

Bridge Builders International
Audited Financial Statements
For the Years Ended May 31, 2018 and 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 statements of financial position as of May 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 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, 2018 and 2017, 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.

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.

Sighe, Kress & Orr, P.C.

Elgin, Illinois
September 7, 2018

Financial Statements

Bridge Builders International
Statements of Financial Position
May 31, 2018 and 2017

	Assets	
	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 150,390	\$ 176,728
Total Current Assets	150,390	176,728
Property and Equipment, net	269	1,890
Total Assets	\$ 150,659	\$ 178,618
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 11,581	\$ 7,218
Payroll liabilities	6,668	6,812
Credit cards payable	1,616	2,058
Total Current Liabilities	19,865	16,088
Total Liabilities	19,865	16,088
Net Assets:		
Unrestricted	34,126	73,360
Temporarily restricted	96,668	89,170
Permanently restricted	-	-
Total Net Assets	130,794	162,530
Total Liabilities and Net Assets	\$ 150,659	\$ 178,618

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

Bridge Builders International
Statements of Activities and Changes in Net Assets
For the Years Ended May 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions	\$ 332,650	\$ 549,917	\$ 882,567	\$ 369,551	\$ 453,410	\$ 822,961
Interest	55	-	55	67	-	67
Total Revenue	332,705	549,917	882,622	369,618	453,410	823,028
Net assets released from restrictions	542,419	(542,419)	-	509,832	(509,832)	-
Expenses:						
Ministry expenses	727,660	-	727,660	662,064	-	662,064
Personnel	67,322	-	67,322	65,067	-	65,067
General and administrative	49,824	-	49,824	49,961	-	49,961
Fundraising	69,552	-	69,552	101,651	-	101,651
Total Expenses	914,358	-	914,358	878,743	-	878,743
Change in net assets	(39,234)	7,498	(31,736)	707	(56,422)	(55,715)
Net assets, beginning of year	73,360	89,170	162,530	72,653	145,592	218,245
Net assets, end of year	\$ 34,126	\$ 96,668	\$ 130,794	\$ 73,360	\$ 89,170	\$ 162,530

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

Bridge Builders International
Statements of Cash Flows
For the Years Ended May 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities:		
Change in net assets	\$ (31,736)	\$ (55,715)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	1,621	2,265
Cash provided (used) by assets and liabilities:		
Accounts payable	4,363	6,939
Accrued payroll liabilities	(144)	2,046
Credit cards	(442)	(1,654)
Net cash provided (used) by operating activities	<u>(26,338)</u>	<u>(46,119)</u>
Net decrease in cash	(26,338)	(46,119)
Cash and cash equivalents balance, beginning of year	176,728	222,847
Cash and cash equivalents balance, end of year	<u>\$ 150,390</u>	<u>\$ 176,728</u>

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

Bridge Builders International
Notes to Financial Statements
May 31, 2018 and 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.

Advertising:

Advertising costs are expensed as incurred.

Bridge Builders International
Notes to Financial Statements
May 31, 2018 and 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, 2018 and 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, 2018 and 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 \$96,668 and \$89,170 as of May 31, 2018 and 2017, respectively.

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, 2018 or 2017.

Note 2 – Property and Equipment

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 12,825	\$ 12,825
Less: accumulated depreciation	<u>12,556</u>	<u>10,935</u>
Property and equipment, net	<u>\$ 269</u>	<u>\$ 1,890</u>

Depreciation expense for the years ended May 31, 2018 and 2017 was \$1,621 and \$2,265, respectively

Note 3 – 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, 2018 or 2017.

Note 4 – Related Party Transactions

The Organization partners with a related party 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, 2018, the related party contributed \$413,244 and provided expense reimbursement of \$93,349. During the year ended May 31, 2017, the related party contributed \$365,171 and provided expense reimbursement of \$60,830.

Note 5 - 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 Years Ended May 31, 2018 and 2017

Fund	Beginning Balance	Donations	Expenses	Ending Balance
Baltic Pastoral Institute	\$ 2,181	\$ 2,110	\$ 294	\$ 3,997
Eagle's Wings Camp	6,180	64,356	57,096	13,440
Camp Ganibas	-	248,400	248,400	-
Celebrate Recovery	-	600	600	-
European Student Fund	-	7,800	7,800	-
Sheep Farm EW-Hope for Farm Families	319	2,255	2,286	288
Humanitarian Aid Designed to Live	8,752	29,210	23,350	14,612
Humanitarian Aid Intern Funds	-	-	-	-
Humanitarian Aid New Hope Latvia	2,906	1,500	4,406	-
Humanitarian Aid Special Needs	135	350	485	-
imagiNATIONS	-	11,900	11,900	-
ImagiNATIONS and Prayer Days	7,567	-	7,567	-
Imago Dei - Art Ministry Latvia	-	15,000	15,000	-
Latvian Christian Counseling Center	-	300	300	-
Ministry Hewitt	1,012	27,694	28,086	620
Ministry Jensen	663	17,455	18,118	-
Ministry Leatherwood	46,250	53,427	39,172	60,505
Ministry Lidums	8,877	10,840	18,755	962
Ministry Peterson	3,426	260	3,686	-
Ministry Roth	470	3,690	3,943	217
Mission Pakapieni	72	5,930	5,885	117
Pastors Latvian	-	14,200	12,290	1,910
Pastors Philippines	-	1,540	1,540	-
Project Access	360	600	960	-
Program - EAN	-	30,000	30,000	-
Soli Deo Gloria Team - US Staff	-	500	500	-
Total Temporarily Restricted Funds	89,170	549,917	542,419	96,668
Total Unrestricted	73,360	332,705	371,939	34,126
Total Net Assets	\$ 162,530	\$ 882,622	\$ 914,358	\$ 130,794

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