

FAMILY BRIDGES

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2022 and 2021

TABLE OF CONTENTS

Independent Auditors' Report	<u>Page</u> 1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Bridges
Wheaton, Illinois

Opinion

We have audited the accompanying financial statements of Family Bridges (a nonprofit organization), which comprise the statements of financial position, as of December 31, 2022 and 2021 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 Family Bridges as of December 31, 2022 and 2021, 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 accounting 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 Family Bridges 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 opinion.

Responsibilities of Management 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; 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 Family Bridges' 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 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, 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 Family Bridges' 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 Family Bridges' 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 matters that we identified during the audit.

Abendroth Accounting & Tax Services, Inc.

Tinley Park, IL
November 7, 2023

FAMILY BRIDGES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 338,890	\$ 291,657
Prepaid expenses	10,281	3,072
Security deposit	9,201	9,201
Inventory	3,335	3,421
TOTAL CURRENT ASSETS	<u>361,707</u>	<u>307,351</u>
OTHER ASSETS		
Right of use asset obligations	67,332	84,624
TOTAL OTHER ASSETS	<u>67,332</u>	<u>84,624</u>
TOTAL ASSETS	<u><u>429,039</u></u>	<u><u>391,975</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	6,541	4,514
Accrued wages	29,962	37,222
Deferred revenue	150,000	200,000
Current portion - right of use lease liabilities	25,803	24,864
TOTAL CURRENT LIABILITIES	<u>212,306</u>	<u>266,600</u>
LONG TERM LIABILITIES		
Right of use lease liabilities	41,529	59,760
TOTAL LONG TERM LIABILITIES	<u>41,529</u>	<u>59,760</u>
TOTAL LIABILITIES	253,835	326,360
NET ASSETS		
Without donor restrictions	167,204	(13,385)
With donor restrictions	8,000	79,000
TOTAL NET ASSETS	<u>175,204</u>	<u>65,615</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 429,039</u></u>	<u><u>\$ 391,975</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

FAMILY BRIDGES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUES		
Donations	\$ 251,617	\$ 196,301
In-kind donations	29,845	43,752
Grants	24,546	-
Paycheck protection grant	-	239,972
Miscellaneous income	276,030	-
Professional fees	8,568	21,955
Interest	18,450	-
TOTAL OPERATING REVENUES	<u>609,056</u>	<u>501,980</u>
Net assets released from donor restrictions	<u>130,000</u>	<u>35,000</u>
OPERATING EXPENSES		
Program services	139,485	201,352
Management and general	387,181	518,062
Fundraising	31,801	57,916
TOTAL OPERATING EXPENSES	<u>558,467</u>	<u>777,330</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	<u>180,589</u>	<u>(240,350)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Donations	59,000	114,000
Net assets released from donor restrictions	<u>(130,000)</u>	<u>(35,000)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(71,000)</u>	<u>79,000</u>
INCREASE (DECREASE) IN NET ASSETS	109,589	(161,350)
NET ASSETS, BEGINNING OF YEAR	<u>65,615</u>	<u>226,965</u>
NET ASSETS, END OF YEAR	<u>\$ 175,204</u>	<u>\$ 65,615</u>

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FAMILY BRIDGES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fund- Raising	Total Expenses
Bank fees	\$ -	\$ 1,957	\$ -	\$ 1,957
Benefits	16,228	30,138	-	46,366
Events	6,727	2,070	4,140	12,937
Insurance	-	12,292	-	12,292
Marketing	4,565	33,480	-	38,045
Office expenses	10	10	851	871
Payroll taxes	7,410	11,986	2,397	21,793
Printing	84	8,305	-	8,389
Professional fees	14,071	64,098	-	78,169
Rent	-	34,799	-	34,799
Training	-	10,467	-	10,467
Travel	7,055	1,463	86	8,604
Wages	75,194	121,637	24,327	221,158
Workshops	8,141	54,479	-	62,620
Totals	<u>\$ 139,485</u> 25%	<u>\$ 387,181</u> 69%	<u>\$ 31,801</u> 6%	<u>\$ 558,467</u> 100%

