected in April 2012. There were no major contributors for the year ended March 31, 2011.