

H.I.S. BridgeBuilders
Dallas, Texas

Financial Statements Together With
Independent Auditor's Report

June 30, 2023 and 2022



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

H.I.S. BridgeBuilders
Financial Statements
June 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors,
H.I.S. BridgeBuilders

Opinion

We have audited the accompanying financial statements of H.I.S. BridgeBuilders (“the Organization”), a Texas nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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, including omissions, 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.

Independent Auditor's Report (continued)

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted 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.

Ratzliff & Associates, P.C.

February 22, 2024

H.I.S. BridgeBuilders
 Statements of Financial Position
 June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 144,799	\$ 338,122
Pledges receivable	25,000	33,500
Note receivable	-	15,415
Prepaid expenses	1,221	4,152
Total current assets	171,020	391,189
Noncurrent assets		
Property and equipment		
Land	61,200	61,200
Buildings and improvements	1,144,344	1,112,569
Furniture and equipment	49,238	49,238
Less: accumulated depreciation	(78,298)	(48,077)
Net property and equipment	1,176,484	1,174,930
Total Assets	\$ 1,347,504	\$ 1,566,119
Liabilities & Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 4,127	\$ 4,774
Accrued expenses	27,955	11,854
Total current liabilities	32,082	16,628
Net assets		
Without donor restrictions	95,152	127,767
With donor restrictions	1,220,270	1,421,724
Total net assets	1,315,422	1,549,491
Total Liabilities & Net Assets	\$ 1,347,504	\$ 1,566,119

The accompanying note disclosures are an integral part of these financial statements.

H.I.S. BridgeBuilders
 Statements of Activities
 For the Years Ended June 30, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions	\$ 631,828	\$ 661,842
In-kind donations	21,000	49,600
Income managed by DFW Advisors	45,590	206,937
Special events	265,809	67,234
Grant income	199,199	98,500
Other	3,310	502
Total revenues without donor restrictions	1,166,736	1,084,615
Net assets released from restrictions		
Satisfaction of capital restrictions	254,403	29,500
Total net assets released from restrictions	254,403	29,500
Total revenues	1,421,139	1,114,115
Expenses		
Programs		
Student services	586,582	426,729
Community services	443,193	360,814
Total program expenses	1,029,775	787,543
Support services		
Fundraising	170,782	98,402
General and administrative	253,197	268,203
Total support services expenses	423,979	366,605
Total expenses	1,453,754	1,154,148
Change in net assets without donor restrictions	(32,615)	(40,033)
Changes in net assets with donor restrictions		
Contributions	52,949	276,950
In-kind donations	-	1,150,000
Net assets released from restriction	(254,403)	(29,500)
Change in net assets with donor restrictions	(201,454)	1,397,450
Change in total net assets	(234,069)	1,357,417
Net assets at beginning of year	1,549,491	192,074
Net assets at end of year	\$ 1,315,422	\$ 1,549,491

The accompanying note disclosures are an integral part of these financial statements.

H.I.S. BridgeBuilders
Statements of Functional Expenses

For the Year Ended June 30, 2023

	Programs		Support Services		
	Student services	Community services	Fundraising	General & administrative	Total
Salaries	\$ 265,159	\$ 284,470	\$ 92,100	\$ 101,013	\$ 742,742
Facilities	74,586	80,018	25,906	28,414	208,924
Professional services	20,404	20,328	15,234	68,365	124,331
Supplies	197,063	32,715	24,584	4,944	259,306
Donations to others	-	-	-	949	949
Technology	-	-	-	10,329	10,329
Insurance	8,387	8,998	2,913	3,195	23,493
Noncapitalized equipment	-	-	-	2,807	2,807
Service fees	2,230	2,726	775	10,637	16,368
Transportation	3,252	1,881	-	-	5,133
Other	4,712	482	5,523	18,434	29,151
Subtotal	575,793	431,618	167,035	249,087	1,423,533
Depreciation	10,789	11,575	3,747	4,110	30,221
Total expenses	<u>\$ 586,582</u>	<u>\$ 443,193</u>	<u>\$ 170,782</u>	<u>\$ 253,197</u>	<u>\$ 1,453,754</u>

For the year Ended June 30, 2022

	Programs		Support Services		
	Student services	Community services	Fundraising	General & administrative	Total
Salaries	\$ 238,367	\$ 267,582	\$ 70,381	\$ 87,645	\$ 663,975
Facilities	36,056	40,475	10,646	13,258	100,435
Professional services	9,942	185	1,000	90,270	101,397
Supplies	124,538	43,326	9,949	14,054	191,867
Donations to others	-	-	-	5,374	5,374
Technology	-	-	-	1,648	1,648
Insurance	-	-	-	16,874	16,874
Noncapitalized equipment	-	-	-	12,943	12,943
Service fees	-	88	-	18,865	18,953
Transportation	9,551	2,477	-	-	12,028
Other	2,679	399	4,774	5,214	13,066
Subtotal	421,133	354,532	96,750	266,145	1,138,560
Depreciation	5,596	6,282	1,652	2,058	15,588
Total expenses	<u>\$ 426,729</u>	<u>\$ 360,814</u>	<u>\$ 98,402</u>	<u>\$ 268,203</u>	<u>\$ 1,154,148</u>

The accompanying note disclosures are an integral part of these financial statements.

