

BRIDGING FOR TOMORROW

**FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING**

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridging for Tomorrow
Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bridging for Tomorrow (the Organization), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities (with comparative totals for 2020), functional expenses (with comparative totals for 2020), and cash flows (with comparative totals for 2020) for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 14, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on pages 16-17 dated May 6, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Randy Walker & Co.

San Antonio, Texas
May 6, 2022

FINANCIAL STATEMENTS

BRIDGING FOR TOMORROW
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 768,294	\$ 589,721
Pledges Receivable	5,281	13,481
Prepaid Expenses	2,426	1,518
Food Pantry Inventory	42,032	16,370
Total Current Assets	818,033	621,090
<u>LONG-TERM ASSETS</u>		
Property and Equipment - net	56,297	62,887
Other Assets	7,270	7,250
Total Long-Term Assets	63,567	70,137
TOTAL ASSETS	\$ 881,600	\$ 691,227
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 7,913	\$ 53,620
Note Payable - current	2,611	-
Total Current Liabilities	10,524	53,620
<u>LONG-TERM LIABILITIES</u>		
Note Payable - long-term	127,689	130,300
Total Long-Term Liabilities	127,689	130,300
TOTAL LIABILITIES	138,213	183,920
<u>NET ASSETS</u>		
Without Donor Restrictions:		
Undesignated	729,513	505,609
Total Without Donor Restrictions	729,513	505,609
With Donor Restrictions:		
Purpose-Restricted	13,874	1,698
Total With Donor Restrictions	13,874	1,698
TOTAL NET ASSETS	743,387	507,307
TOTAL LIABILITIES AND NET ASSETS	\$ 881,600	\$ 691,227

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

BRIDGING FOR TOMORROW
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021
(with comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<u>OPERATING SUPPORT AND REVENUE</u>				
Non-Cash Donations: Food, Clothing, Household	\$ 2,219,481	\$ -	\$ 2,219,481	\$ 1,879,479
Non-Cash Donations: Payroll	554,019	-	554,019	510,000
Special Events Revenue - net of direct expenses of \$52,398 and \$27,692, respectively	187,697	-	187,697	140,414
Contributions	160,251	10,000	170,251	244,841
Grants	27,000	20,000	47,000	69,336
Other Income	3,072	-	3,072	1,829
Net Assets Released from Restrictions	17,824	(17,824)	-	-
TOTAL OPERATING SUPPORT AND REVENUE	3,169,344	12,176	3,181,520	2,845,899
<u>OPERATING EXPENSES</u>				
Program Services	2,705,065	-	2,705,065	2,423,684
Supporting Services:				
General and Administrative	134,794	-	134,794	151,478
Fundraising	105,581	-	105,581	86,267
TOTAL OPERATING EXPENSES	2,945,440	-	2,945,440	2,661,429
CHANGE IN NET ASSETS	223,904	12,176	236,080	184,470
NET ASSETS, BEGINNING OF YEAR	505,609	1,698	507,307	322,837
NET ASSETS, END OF YEAR	\$ 729,513	\$ 13,874	\$ 743,387	\$ 507,307

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

BRIDGING FOR TOMORROW
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
(with comparative totals for 2020)

