

**LIFEBRIDGE PARTNERSHIP**

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

**DECEMBER 31, 2016**

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## Independent Auditor's Report

Board of Directors  
LifeBridge Partnership  
St. Louis, Missouri

We have audited the accompanying financial statements of LifeBridge Partnership ("LifeBridge"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeBridge Partnership as of December 31, 2016 and 2015, 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.

*Brown Smith Wallace, LLP*

St. Louis, Missouri  
June 6, 2017

# LIFEBRIDGE PARTNERSHIP

## Statements of Financial Position

December 31, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 36,653	\$ 94,643
Accounts receivable	50,143	38,775
Pledges receivable	136,610	136,610
Bequests receivable	-	111,516
Prepaid expenses	27,581	31,689
<b>Total Current Assets</b>	<b>250,987</b>	413,233
<b>Investments, at fair value</b>	<b>875,682</b>	884,756
<b>Property and equipment, net</b>	<b>25,300</b>	43,893
<b>Other assets</b>	<b>8,537</b>	8,537
<b>TOTAL ASSETS</b>	<b>\$ 1,160,506</b>	<b>\$ 1,350,419</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities	\$ 22,542	\$ 22,007
Deferred revenue	8,040	8,300
<b>Total Current Liabilities</b>	<b>30,582</b>	30,307
<b>Net Assets</b>		
<b>Unrestricted</b>		
Available for general use	91,658	203,971
Board designated	359,792	477,365
Property and equipment	25,300	43,893
<b>Total Unrestricted</b>	<b>476,750</b>	725,229
<b>Temporarily restricted</b>	<b>185,838</b>	136,610
<b>Permanently restricted</b>	<b>467,336</b>	458,273
<b>Total Net Assets</b>	<b>1,129,924</b>	1,320,112
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,160,506</b>	<b>\$ 1,350,419</b>

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

# LIFEBRIDGE PARTNERSHIP

## Statement of Activities

Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 96,109	\$ -	\$ 9,063	\$ 105,172
United Way	-	137,647	-	137,647
Bequests from estates	10,000	-	-	10,000
Government payments - program services	390,358	-	-	390,358
Special events, net of direct expenses of \$62,526	98,575	-	-	98,575
Program fees	31,378	-	-	31,378
Investment income	42,372	48,554	-	90,926
Miscellaneous income	895	-	-	895
Net assets released from restrictions	136,973	(136,973)	-	-
<b>Total support and revenues</b>	<b>806,660</b>	<b>49,228</b>	<b>9,063</b>	<b>864,951</b>
<b>EXPENSES</b>				
<b>Program services:</b>				
LifeBridge Camps	188,573	-	-	188,573
Youth Recreation	115,217	-	-	115,217
SPARK Club	139,086	-	-	139,086
Out & About	437,732	-	-	437,732
<b>Total program services</b>	<b>880,608</b>	<b>-</b>	<b>-</b>	<b>880,608</b>
<b>Supporting services:</b>				
Management and general	82,234	-	-	82,234
Fundraising	92,297	-	-	92,297
<b>Total supporting services</b>	<b>174,531</b>	<b>-</b>	<b>-</b>	<b>174,531</b>
<b>TOTAL EXPENSES</b>	<b>1,055,139</b>	<b>-</b>	<b>-</b>	<b>1,055,139</b>
<b>CHANGE IN NET ASSETS</b>	<b>(248,479)</b>	<b>49,228</b>	<b>9,063</b>	<b>(190,188)</b>
Net assets, beginning of year	725,229	136,610	458,273	1,320,112
Net assets, end of year	\$ 476,750	\$ 185,838	\$ 467,336	\$ 1,129,924

