

Bridge of Hope Lancaster and Chester Counties

Financial Report

March 31, 2016



BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statement of Activities – 2016	5
Statement of Activities – 2015	6
Statement of Functional Expenses - 2016	7
Statement of Functional Expenses - 2015	8
Statements of Cash Flows	9
Notes to Financial Statements	10-19



BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Bridge of Hope Lancaster and Chester Counties (a nonprofit corporation), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2016 and 2015, 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.

A handwritten signature in black ink that reads "Simon Lever LLP". The signature is written in a cursive style.

Simon Lever LLP
Lancaster, PA

June 21, 2016

FINANCIAL STATEMENTS

Bridge of Hope Lancaster and Chester Counties

STATEMENTS OF FINANCIAL POSITION
March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
ASSETS		
Assets		
Cash and cash equivalents	195,623	339,169
Unconditional promises to give	1,278	10,162
Investments	0	213,872
Prepaid expenses	10,644	11,005
Total Operating Assets	<u>207,545</u>	<u>574,208</u>
Assets Whose Use is Limited		
Restricted cash and cash equivalents	15,000	15,000
Cash and cash equivalents designated for endowments	6,000	6,000
Investments designated for endowments	100,000	100,000
Cash and cash equivalents temporarily restricted for program activities	30,816	13,710
Investments temporarily restricted for endowments	218,013	290,812
Cash and cash equivalents permanently restricted for endowments	52,103	52,103
Investments permanently restricted for endowments	938,310	938,310
Total Assets Whose Use is Limited	<u>1,360,242</u>	<u>1,415,935</u>
Property and Equipment		
Office building and land - Lime Street	378,412	366,127
Office building and land - Olive Street	227,558	227,558
Office furniture and equipment - Olive Street	62,935	62,935
Total	<u>668,905</u>	<u>656,620</u>
Less accumulated depreciation	<u>160,103</u>	<u>141,968</u>
Net Property and Equipment	<u>508,802</u>	<u>514,652</u>
<u>TOTAL ASSETS</u>	<u>2,076,589</u>	<u>2,504,795</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	7,160	3,621
Accrued wages and benefits	45,462	39,693
Accrued expenses	13,500	13,000
Deferred revenue	6,870	10,145
Long-term debt	0	188,294
Total Liabilities	<u>72,992</u>	<u>254,753</u>
Net Assets		
Unrestricted		
Undesignated	454,596	423,185
Board designated	308,759	531,922
Total Unrestricted Net Assets	<u>763,355</u>	<u>955,107</u>
Temporarily Restricted Net Assets	249,829	304,522
Permanently Restricted Net Assets	<u>990,413</u>	<u>990,413</u>
Total Net Assets	<u>2,003,597</u>	<u>2,250,042</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>2,076,589</u>	<u>2,504,795</u>

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF ACTIVITIES
Year Ended March 31, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue and Other Support				
Donations, contributions and support	486,957	20,125	0	507,082
Grants	111,000	67,000	0	178,000
Special events, net of expenses \$18,993	83,317	0	0	83,317
Interest income	455	0	0	455
Investment dividends and interest	7,189	45,809	0	52,998
Realized gain (loss) on investments	(10,993)	37,777	0	26,784
Unrealized loss on investments	0	(100,448)	0	(100,448)
Net assets released from restrictions	124,956	(124,956)	0	0
Total Revenue and Other Support	<u>802,881</u>	<u>(54,693)</u>	<u>0</u>	<u>748,188</u>
Functional Expenses				
Program services	799,824	0	0	799,824
Support services				
General and administrative	85,203	0	0	85,203
Fundraising	109,606	0	0	109,606
Total Functional Expenses	<u>994,633</u>	<u>0</u>	<u>0</u>	<u>994,633</u>
Change in Net Assets	(191,752)	(54,693)	0	(246,445)
Net Assets at Beginning of Year	<u>955,107</u>	<u>304,522</u>	<u>990,413</u>	<u>2,250,042</u>
Net Assets at End of Year	<u><u>763,355</u></u>	<u><u>249,829</u></u>	<u><u>990,413</u></u>	<u><u>2,003,597</u></u>