	Program Services					Supporting Services				2021 Total	2020 Total
	Youth Development	Counseling	Volunteers	Community Programs	Food Initiative	Total Program Services	General and Administrative	Fundraising	Supporting Services		
OPERATING EXPENSES											
Salaries and Wages	\$ 75,282	\$ 37,641	\$ 32,936	\$ 75,282	\$ 98,807	\$ 319,948	\$ 75,279	\$ 75,282	\$ 150,561	\$ 470,509	\$ 479,739
Employee Benefits	7,810	3,905	3,417	7,810	10,251	33,193	7,812	7,810	15,622	48,815	45,517
Payroll Taxes	5,551	2,776	2,429	5,551	7,286	23,593	5,550	5,551	11,101	34,694	34,517
Total Payroll Expenses	88,643	44,322	38,782	88,643	116,344	376,734	88,641	88,643	177,284	554,018	559,773
Food Distribution	-	-	-	-	2,164,594	2,164,594	-	-	-	2,164,594	1,852,834
Rental Expenses	18,678	7,382	3,712	18,628	18,462	66,862	6,705	842	7,547	74,409	76,717
Program Materials and Supplies	7,128	689	1,455	2,853	3,824	15,949	192	2,496	2,688	18,637	28,094
Utilities	3,796	1,649	1,069	3,796	4,204	14,514	2,204	1,406	3,610	18,124	17,472
Professional Services	-	750	-	420	-	1,170	16,583	220	16,803	17,973	18,856
Facilities	3,348	2,179	670	3,348	3,535	13,080	1,281	134	1,415	14,495	10,966
Technology	2,365	1,048	1,052	2,095	2,750	9,310	2,598	2,095	4,693	14,003	15,854
Equipment	718	384	371	4,958	3,605	10,036	2,013	264	2,277	12,313	19,855
Depreciation	2,307	923	461	2,307	2,307	8,305	2,542	92	2,634	10,939	9,451
Meetings	1,589	331	871	1,523	1,099	5,413	2,465	1,121	3,586	8,999	8,837
Insurance	1,276	957	255	1,276	1,276	5,040	2,355	51	2,406	7,446	7,596
Subscriptions and Memberships	339	2,020	13	319	220	2,911	2,735	1,393	4,128	7,039	4,223
Office Supplies	583	245	337	2,917	754	4,836	721	554	1,275	6,111	3,374
Printing and Postage	337	150	516	347	534	1,884	1,365	1,932	3,297	5,181	6,966
Recognition and Gifts	172	-	250	160	30	612	1,443	1,182	2,625	3,237	3,543
Community Support	41	-	-	3,017	-	3,058	-	-	-	3,058	7,246
Bank Charges	-	-	-	-	-	-	-	2,884	2,884	2,884	7,119
Employee Development	205	130	72	314	26	747	951	272	1,223	1,970	2,342
Advertising	-	-	-	-	10	10	-	-	-	10	311
TOTAL OPERATING EXPENSES	\$ 131,525	\$ 63,159	\$ 49,886	\$ 136,921	\$ 2,323,574	\$ 2,705,065	\$ 134,794	\$ 105,581	\$ 240,375	\$ 2,945,440	\$ 2,661,429

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

BRIDGING FOR TOMORROW
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ 236,080	\$ 184,470
Adjustments to Reconcile Net Change to Net Cash Provided by Operating Activities:		
Depreciation	10,939	9,451
Donated Equipment	(4,349)	-
Donated Stock	(25,360)	-
Unrealized Gain on Investments	(967)	-
Decrease (Increase) in Assets:		
Pledges Receivable	8,200	(13,481)
Prepaid Expenses	(908)	5,355
Food Pantry Inventory	(25,662)	(12,425)
Other Assets	(20)	(1,875)
(Decrease) Increase in Liabilities:		
Accounts Payable	(45,707)	44,786
NET CASH PROVIDED BY OPERATING ACTIVITIES	152,246	216,281
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property and Equipment	-	(23,208)
Proceeds from Sale of Investments	26,327	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	26,327	(23,208)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings on Long-Term Debt	-	130,300
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	130,300
NET INCREASE IN CASH FLOWS	178,573	323,373
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	589,721	266,348
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 768,294	\$ 589,721

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

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of Bridging for Tomorrow (BFT) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization and Nature of Activities

BFT is a Texas 501(c)(3) non-profit organization serving the communities of Klein ISD and Aldine ISD Title I schools in the Northwest Houston area. BFT adheres to the principle that long term solutions to a community's challenges are found within the members of that community. BFT serves all community families, regardless of ethnic background, religious beliefs, and gender or socio-economic status. BFT is committed to creating a socially engaged, self-sustainable, and financially independent community by responding to the immediate needs of the community, investing in families and empowering the community as a whole.

BFT's mission is to resource families to build stronger communities and brighter futures.

BFT works alongside the community through a strategy of respond, invest and empower. BFT responds to immediate needs by providing new shoes to children and feeding families through the food pantry. BFT also invests in people and invites them to invest in themselves through counseling services and mentoring programs. Additionally, BFT empowers families to reach their goals through after school clubs, a literacy initiative and various adult education classes.

Basis of Presentation

BFT is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (the Board) are reported as net assets without donor restrictions, designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than BFT's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

BFT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contribution deduction for individual donors. As of December 31, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, BFT considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are expected to be collected within one year. All receivables are considered to be fully collectible; therefore, no allowance is recorded. Accounts receivable were \$5,281 and \$13,481 at December 31, 2021 and 2020, respectively.

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated fair market value at the date of donation. BFT capitalizes all asset acquisitions and donations in excess of \$1,000. Depreciation is computed using a combination of the straight-line and accelerated methods over the estimated useful lives of five to ten years.