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

# LIFEBRIDGE PARTNERSHIP

## Statement of Activities

Year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 128,493	\$ -	\$ -	\$ 128,493
United Way	-	136,973	-	136,973
Bequests from estates	162,096	-	-	162,096
Government payments - program services	329,911	-	-	329,911
Special events, net of direct expenses of \$64,263	92,357	-	-	92,357
Program fees	23,375	-	-	23,375
Investment income	(6,939)	-	-	(6,939)
Miscellaneous income	6,812	-	-	6,812
Net assets released from restrictions	187,706	(187,706)	-	-
<b>Total support and revenues</b>	<b>923,811</b>	<b>(50,733)</b>	<b>-</b>	<b>873,078</b>
<b>EXPENSES</b>				
<b>Program services:</b>				
LifeBridge Camps	171,059	-	-	171,059
Youth Recreation	119,441	-	-	119,441
SPARK Club	137,885	-	-	137,885
Out & About	398,348	-	-	398,348
<b>Total program services</b>	<b>826,733</b>	<b>-</b>	<b>-</b>	<b>826,733</b>
<b>Supporting services:</b>				
Management and general	75,231	-	-	75,231
Fundraising	86,378	-	-	86,378
<b>Total supporting services</b>	<b>161,609</b>	<b>-</b>	<b>-</b>	<b>161,609</b>
<b>TOTAL EXPENSES</b>	<b>988,342</b>	<b>-</b>	<b>-</b>	<b>988,342</b>
<b>CHANGE IN NET ASSETS</b>	<b>(64,531)</b>	<b>(50,733)</b>	<b>-</b>	<b>(115,264)</b>
Net assets, beginning of year	789,760	187,343	458,273	1,435,376
Net assets, end of year	\$ 725,229	\$ 136,610	\$ 458,273	\$ 1,320,112

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

# LIFEBRIDGE PARTNERSHIP

## Statement of Functional Expenses

Year ended December 31, 2016

	Program Services					Supporting Services				
	LifeBridge Camps	Youth Recreation	SPARK Club	Out & About	Transportation	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	Total Expenses
				Program						
<b>Staff salaries and support</b>										
Staff salaries	\$ 69,565	\$ 63,180	\$ 63,117	\$ 225,894	\$ 58,851	\$ 480,607	\$ 51,949	\$ 63,727	\$ 115,676	\$ 596,283
Payroll taxes and fringe benefits	11,508	11,493	10,068	41,530	8,730	83,329	10,818	12,924	23,742	107,071
Total staff salaries and support	81,073	74,673	73,185	267,424	67,581	563,936	62,767	76,651	139,418	703,354
<b>Operating expenses</b>										
Program supplies and client transportation	43,758	8,302	4,902	18,664	18,524	94,150	7,163	3,661	10,824	104,974
Equipment maintenance, repair and rental	3,637	1,212	2,425	10,910	39,605	57,789	1,966	1,212	3,178	60,967
Communications	1,121	374	747	3,293	1,051	6,586	374	374	748	7,334
Professional fees	3,815	1,272	2,543	11,445	3,815	22,890	2,462	1,272	3,734	26,624
Miscellaneous	895	1,234	1,255	4,883	1,156	9,423	4,490	3,502	7,992	17,415
Total operating expenses	53,226	12,394	11,872	49,195	64,151	190,838	16,455	10,021	26,476	217,314
<b>Facility expenses</b>										
Utilities, rent and sanitation	8,811	2,938	5,874	26,434	8,812	52,869	2,938	2,937	5,875	58,744
Insurance	4,954	2,295	2,860	13,391	24,901	48,401	(365)	1,809	1,444	49,845
Total facility expenses	13,765	5,233	8,734	39,825	33,713	101,270	2,573	4,746	7,319	108,589
<b>Transportation expenses</b>	40,509	22,423	45,295	78,158	(186,385)	-	-	-	-	-
<b>Depreciation</b>	-	494	-	3,130	20,940	24,564	439	879	1,318	25,882
Total expenses	\$ 188,573	\$ 115,217	\$ 139,086	\$ 437,732	\$ -	\$ 880,608	\$ 82,234	\$ 92,297	\$ 174,531	\$ 1,055,139