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF ACTIVITIES
Year Ended March 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
	\$	\$	\$	\$
Revenue and Other Support				
Donations, contributions and support	591,235	15,699	0	606,934
Grants	139,000	22,199	0	161,199
Special events, net of expenses \$21,718	112,742	0	0	112,742
Interest income	411	0	0	411
Investment dividends and interest	7,959	50,277	0	58,236
Realized gain on investments	736	52,431	0	53,167
Unrealized gain (loss) on investments	3,885	(22,863)	0	(18,978)
Net assets released from restrictions	113,833	(113,833)	0	0
Total Revenue and Other Support	<u>969,801</u>	<u>3,910</u>	<u>0</u>	<u>973,711</u>
Functional Expenses				
Program services	867,812	0	0	867,812
Support services				
General and administrative	91,863	0	0	91,863
Fundraising	130,987	0	0	130,987
Total Functional Expenses	<u>1,090,662</u>	<u>0</u>	<u>0</u>	<u>1,090,662</u>
Change in Net Assets	<u>(120,861)</u>	<u>3,910</u>	<u>0</u>	<u>(116,951)</u>
Net Assets at Beginning of Year	<u>1,075,968</u>	<u>300,612</u>	<u>990,413</u>	<u>2,366,993</u>
Net Assets at End of Year	<u><u>955,107</u></u>	<u><u>304,522</u></u>	<u><u>990,413</u></u>	<u><u>2,250,042</u></u>

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2016

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	TOTAL
	\$	\$	\$	\$
Staffing and Related Expenses				
Salaries	397,308	40,339	73,623	511,270
Employee benefits	61,739	6,268	11,440	79,447
Payroll taxes	34,648	3,518	6,421	44,587
Staff training and travel	17,574	1,784	3,256	22,614
Total Staffing and Related Expenses	<u>511,269</u>	<u>51,909</u>	<u>94,740</u>	<u>657,918</u>
Building and Facility Expenses				
Real estate taxes	1,937	0	0	1,937
Depreciation	14,094	1,431	2,612	18,137
Maintenance and repairs	4,171	0	0	4,171
Telephone	4,389	446	813	5,648
Utilities and other	14,997	0	0	14,997
Interest expense	5,696	0	0	5,696
Total Building and Facility Expenses	<u>45,284</u>	<u>1,877</u>	<u>3,425</u>	<u>50,586</u>
Client and Mentoring Expenses				
Rental assistance	84,542	0	0	84,542
In-kind support	69,762	0	0	69,762
Alumni program	930	0	0	930
Direct needs	50,801	0	0	50,801
Family building	1,932	0	0	1,932
Mentor training	2,646	0	0	2,646
Total Client and Mentoring Expenses	<u>210,613</u>	<u>0</u>	<u>0</u>	<u>210,613</u>
Other Expenses				
Newsletter and printed materials	121	0	0	121
Fundraising appeals	0	0	4,265	4,265
Insurance	11,978	1,216	2,220	15,414
Legal and accounting	0	17,509	0	17,509
Miscellaneous	4,723	479	2,021	7,223
Investment expenses	0	10,605	0	10,605
Office supplies and postage	15,836	1,608	2,935	20,379
Total Other Expenses	<u>32,658</u>	<u>31,417</u>	<u>11,441</u>	<u>75,516</u>
<u>Total Functional Expenses</u>	<u>799,824</u>	<u>85,203</u>	<u>109,606</u>	<u>994,633</u>