Support and Revenue

BFT receives its grant and contract support primarily from in-kind food and household item distributions from the Houston Food Bank. Support received from these grants and contracts is recognized as received. BFT also receives public support contributions, which are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Services and Non-cash Gifts

Donated goods and services relate primarily to food items, household goods and clothing to advance BFT's programs and objectives and are recorded at their estimated fair market value. A substantial number of unpaid volunteers have made significant contributions of their time to BFT. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$10 and \$311 for the years ended December 31, 2021 and 2020, respectively.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as rental expenses, program materials and supplies, equipment, and various other expenses, which are allocated on the basis of square footage or some other reasonable basis.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. BFT adopted this pronouncement effective January 1, 2020.

In 2018, the FASB issued ASU 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement*, effective for periods beginning after December 15, 2019. This pronouncement improves the effectiveness of fair value measurement disclosures in the notes to the financial statements. BFT adopted this pronouncement effective January 1, 2020.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This pronouncement provides guidance regarding revenue recognition effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The pronouncement affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets. The core principle of this update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. BFT adopted this pronouncement effective January 1, 2020.

Revenue – Exchange Transactions

Special events revenue from exchange transactions is deferred from recognition until the event has occurred. Revenue is recorded at the close of the event when the performance obligation has been completed. Any amount received in excess of the benefit provided to the attendees is recorded as a contribution. Consideration is variable depending upon the nature of the event. There were no receivables, contract assets, or contract liabilities related to these exchange transactions at December 31, 2021 and 2020.

NOTE 2 - CONCENTRATION OF CREDIT RISK

BFT maintains multiple bank accounts at two financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per bank. At December 31, 2021 and 2020, BFT had approximately \$368,459 and \$149,108 in excess of FDIC-insured limits, respectively, not including reconciling items.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - INVENTORY

Inventory consists primarily of donated food. Therefore, food is stated at fair value at date of donation. At December 31, 2021 and 2020, the value of inventory was \$42,032 and \$16,370, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

At December 31, the cost and accumulated depreciation of property and equipment were as follows:

	2021	2020
Leasehold Improvements	\$ 51,746	\$ 51,746
Office Equipment	31,309	32,178
Furniture and Fixtures	17,855	17,855
	100,910	101,779
Less Accumulated Depreciation	(44,613)	(38,892)
Total	\$ 56,297	\$ 62,887

Depreciation expense was \$10,939 and \$9,451 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 - NOTE PAYABLE

During the year ended December 31, 2020, BFT received an Economic Injury Disaster Loan of \$130,300 from the Small Business Administration to alleviate the economic impact caused by the COVID-19 pandemic. Interest-only payments of \$557 are due monthly beginning in August 2021 through January 2022, after which monthly principal and interest payments are due. The loan bears an interest rate of 2.75% and matures in January 2050, at which time all unpaid principal and interest are payable in full. The loan is secured by BFT's tangible and intangible personal property. BFT paid the loan and accrued interest in full in February 2022. No interest payments were made during the years ended December 31, 2021 and 2020.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31:

	2021	2020
Youth Development Program	\$ 13,874	\$ -
Education Programs	-	1,125
COVID-19 Relief Programs	-	573
Total	\$ 13,874	\$ 1,698

NOTE 7 - CONCENTRATION OF REVENUE

For the years ended December 31, 2021 and 2020, approximately 65% and 18% of BFT's total support and revenue consisted of in-kind donations from the Houston Food Bank and Faithbridge Church (the Church), respectively.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8 - DONATED MATERIALS AND SERVICES

BFT received \$2,219,481 and \$1,879,479 in food, clothing, and household items from various donors during the years ended December 31, 2021 and 2020, respectively. These donated items are reflected as non-cash donations in the statement of activities. BFT disbursed \$2,164,594 and \$1,852,834 in donated food, clothing, and household items to various organizations and individuals during the years ended December 31, 2021 and 2020, respectively. These disbursements are included in food distribution expense in the statement of functional expenses.

NOTE 9 - OPERATING LEASE

BFT leases a copier under an operating lease renewable annually. Additionally, it has a lease agreement for office space expiring in 2022. BFT renewed the existing lease for an additional five years in November 2021. The new lease expires in December 2026. Total rent expense was \$74,409 and \$76,717 for the years ended December 31, 2021 and 2020, respectively.