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



# LIFEBRIDGE PARTNERSHIP

## Statement of Functional Expenses

Year ended December 31, 2015

	Program Services					Supporting Services				Total Expenses
	LifeBridge Camps	Youth Recreation	SPARK Club	Out & About	Transportation	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	
				Program						
<b>Staff salaries and support</b>										
Staff salaries	\$ 63,822	\$ 64,435	\$ 69,362	\$ 200,972	\$ 56,008	\$ 454,599	\$ 42,744	\$ 57,145	\$ 99,889	\$ 554,488
Payroll taxes and fringe benefits	10,644	12,174	11,048	35,978	8,349	78,193	7,472	11,588	19,060	97,253
Total staff salaries and support	74,466	76,609	80,410	236,950	64,357	532,792	50,216	68,733	118,949	651,741
<b>Operating expenses</b>										
Program supplies and client transportation	35,552	7,187	7,352	17,118	22,913	90,122	8,373	6,324	14,697	104,819
Equipment maintenance, repair and rental	3,567	1,189	2,378	10,701	25,531	43,366	2,425	1,738	4,163	47,529
Communications	1,306	435	871	3,919	1,376	7,907	436	435	871	8,778
Professional fees	3,908	1,303	2,605	11,793	3,908	23,517	1,842	1,303	3,145	26,662
Miscellaneous	1,081	435	945	3,741	707	6,909	4,844	3,424	8,268	15,177
Total operating expenses	45,414	10,549	14,151	47,272	54,435	171,821	17,920	13,224	31,144	202,965
<b>Facility expenses</b>										
Utilities, rent and sanitation	9,435	3,083	6,190	27,748	9,301	55,757	3,097	3,169	6,266	62,023
Insurance	3,754	1,251	2,353	10,889	24,802	43,049	3,847	1,194	5,041	48,090
Total facility expenses	13,189	4,334	8,543	38,637	34,103	98,806	6,944	4,363	11,307	110,113
<b>Transportation expenses</b>	37,990	27,949	34,781	74,773	(175,493)	-	-	-	-	-
<b>Depreciation</b>	-	-	-	716	22,598	23,314	151	58	209	23,523
Total expenses	\$ 171,059	\$ 119,441	\$ 137,885	\$ 398,348	\$ -	\$ 826,733	\$ 75,231	\$ 86,378	\$ 161,609	\$ 988,342

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

# LIFEBRIDGE PARTNERSHIP

## Statements of Cash Flows

Years ended December 31, 2016 and 2015

	2016	2015
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (190,188)	\$ (115,264)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,882	23,523
Unrealized (gain) loss on investments	(43,333)	59,759
Changes in assets and liabilities:		
Accounts receivable	(11,368)	8,637
Pledges receivable	-	18,225
Bequests receivable	111,516	38,484
Prepaid expenses and other assets	4,108	(2,034)
Accounts payable and other liabilities	535	(6,238)
Deferred revenue	(260)	4,750
<b>Net cash provided by (used in) operating activities</b>	<b>(103,108)</b>	29,842
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(7,289)	(23,891)
Reinvestment of dividend	(47,593)	(52,820)
Proceeds from the sale of marketable securities	100,000	24,253
<b>Net cash provided by (used in) investing activities</b>	<b>45,118</b>	(52,458)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(57,990)</b>	(22,616)
<b>Cash and cash equivalents, beginning of year</b>	<b>94,643</b>	117,259
<b>Cash and cash equivalents, end of year</b>	<b>\$ 36,653</b>	<b>\$ 94,643</b>

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

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements

December 31, 2016

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### Note A - Summary of Significant Accounting Policies

LifeBridge Partnership (“LifeBridge”) is a Missouri not-for-profit corporation. Founded in 1927, LifeBridge’s overriding philosophy is to provide opportunities for children and adults with disabilities to live full, productive lives. During our history, we have evolved to meet the ever-changing needs of people with disabilities in the St. Louis community.

The Organization’s mission is to empower people with disabilities to develop skills for independence and to actively participate in the community. We accomplish this mission by providing:

- Personalized support focused on individual abilities.
- Innovative, community-based learning opportunities.
- Accessible, door-to-door transportation.
- Compassionate, family-oriented environment.
- Advocacy to enhance quality of life and to educate society.