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2015

	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	TOTAL
	\$	\$	\$	\$
Staffing and Related Expenses				
Salaries	429,163	39,015	89,177	557,355
Employee benefits	56,849	5,168	11,813	73,830
Payroll taxes	36,026	3,275	7,486	46,787
Staff training and travel	15,338	3,396	6,157	24,891
Total Staffing and Related Expenses	<u>537,376</u>	<u>50,854</u>	<u>114,633</u>	<u>702,863</u>
Building and Facility Expenses				
Real estate taxes	1,933	0	0	1,933
Condo association fees	4,228	0	0	4,228
Depreciation	16,108	707	1,617	18,432
Maintenance and repairs	7,902	0	0	7,902
Telephone	4,569	415	949	5,933
Utilities and other	15,384	0	0	15,384
Interest expense	6,035	0	0	6,035
Total Building and Facility Expenses	<u>56,159</u>	<u>1,122</u>	<u>2,566</u>	<u>59,847</u>
Client and Mentoring Expenses				
Rental assistance	98,500	0	0	98,500
In-kind support	79,022	0	0	79,022
Alumni program	2,664	0	0	2,664
Direct needs	53,328	0	0	53,328
Family building	2,218	0	0	2,218
Mentor training	5,122	0	0	5,122
Total Client and Mentoring Expenses	<u>240,854</u>	<u>0</u>	<u>0</u>	<u>240,854</u>
Other Expenses				
Newsletter and printed materials	942	0	0	942
Fundraising appeals	0	0	5,558	5,558
Insurance	10,874	989	2,260	14,123
Legal and accounting	0	14,720	0	14,720
Miscellaneous	8,294	490	3,016	11,800
Consulting	0	0	188	188
Investment Expenses	0	10,726	0	10,726
Office supplies and postage	13,313	1,210	2,766	17,289
Loss on sale of property and equipment	0	11,752	0	11,752
Total Other Expenses	<u>33,423</u>	<u>39,887</u>	<u>13,788</u>	<u>87,098</u>
Total Functional Expenses	<u>867,812</u>	<u>91,863</u>	<u>130,987</u>	<u>1,090,662</u>

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(246,445)	(116,951)
Noncash items included in change in net assets:		
Depreciation	18,137	18,432
Realized gain on investments	(26,784)	(53,167)
Unrealized loss on investments	100,448	18,978
Loss on sale of property and equipment	0	11,752
Changes in assets and liabilities:		
Unconditional promises to give	8,884	(6,104)
Prepaid expenses	361	868
Accounts payable	3,539	(1,043)
Accrued wages and benefits	5,769	(9,934)
Accrued expenses	500	787
Deferred revenue	(3,275)	4,300
Net Cash Used in Operating Activities	<u>(138,866)</u>	<u>(132,082)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,675)	(6,506)
Distribution from investments	208,554	0
(Increase) decrease in cash restricted or designated for future purposes	(17,106)	8,653
Purchase of investments restricted or designated for future purposes	(36,718)	(41,003)
Distribution from investments restricted or designated for future purposes	46,846	58,008
Purchase of property and equipment	(12,287)	(13,578)
Proceeds from sale of property and equipment	0	25,193
Net Cash Provided by Investing Activities	<u>183,614</u>	<u>30,767</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(188,294)	(7,451)
Net Cash Used in Financing Activities	<u>(188,294)</u>	<u>(7,451)</u>
Net Change in Cash and Cash Equivalents	(143,546)	(108,766)
CASH AND CASH EQUIVALENTS		
Beginning	<u>339,169</u>	<u>447,935</u>
Ending	<u>195,623</u>	<u>339,169</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	5,696	6,035

See Notes to Financial Statements

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

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 Bridge of Hope Lancaster & Chester Counties is to assist single mothers, with dependent children, experiencing homelessness to secure permanent housing, stability and access to resources in their community through relationships with professional staff and mentoring friendships from local congregations.

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, 2016 and 2015, amounts received by the Organization for events held after year-end totaled \$6,870 and \$10,145, respectively.

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. There was no allowance for uncollectible promises as of March 31, 2016 and 2015, and all unconditional promises to give are expected to be collected within one year. 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 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. All funds invested in money markets are recorded as investments.

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 \$100,448 and \$18,978 for the years ended March 31, 2016 and 2015, respectively. Investment income amounted to \$79,782 and \$111,403 for the years ended March 31, 2016 and 2015, respectively.

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

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 \$70,328 and \$80,605 for the years ended March 31, 2016 and 2015, 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. For the years ended March 31, 2016 and 2015, no amounts for the value of these services have been recognized in the statements of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Net Assets – The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted Net Assets – net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 1 – Summary of Significant Accounting Policies – Continued

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, 2016 and 2015.