Future annual lease payments under these lease agreements are as follows:

Years Ended December 31,	
2022	\$ 65,388
2023	66,343
2024	67,200
2025	68,400
2026	<u>69,600</u>
Total	<u>\$ 336,931</u>

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects BFT's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

	2021	2020
Cash and Cash Equivalents	\$ 768,294	\$ 589,721
Accounts Receivable	<u>5,281</u>	<u>13,481</u>
Total Financial Assets	773,575	603,202
Donor Restrictions	<u>(13,874)</u>	<u>(1,698)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 759,701</u>	<u>\$ 601,504</u>

BFT's primary sources of cash flows during the year are contributions and grants. These revenue sources provide a consistent inflow of cash throughout the year to meet normal operating expenses.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

BFT adopted the provisions of ASC 820, “*Fair Value Measurements and Disclosures*” (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect BFT’s financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

BFT’s current assets and liabilities as presented in the statements of financial position are Level 1. BFT does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

NOTE 12 - RELATED PARTY TRANSACTIONS

Certain members of BFT’s Board are board members or employees of the Church. The Church provides financial support to BFT in the form of contributions to pay for operations and programs of BFT. In addition, the Church provides for and pays the salaries, wages, and benefits of the employees working at BFT. The Church incurred \$554,019 and \$510,000 in salaries, wages, and benefits expense for BFT for the years ended December 31, 2021 and 2020, respectively. This amount is reflected as non-cash donations in the statement of activities. BFT paid the Church \$-0- and \$49,773 for salaries, wages, and benefits expenses for the years ended December 31, 2021 and 2020, respectively. This amount is included in payroll expenses in the statement of functional expenses.

NOTE 13 - FUNDRAISING EVENTS

BFT holds fundraising events each year. As discussed in Note 1, fundraising events are considered exchange transactions. For the years ended December 31, 2021 and 2020, the exchange portion of fundraising income was \$49,629 and \$33,304, respectively. The amount in excess of this exchange portion is considered contribution income.

NOTE 14 - SUBSEQUENT EVENTS

BFT continues to evaluate current economic conditions due to the ongoing COVID-19 pandemic. The related financial impact cannot be reasonably estimated at this time.

BFT has evaluated subsequent events through May 6, 2022, which is the date the financial statements were available to be issued.

FINANCIAL AWARDS SECTION

BRIDGING FOR TOMORROW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Passed to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Houston Food Bank:				
Emergency Food Assistance Program (Food Commodities)	10.569	101-0452K9	\$ 552,213	\$ 435,616
<i>Total U.S. Department of Agriculture</i>			<u>552,213</u>	<u>435,616</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Houston Food Bank:				
COVID19 Emergency Food and Shelter Program (EFSP)	97.024.119	N/A	356,721	283,246
<i>Total U.S. Department of Homeland Security</i>			<u>356,721</u>	<u>283,246</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 908,934</u>	<u>\$ 718,862</u>

See accompanying notes to schedule of expenditures of federal awards.

BRIDGING FOR TOMORROW
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2021

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards presents expenditures for all federal assistance awards that were in effect for the year ended December 31, 2021 for Bridging for Tomorrow (BFT). BFT's reporting entity is described in Note 1 of the basic financial statements.

NOTE 2 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of BFT and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of BFT, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BFT.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4 - OTHER DISCLOSURES

There were no loans or loan guarantees outstanding at year end.

BFT disbursed \$718,862 in federal awards to subrecipients for the year ended December 31, 2021.

BFT has elected not to use the 10 percent *de minimis* indirect cost rate.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Bridging for Tomorrow
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bridging for Tomorrow (BFT), a non-profit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BFT’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BFT’s internal control. Accordingly, we do not express an opinion on the effectiveness of BFT’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BFT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BFT's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BFT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Randy Walker & Co.

San Antonio, Texas
May 6, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Bridging for Tomorrow
Houston, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bridging for Tomorrow’s (BFT) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on BFT’s major federal program for the year ended December 31, 2021. BFT’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, BFT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of BFT and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of BFT’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to BFT’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on BFT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about BFT's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding BFT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of BFT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BFT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Randy Walker & Co.

San Antonio, Texas
May 6, 2022

BRIDGING FOR TOMORROW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Noncompliance material to the financial statements	None

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	None

Major Programs

Federal

10.569 Emergency Food Assistance Program (Food Commodities)	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Audit qualified as low-risk auditee	No

Findings - Financial Statements Audit None

Findings and Questioned Costs - Major Federal Award Programs Audit None

BRIDGING FOR TOMORROW
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

Prior Year Findings - Financial Statement Audit None

Prior Year Findings - Federal Awards Audit None