H.I.S. BridgeBuilders
 Statements of Cash Flows
 For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from contributions and other income	\$ 1,207,185	\$ 1,133,465
Cash paid for programs and support services	(1,368,733)	(1,101,154)
Net cash provided (used) by operating activities	(161,548)	32,311
Cash flows from investing activities		
Note receivable payments received	-	3,000
Purchases of property and equipment	(31,775)	-
Net cash provided (used) by investing activities	(31,775)	3,000
Cash flows from financing activities		
Contributions restricted for capital projects	-	170,000
Net cash provided (used) by financing activities	-	170,000
Net increase (decrease) in cash and cash equivalents	(193,323)	205,311
Cash and cash equivalents at beginning of year	338,122	132,811
Cash and cash equivalents at end of year	\$ 144,799	\$ 338,122
Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (234,069)	\$ 1,357,417
Adjustments		
Depreciation	30,221	15,588
In-kind donation of land and building	-	(1,150,000)
Contributions restricted for capital projects	-	(170,000)
Forgiveness of note receivable	15,415	-
Change in pledges receivable	8,500	(8,500)
Change in prepaid expenses	2,931	(4,152)
Change in accounts payable	(647)	(19,896)
Change in accrued expenses	16,101	11,854
Total adjustments	72,521	(1,325,106)
Net cash provided (used) by operating activities	\$ (161,548)	\$ 32,311

The accompanying note disclosures are an integral part of these financial statements.

H.I.S. BridgeBuilders
Note Disclosures to the Financial Statements
June 30, 2023 and 2022

Note 1, Nature of the Organization

H.I.S. BridgeBuilders (“the Ministry”) is a Texas nonprofit organization. The Ministry's mission is to restore relationships under the banner of Christ by engaging, equipping and empowering individuals, families and communities in South Dallas.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Ministry’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Ministry have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues of the Ministry are primarily derived from contributions and grants from the Ministry’s supporters, both individuals and organizations. A portion of the Ministry’s revenues is tied to the local economy. All contributions are considered available for the Ministry’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purposes are reported as increases in net asset with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

Income managed by DFW Advisors is received from below-market rental income of various retail space attached to the Ministry’s new building that was donated to the Ministry in 2022 (see the Donated assets section below). Renting these spaces to small, local businesses and individuals furthers the ministry’s mission to develop the community.

Net assets without donor restrictions: The Ministry further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Ministry’s self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Ministry to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

H.I.S. BridgeBuilders
Note Disclosures to the Financial Statements
June 30, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Net assets with donor restriction: The Ministry further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Ministry reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt. Net assets with donor restriction for the acquisition or construction of a long-lived asset, as applicable, are not released from restriction until the asset is placed in service.
- Permanently restricted: The Ministry reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Ministry to use part or all of the income derived from the investment for general or restricted purposes.

Programs: The Ministry pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Ministry:

- Student services: Providing community-based after school and summer programs that offer academic and enrichment activities with foundations of faith.
- Community services: Providing South Dallas neighborhoods with access to opportunities and resources historically denied.
- Fundraising: Encouraging additional contributions for programs and capital projects.
- General and administrative: Providing administrative support to the above functional areas.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are in-kind donations of tangible building assets, in-kind donations of professional services, depreciation, and the estimated allocation of certain payroll and facility expenses to the functional areas. Depreciation is computed using management's estimate of the useful lives of the asset. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage. The valuation of in-kind donations of assets and services received is described below.

Liquidity: The statement of financial position is classified to show subtotals for current assets and current liabilities as part of the Ministry's enhanced disclosure of liquidity. The Ministry anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding inventory, represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

H.I.S. BridgeBuilders
Note Disclosures to the Financial Statements
June 30, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Donated assets and services: Donated property that is material is recorded at fair market value on the date of receipt in the appropriate property, equipment or other asset account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue.

For the year ended June 30, 2022, the Ministry received an in-kind donation of land and building valued at \$1,150,000 based upon the city's appraisal district records. The property donation is restricted for specific purposes by the donor and may not be used otherwise or be sold by the Ministry without the city of Dallas's approval. Therefore, the in-kind donation is recorded with donor restriction on the statement of activities, and it is reported in net asset with donor restriction on the statement of financial position.

Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue.

For the years ended June 30, 2023 and 2022, noncash contributed services consist of specialized accounting and legal services totaling an estimated \$21,000 and \$49,600, respectively. These services are valued based upon market compensation range for an equivalent staff or contractor position.

The value of in-kind donations of facility usage provided by the local community center could not be readily determined without significant cost and effort, and therefore was not recorded as an in-kind donation.

A substantial number of volunteers have donated significant amounts of their time to the Ministry's programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited. Management activities, except for direct conduct or supervision of programs, are allocated to support services on the statement of activities.