The Organization is no longer subject to examination by the Internal Revenue Service for years prior to March 31, 2013.

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, investments, 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.

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 1 – Summary of Significant Accounting Policies – Continued

The spending policy (as determined by a resolution of the Board of Directors) for the Organization's endowment is calculated annually at the last scheduled meeting of the Finance Committee or Investment Committee of the year. 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, 2016 and 2015, the Organization distributed from the endowment fund \$46,846 and \$58,008, respectively.

Subsequent Events - The date to which events occurring after March 31, 2016, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 21, 2016, which is the date on which the financial statements were available to be issued.

Note 2 – New Accounting Standards

Pronouncements issued by the Financial Accounting Standards Board (FASB) with future effective dates are either not applicable or are not expected to be significant to the Organization's financial statements.

Note 3 – Cash and Cash Equivalents

The Organization maintains several accounts with various banks. FDIC insurance is limited to \$250,000 per account holder at each bank. At March 31, 2016, there were no amounts in excess of FDIC insurance. In the normal course of operations, the Organization may have deposits in excess of FDIC insurance at times. Based on the historical realization of these deposits, the Organization believes it bears minimal credit risk.

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.

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 4 – Fair Value Measurements – Continued

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, 2016 and 2015.

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 quoted market prices which represent the net asset value of shares held by the Organization at year-end.

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.

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 4 – Fair Value Measurements – Continued

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of March 31, 2016 and 2015:

Assets at Fair Value as of March 31, 2016

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Money Market Funds	40,220	0	0	40,220
Fixed Income Securities				
Intermediate Term	0	362,686	0	362,686
Short Term	0	120,771	0	120,771
Mutual Funds				
Large Cap Core	232,069	0	0	232,069
Large Cap Growth	73,816	0	0	73,816
Large Cap Value	60,793	0	0	60,793
Mid Cap Growth	86,216	0	0	86,216
Small Cap Core	61,620	0	0	61,620
International	218,132	0	0	218,132
<u>Total Assets at Fair Value</u>	<u>772,866</u>	<u>483,457</u>	<u>0</u>	<u>1,256,323</u>

Assets at Fair Value as of March 31, 2015

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Money Market Funds	16,077	0	0	16,077
Fixed Income Securities				
Intermediate Term	0	456,879	0	456,879
Short Term	0	152,071	0	152,071
Mutual Funds				
Large Cap Core	288,846	0	0	288,846
Large Cap Growth	75,884	0	0	75,884
Large Cap Value	76,010	0	0	76,010
Mid Cap Growth	108,507	0	0	108,507
Small Cap Core	38,435	0	0	38,435
Small Cap Growth	38,410	0	0	38,410
International	291,875	0	0	291,875
<u>Total Assets at Fair Value</u>	<u>934,044</u>	<u>608,950</u>	<u>0</u>	<u>1,542,994</u>

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 5 – Long-Term Debt

The Organization had a loan payable to M&T Bank bearing interest at 3.10% which required monthly payments of principal and interest of \$1,124 through July 2018, at which time all remaining principal was due. This loan was paid in full during the year ended March 31, 2016. The outstanding balance of the loan was \$188,294 at March 31, 2015.

Note 6 – Retirement Plan

The Organization offers a Simple IRA plan for employees. The plan provides a matching benefit of up to 3%. For the years ended March 31, 2016 and 2015, the retirement plan benefit included in employee benefits expense was \$12,905 and \$15,013, respectively.

Note 7 – Unrestricted Net Assets

Unrestricted net assets include the following amounts designated by board action and thus are not available for current operations.