See Independent Auditor's Report.
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FAMILY BRIDGES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fund- Raising	Total Expenses
Bank fees	\$ -	\$ 2,031	\$ -	\$ 2,031
Benefits	22,644	42,121	-	64,765
Events	2,894	896	1,800	5,590
Insurance	-	12,671	-	12,671
Marketing	6,152	46,302	-	52,454
Office expenses	395	731	6,948	8,074
Payroll taxes	15,781	25,528	5,106	46,415
Printing	716	12,469	-	13,185
Professional fees	5,929	27,480	-	33,409
Program expenses	180	-	-	180
Rent	-	75,095	-	75,095
Training	-	1,000	-	1,000
Travel	2,451	504	45	3,000
Wages	136,555	222,133	44,017	402,705
Workshops	7,655	49,101	-	56,756
Totals	<u>\$ 201,352</u> 26%	<u>\$ 518,062</u> 67%	<u>\$ 57,916</u> 7%	<u>\$ 777,330</u> 100%

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements

FAMILY BRIDGES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 109,589	\$ (161,350)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Decrease (increase) in assets:		
Prepaid expenses	(7,209)	6,342
Inventory	86	190
Increase (decrease) in liabilities:		
Accounts payable	2,027	(1,081)
Accrued wages	(7,260)	(19,253)
Deferred revenue	<u>(50,000)</u>	<u>200,000</u>
Net cash provided by operating activities	<u>47,233</u>	<u>24,848</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,233	24,848
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>291,657</u>	<u>266,809</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>338,890</u></u>	\$ <u><u>291,657</u></u>
<u>SUPPLEMENTAL CASH FLOWS INFORMATION</u>		
Cash paid for:		
Interest	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Income taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activities

Family Bridges (the Organization) was formed in 2010 to promote thriving communities by delivering services to strengthen family relationships, while embracing their cultural and spiritual values.

Basis of Accounting

The financial statements of Family Bridges have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation is in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the agency is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. The Organization's policy is to designate donor gifts without restriction at the discretion of the board of directors. At December 31, 2022 and 2021 all net assets without donor restrictions are undesignated.

Net Assets With Donor Restrictions – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of December 31, 2022 and 2021, the Organization had net assets with donor restrictions totaling \$8,000 and \$79,000, respectively.

Additionally, the Organization has chosen to report all donor restricted contributions whose restrictions are met within the same reporting period as support without donor restrictions.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

**FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2019, 2020 and 2021 are subject to examination by the IRS, generally for 3 years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of less than three months to be cash equivalents.

Inventory

Inventory consists of books and learning materials. Inventory is stated at the lower of cost or net realizable value. The cost of inventory is determined based on amounts paid for each item, or if donated, the value at the date of donation.

Donated Services

Donated services in the amount of \$29,845 and \$43,752 in 2022 and 2021, respectively, were recorded at fair value at the date of donation, and have been included in revenues and program services expenses for the year ended December 31, 2022 and 2021.

Fair Value Measurement

The Organization's financial instruments consist primarily of cash, prepaid and accrued expenses. The carrying amounts of cash, prepaid and accrued expenses approximate their fair value due to the short-term nature of such instruments.

**FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through November 7, 2023, the date the financial statements were available to be issued.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 338,890	\$ 291,657
	<u>\$ 338,890</u>	<u>\$ 291,657</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE C – LINE OF CREDIT

The Organization has a \$100,000 line of credit with Wheaton Bank and Trust which it may draw upon as needed. Interest accrues on the outstanding balance at a variable rate, which was 3.75% at December 31, 2022. The outstanding balance on this line of credit was \$0 and \$0 at December 31, 2022 and 2021, respectively. Interest expense was \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively. See Note O for additional disclosures related to this line of credit.

**FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE D – FUNDRAISING EXPENSE

Total fundraising expenses for the years ended December 31, 2022 and 2021 were \$31,801 and \$57,916, respectively. Fundraising expenses accounted for 5% and 10% of the total revenue for the years ended December 31, 2022 and 2021, respectively. The ratio of expense to amounts raised is computed using actual expenses and related revenue on an accrual basis.

NOTE E – LEASES

Operating Lease Commitments

Effective March 1, 2016, the Organization leased office space in Oakbrook Terrace, Illinois under an operating lease that expired on February 29, 2020. On November 9, 2019, the lease was extended thru February 29, 2024. Effective July 1, 2021, Family Bridges downsized their space and renegotiated their lease agreement, which was also extended through June 30, 2025. Rent expense for this space for the years ended December 31, 2022 and 2021 was \$22,672 and \$53,241, respectively.

During 2018, the Organization entered into a copier lease for 39 months; ending in March 2022. Rent expense for this copier for the years ended December 31, 2022 and 2021 was \$1,424 and \$8,544, respectively.