Pledges receivable: Pledges receivable at June 30, 2023 and 2022, is the remaining amount due from a grant from the Dallas Housing Authority of \$25,000 and \$33,500, respectively. The Ministry anticipates full collection in the following year and therefore no allowance is necessary.

Note receivable: The note receivable consisted of an amount due from a former employee. Due to the informal nature of the terms, all amounts due were recognized as current on the 2022 statement of financial position. For the year ended June 30, 2023, the remaining balance was forgiven and included with other expenses on the statement of functional expenses.

H.I.S. BridgeBuilders
 Note Disclosures to the Financial Statements
 June 30, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: For purposes of the statement of cash flows, the Ministry considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash, which is reported separately under noncurrent assets on the statement of financial position, is reported with cash equivalents on the statement of cash flows. Restricted cash is limited in use to payment of costs of constructing and operating a new facility and of a related capital campaign.

Financial instruments that potentially subject the Ministry to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Property and equipment: Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Ministry capitalizes assets with a cost greater than \$1,000. Repairs and maintenance are expensed as incurred unless they materially extend the useful life of the related asset, in which case they are capitalized and depreciated. Depreciation is computed using a straight-line method over the estimated useful lives as follows:

Buildings	30 years
Building improvements	15 - 20 years
Furniture and equipment	5 – 15 years

Impairment of long-lived assets: Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Income tax status: The Ministry is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a public charity, except on net income derived from unrelated business activities. The Ministry has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Ministry believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The information tax returns, Form 990, for the previous three years are open to examination by the relevant taxing authorities.

Going concern considerations: The Ministry analyzes the effect that current and future events, both internal and external, may have on operations so that Ministry may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Ministry for at least one year from the date of the report on page two. However, if conditions change during the following year, the Ministry may adjust certain activities or the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

H.I.S. BridgeBuilders
 Note Disclosures to the Financial Statements
 June 30, 2023 and 2022

Note 3, Concentration of Contributions

For the years ended June 30, 2023 and 2022, the five largest donors of the Ministry are approximately 32% and 27%, respectively, of total cash revenue.

Note 4, Liquidity and Availability of Financial Assets

The Ministry's financial assets are current assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: current assets less donor-restricted, board-designated and/or contractually-obligated cash and investments, inventory, and other similar current assets, as applicable.

As part of the Ministry's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Ministry maintains general reserves in its general unrestricted net assets which consists of prior years' net excess revenues (net operating surplus).
- The Ministry is dependent on recurring contributions from its members and other donors which have remained relatively consistent year-to-year.
- If liquidity were to become an ongoing concern, the Ministry may elect to decrease its program budget in order to eliminate excess spending.

The Ministry's financial assets are quantified at June 30 are as follows:

	2023	2022
Current assets	\$ 171,020	\$ 391,189
Less: those unavailable for general expenditure		
Prepaid expenses	(1,221)	(4,152)
Note receivable	-	(15,415)
Board-designated	-	-
Donor restrictions for current programs	(70,270)	(271,724)
Financial assets available to meet cash needs for general expenditures within one year	\$ 99,529	\$ 99,898

Note 5, Operating Lease

The ministry leases a copier for approximately \$300 per month. The lease is not material to these financial statements, and therefore the new leases standard (ASC 842) was not applied. In future years, the Ministry will assess if a right-of-use asset and lease liability should be recognized.

H.I.S. BridgeBuilders
 Note Disclosures to the Financial Statements
 June 30, 2023 and 2022

Note 6, Net Assets

The summary of change in net assets are as follows:

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions
	General Unrestricted	Internally Designated	Temporarily Donor Restricted
Balance July 1, 2021	\$ 152,641	\$ 15,159	\$ 24,274
Transfers to (from)	15,159	(15,159)	-
Net change	<u>(40,033)</u>	<u>-</u>	<u>1,397,450</u>
Balance June 30, 2022	127,767	-	1,421,724
Transfers to (from)	-	-	-
Net change	<u>(32,615)</u>	<u>-</u>	<u>(201,454)</u>
Balance June 30, 2023	<u>\$ 95,152</u>	<u>\$ -</u>	<u>\$ 1,220,270</u>

The details of the Ministry's net assets by categories at June 30 are as follows:

	2023	2022
Net assets without donor restrictions		
General unrestricted	\$ 95,152	\$ 127,767
Internally designated - Capital projects	<u>-</u>	<u>-</u>
Total net assets without donor restrictions	<u>\$ 95,152</u>	<u>\$ 127,767</u>
Net assets with donor restrictions		
Opportunity Center	\$ 11,900	\$ -
Literacy Lab	3,663	
CRM System	-	6,533
Driving Academy	-	47,293
Adopt-a-Home	-	212
5210 Bexar Street and DFW Advisor Funds	54,707	217,686
5210 Bexar Street - in-kind	<u>1,150,000</u>	<u>1,150,000</u>
Total net assets with donor restrictions	<u>\$ 1,220,270</u>	<u>\$ 1,421,724</u>

Note 7, Subsequent Events

The Ministry has evaluated subsequent events through the date of the independent auditor's report on page two, which is the date the financial statements were available to be issued.