

Bridge Builders International
Audited Financial Statements
For the Year Ended May 31, 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Bridge Builders International ("the Organization"), a nonprofit organization, which comprise the statement of financial position as of May 31, 2017, and the related statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge Builders International as of May 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Net Asset Balances on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Big M, Kress + Joz, P. C.

Elgin, Illinois
November 22, 2017

Financial Statements

Bridge Builders International
Statement of Financial Position
May 31, 2017

Assets

Current Assets:	
Cash and cash equivalents	\$ <u>176,728</u>
Total Current Assets	<u>176,728</u>
Property and Equipment:	
Equipment	12,825
Less accumulated depreciation	<u>(10,935)</u>
Total Property and Equipment, net	1,890
Total Assets	<u><u>\$ 178,618</u></u>

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	\$ 7,218
Payroll liabilities	6,812
Credit cards payable	<u>2,058</u>
Total Current Liabilities	16,088
Total Liabilities	<u>16,088</u>
Net Assets:	
Unrestricted	73,360
Temporarily restricted	89,170
Permanently restricted	<u>-</u>
Total Net Assets	<u>162,530</u>
Total Liabilities and Net Assets	<u><u>\$ 178,618</u></u>

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

Bridge Builders International
Statement of Activities and Changes in Net Assets
For the Year Ended May 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions	\$ 369,551	\$ 453,410	\$ 822,961
Interest	67	-	67
Total Revenue	<u>369,618</u>	<u>453,410</u>	<u>823,028</u>
Net assets released from restrictions	<u>509,832</u>	<u>(509,832)</u>	<u>-</u>
Expenses:			
Ministry expenses	662,064	-	662,064
Personnel	65,067	-	65,067
General and administrative	49,961	-	49,961
Fundraising	101,651	-	101,651
Total Expenses	<u>878,743</u>	<u>-</u>	<u>878,743</u>
Change in net assets	<u>707</u>	<u>(56,422)</u>	<u>(55,715)</u>
Net assets, beginning of year	72,653	145,592	218,245
Net assets, end of year	<u>\$ 73,360</u>	<u>\$ 89,170</u>	<u>\$ 162,530</u>

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

Bridge Builders International
Statement of Cash Flows
For the Year Ended May 31, 2017

Cash flow from operating activities:		
Change in net assets	\$	(55,715)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation		2,265
Cash provided (used) by assets and liabilities:		
Accounts payable		6,939
Accrued payroll liabilities		2,046
Credit cards		(1,654)
Net cash provided (used) by operating activities		<u>(46,119)</u>
Net decrease in cash		(46,119)
Cash and cash equivalents balance, beginning of year		222,847
Cash and cash equivalents balance, end of year	\$	<u><u>176,728</u></u>

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

Bridge Builders International
Notes to Financial Statements
May 31, 2017

Note 1- Summary of Significant Accounting Policies

Nature of Activities:

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

Basis of Accounting:

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

Use of Estimates:

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

Cash and Cash Equivalents:

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

Property and Equipment:

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

Repairs and maintenance, which materially add to the value of the property or appreciably prolong its life, are recorded as an increase to the appropriate asset account. The Organization capitalizes all property and equipment with a cost greater than or equal to \$2,500. Depreciation expense for the year ended May 31, 2017 was \$2,265.

Advertising:

Advertising costs are expensed as incurred. Advertising expense for the year ended May 31, 2017 was \$3,133.

Bridge Builders International
Notes to Financial Statements
May 31, 2017

Note 1- Summary of Significant Accounting Policies (continued)

Revenue Recognition:

The Organization accounts for contributions in accordance with the recommendations in FASB ASC 958-225. In accordance with FASB ASC 958-225, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

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

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (such as when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

Income Tax Status:

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

Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include undesignated and board-designated sources with no legal or donor imposed restrictions.

Bridge Builders International
Notes to Financial Statements
May 31, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Temporarily restricted net assets represent net assets subject to donor imposed restrictions which will either be met by the Organization's actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions are met or have expired. These reclassifications are reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets available for specific projects total \$89,170 as of May 31, 2017.

Permanently restricted net assets represent net assets subject to the restrictions of gift instruments requiring the principal to be maintained intact. Investment income may be used for operational purposes and therefore is recorded as unrestricted revenue. The Organization is not holding any permanently restricted net assets as of May 31, 2017.

Note 2 – Compensated Absences

Employees of the Organization are entitled to paid vacation, depending on job classification, length of service, and other factors. All vacation hours have been used; therefore no accrued liability was calculated as of May 31, 2017.

Note 3 – Related Party Transactions

The Organization partners with a national organization in Latvia to carry out ministry and programs. This organization has an independent board and is not under control of the Organization. During the year ended May 31, 2017, the organization contributed \$365,171 and provided expense reimbursement of \$60,830.

Note 4 - Date of Management's Review

Subsequent events have been evaluated through the date of this report. It was concluded there are no subsequent events required to be disclosed.

Supplemental Information

Bridge Builders International
Schedule of Net Asset Balances
For the Year Ended May 31, 2017

Fund	Beginning Balance	Donations	Expenses	Ending Balance
Baltic Pastoral Institute	\$ 1,902	\$ 1,460	\$ 1,181	\$ 2,181
Eagle's Wings Camp	1,284	43,225	38,329	6,180
Camp Ganibas	3,388	139,800	143,188	-
European Student Fund	6,000	7,000	13,000	-
Sheep Farm EW-Hope for Farm Families	57,525	54,519	111,725	319
Humanitarian Aid Designed to Live	8,382	4,880	4,510	8,752
Humanitarian Aid Intern Funds	3,851	5,115	8,966	-
Humanitarian Aid New Hope Latvia	3,740	14,200	15,034	2,906
Humanitarian Aid Otra Elpa	1,641	6,632	8,273	-
Humanitarian Aid Special Needs	135	-	-	135
ImagiNATIONS and Prayer Days	14,556	7,000	13,989	7,567
Ministry Hewitt	2,822	27,199	29,009	1,012
Ministry Jensen	2,154	44,429	45,920	663
Ministry Leatherwood	29,290	57,500	40,540	46,250
Ministry Lidums	4,391	18,190	13,704	8,877
Ministry Peterson	2,484	1,071	129	3,426
Ministry Roth	139	3,785	3,454	470
Mission Pakapieni	207	7,205	7,340	72
Pastors Latvian	810	9,000	9,810	-
Pastors Philippines	-	800	800	-
Project Access	-	400	40	360
Publishing Project - Peace Child	22	-	22	-
Technology Fund	869	-	869	-
Total Temporarily Restricted Funds	<u>145,592</u>	<u>453,410</u>	<u>509,832</u>	<u>89,170</u>
Total General Fund	<u>72,653</u>	<u>369,618</u>	<u>368,911</u>	<u>73,360</u>
Total Net Assets	<u>\$ 218,245</u>	<u>\$ 823,028</u>	<u>\$ 878,743</u>	<u>\$ 162,530</u>

See accompanying independent auditor's report.