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Renovations and improvements to current offices	148,979	155,533
Endowment	106,000	106,000
Scholarship Fund	47,006	49,006
Alumnae Emergency Assistance Fund	6,774	7,511
Lime Street Endowment	0	213,872
<u>Total Board Designated Net Assets</u>	<u>308,759</u>	<u>531,922</u>

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Time Restrictions:		
Endowment for Independence	218,013	290,812
Purpose Restrictions:		
Vehicle repairs	3,050	1,138
Family building	550	1,598
Mental health program	2,137	717
Support for Phoenixville area	3,580	0
Support for Oxford area	2,775	0
Technology support	13,753	8,956
Francesca J Crane Scholarship Fund	5,125	0
Other	846	1,301
<u>Total Temporarily Restricted Net Assets</u>	<u>249,829</u>	<u>304,522</u>

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 8 – Temporarily Restricted Net Assets - Continued

Net assets released from temporary restrictions were as follows:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Released from time restrictions:		
Endowment for Independence	55,937	67,282
Released from purpose restrictions:		
Rental assistance	24,000	8,500
Vehicle repairs	2,086	1,861
Family building	6,050	902
Mental health program	580	1,993
Program services	22,000	18,762
Support for Oxford area	2,225	0
Support for Phoenixville area	1,420	0
Technology support	10,203	6,044
Social work	0	7,000
Other	455	1,489
	<u>124,956</u>	<u>113,833</u>
<u>Total Temporarily Restricted Net Assets Released</u>	<u>124,956</u>	<u>113,833</u>

Note 9 – 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.

Permanently restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Independence Endowment	963,622	963,622
Olive Street Property	26,791	26,791
	<u>990,413</u>	<u>990,413</u>
Total Permanently Restricted Net Assets	<u>990,413</u>	<u>990,413</u>

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 10 – 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 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, 2016 and 2015.

Note 11 – Endowment

Endowment net asset composition by type of fund as of March 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	\$	\$	\$	\$
Donor-restricted endowment funds	0	0	990,413	990,413
Time-restricted endowment funds	0	218,013	0	218,013
Board-designated endowment funds	<u>106,000</u>	<u>0</u>	<u>0</u>	<u>106,000</u>
Total funds	<u><u>106,000</u></u>	<u><u>218,013</u></u>	<u><u>990,413</u></u>	<u><u>1,314,426</u></u>

Changes in endowment net assets for the fiscal year ended March 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	\$	\$	\$	\$
Endowment net assets, Beginning of year	106,000	290,812	990,413	1,387,225
Investment return:				
Dividends and interest		45,809		45,809
Realized gain		37,777		37,777
Unrealized loss		(100,448)		(100,448)
Release of restriction		<u>(55,937)</u>		<u>(55,937)</u>
Endowment net assets, End of year	<u><u>106,000</u></u>	<u><u>218,013</u></u>	<u><u>990,413</u></u>	<u><u>1,314,426</u></u>

Bridge of Hope Lancaster and Chester Counties

Notes To Financial Statements

Note 11 – Endowment - Continued

Endowment net asset composition by type of fund as of March 31, 2015:

	<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	990,413	990,413
Time-restricted endowment funds	0	290,812	0	290,812
Board-designated endowment funds	<u>106,000</u>	<u>0</u>	<u>0</u>	<u>106,000</u>
Total funds	<u><u>106,000</u></u>	<u><u>290,812</u></u>	<u><u>990,413</u></u>	<u><u>1,387,225</u></u>

Changes in endowment net assets for the fiscal year ended March 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Endowment net assets, Beginning of year	106,000	278,249	990,413	1,374,662
Investment return:				
Dividends and interest	0	50,277	0	50,277
Realized gain	0	52,431	0	52,431
Unrealized loss	0	(22,863)	0	(22,863)
Release of restriction	<u>0</u>	<u>(67,282)</u>	<u>0</u>	<u>(67,282)</u>
Endowment net assets, End of year	<u><u>106,000</u></u>	<u><u>290,812</u></u>	<u><u>990,413</u></u>	<u><u>1,387,225</u></u>

Note 12 – Line Of Credit

The Organization has a \$30,000 line of credit financing agreement with Everence Federal Credit Union, which expires in December 2016. 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, 2016 and 2015. There were no borrowings on the line of credit at March 31, 2016 and 2015.

Note 13 – Reclassification

Certain items in the financial statements for the year ended March 31, 2015 have been reclassified in order to conform to the current year's financial statement presentation.