On February 10, 2022, the Organization entered into a copier lease for 48 months, terminating during February 2026, with a base payment amount of \$199 per month. Rent expense for this copier for the years ended December 31, 2022 and 2021 was \$2,153 and \$0, respectively.

Future minimum lease payments required under all of the leases are as follows:

2023	\$ 25,803
2024	26,505
2025	14,625
2026	399
Total	<u>\$ 67,332</u>

The value of the right of use asset obligation related to these lease commitments has been included in the balance sheet, net of any prepaid rent payments.

**FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE F – CONTRIBUTED SERVICES

The value of contributed services included as revenues in the financial statements and the corresponding program expenses for year ended December 31, 2022 and 2021 were as follows:

	2022	2021
Workshops	\$ 29,845	\$ 43,752

NOTE G – CONCENTRATIONS

Credit Risk

Family Bridges maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. As of December 31, 2022 and 2021, Family Bridges had balances in excess of FDIC limits approximating \$92,036 and \$3,986, respectively.

NOTE H – SUPPORT FROM GOVERNMENTAL UNITS AND CONTINGENCIES

The Organization receives a substantial amount of their support from a government agency. A substantial reduction in the level of this support, if it were to occur, could have a significant effect on the Organization's programs and activities.

These programs are subject to review by the grantors or their representatives. Such reviews could include programs for various periods prior to and including the year ended December 31, 2022 and 2021. The amount, if any, of expenditures that may be disallowed by the government agencies cannot be determined at this time, although the organization expects such amounts, if any, to be immaterial.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

During the years ended December 31, 2022 and 2021, Family Bridges received donor restricted grants totaling \$59,000 and \$114,000, respectively. These grant funds are to be used for a specific program. As of December 31, 2022 and 2021, only \$130,000 and \$35,000, respectively, of the cumulative funds received, have been used for those programs, the remaining balances are temporarily restricted. See Note A for further details.

FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE J – PAYCHECK PROTECTION PROGRAM LOAN

As a result of the ongoing COVID-19 pandemic, which affected its operations, the Organization obtained a first draw loan from the Small Business Administration's Paycheck Protection Program in the amount of \$274,350 on April 3, 2020. Under the terms of the Paycheck Protection Loan program, the interest rate is capped at 1% and is not required to be collateralized by any of the Organization's assets. As of December 31, 2020, management expected the loan to be fully forgiven, therefore all of the loan proceeds were recognized as grant income for the year ended December 31, 2020. On February 19, 2021, the Organization's first draw loan from the Small Business Administration's Paycheck Protection Program was fully forgiven.

On February 9, 2021, the Organization received a second draw loan from the Small Business Administration's Paycheck Protection Program in the amount of \$239,972. On July 31, 2021, the Organization's second draw loan from the Small Business Administration's Paycheck Protection Program was fully forgiven.

NOTE K – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Organization received services from a business in which a member of its board of directors is employed. The total costs paid to the related party during the years ended December 31, 2022 and 2021 was \$8,400 and \$0, respectively. During the years ended December 31, 2022 and 2021, the Organization also received inkind donations from the same business amounting to \$4,672 and \$3,425, respectively. As of December 31, 2022 and 2021, there was \$0 and \$0, respectively owed to or from any related parties.

NOTE L – 401K RETIREMENT PLAN

The Organization provide to its employees a retirement plan which is qualified under Section 401 of the Internal Revenue Code. All full time and part time employees are eligible for participation in the plan after 90 days of credited service. The Organization's contribution to the plan is discretionary. Total expense for the years ended December 31, 2022 and 2021 was \$0 and \$0, respectively.

NOTE M – CORRECTION OF ACCOUNTING ERROR

As a result of the adoption of the new accounting standard referenced in Note N, right to use assets and obligations totaling \$84,624 and \$84,624, respectively, were under reported on the statement of financial position for the year ended December 31, 2021. The presentation on these comparative financial statements has been changed accordingly.

**FAMILY BRIDGES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE N – ADOPTION OF NEW ACCOUNTING STANDARD

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*.

The Organization has adjusted the presentation of its financial statements accordingly:

- Additional disclosures with respect to operating leases has been included on the balance sheet and Note E.
- Additional disclosures with respect to a change in accounting principle have been included in Note M to the financial statements.

NOTE O – SUBSEQUENT EVENTS

On October 26, 2023 the Organization renewed its existing line of credit referenced in Note C through November 5, 2024.