LifeBridge provides support services to children and adults with disabilities through a variety of programs and activities:

- **LifeBridge Camps** provide children and young adults an opportunity to become active participants, rather than observers. Using adaptive equipment and techniques, children participate in a variety of activities including, but not limited to, basketball, hockey, golf, music therapy, and martial arts. LifeBridge currently offers two camps in the summer, a Winter Break Camp in late December, and a Spring Break Camp in March.
- Our **Youth Recreation** program is comprised of three groups: Stars (ages six to thirteen), Young Adults (ages fourteen to twenty-one, if still in school), and a St. Charles County group. Weekly Youth Recreation activities provide participants with opportunities to become part of the community through visits to venues in the St. Louis metropolitan area. Over the course of a year, our Youth Recreation participants may visit the Zoo, explore the Science Center, cheer on their favorite team, or create a work of art in a pottery class.
- The **SPARK Club**, an after school enrichment program, is held four days per week for students at Gateway Michael School in the City of St. Louis. The main goal of the SPARK Club is to encourage the students to feel comfortable and have fun in an environment focused on individual abilities. Students participate in two hours of recreational activities to build sporting skills, participate in art therapy, go on field trips, and build self-esteem.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note A - Summary of Significant Accounting Policies (Continued)

- The **Out & About** program provides adults with support services they need to be active in the community and in their pursuit of skills for independence. In cooperation with LifeBridge staff, participants initiate and coordinate recreational and educational activities at venues throughout the St. Louis metropolitan area. Through these activities participants learn to navigate the community, develop skills essential to independence, build relationships, and lead an active community life.
- **LifeBridge Friends** provides adults who have gained the ability to independently lead an active community life to remain connected to participants, staff, and volunteers of LifeBridge.

#### **Financial Statements Basis of Accounting and Presentation**

LifeBridge uses the accrual basis of accounting and accounting principles generally accepted in the United States of America. LifeBridge reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted Net Assets* – Net assets and contributions not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets and contributions subject to donor-imposed stipulations that may or will be met by actions of LifeBridge and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets and contributions subject to donor-imposed stipulations requiring that they be maintained permanently by LifeBridge. Generally, the donors of these assets permit LifeBridge to use all or part of the income earned on related investments for specific purposes.

#### **Cash and Cash Equivalents**

For purposes of the statements of financial position and cash flows, LifeBridge considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. At times, bank deposits were in excess of federally insured limits.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note A - Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Contributions received with restriction that are satisfied within the same year are recorded as increases in unrestricted net assets.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with funding sources having outstanding balances and current relationships with them, management has concluded that no allowance for losses is considered necessary.

Pledges receivable are recognized in the period the pledge is made. Conditional pledges receivable are not recognized until they become unconditional, that is when the conditions are substantially met. Unconditional pledges expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a rate commensurate with the risks involved, at the date the pledge was made.

Bequests receivable represent an estimate of a gift to be received. A bequest receivable is recognized when verifiable documentary evidence is received from an independent third party. At a minimum, this evidence must identify the source of the gift, the party responsible for coordinating distribution of the gift, an estimate of the value, and an anticipated distribution date of less than 12 months.

Deferred revenues represent registration fees collected in advance for the LifeBridge trivia night and are recognized when earned.

When considered necessary, an allowance is recorded on pledges and bequests receivable based on management estimate of uncollectibility including such factors as prior collection history, type of contribution, and the nature of activity.

In-kind contributions are contributions of assets other than cash that are recorded at their estimated fair value at the date of donation. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note A - Summary of Significant Accounting Policies (Continued)

#### **Revenue Recognition** (Continued)

Contributions of services are recognized in the financial statements when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Volunteers donate significant amounts of time to LifeBridge in various capacities. However, these services have not been recognized in the financial statements since they do not require specialized skills. The value of these services is not readily determinable.

#### **Investments**

Investments are stated at fair market value under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820-10, *Fair Value Measurements and Disclosures*. Three levels of inputs are established to measure fair value. Each level of input has different levels of subjectivity and difficulty involved in determining fair value. Level 1 instruments represent quoted prices in active markets for identical assets that LifeBridge has the ability to access. Level 2 instruments include observable inputs other than Level 1 prices, such as quoted prices for similar instruments in markets with insufficient volume or infrequent transactions (less active markets). Level 3 instruments include unobservable inputs that require significant management judgment and subjectivity. LifeBridge's investments consists of mutual funds and are carried at fair value based on quotes in active markets (Level 1).

Management determines the fair value measurement valuation policies and procedures, which are subject to Board of Directors assessment and approval. At least annually, Management determines if the current valuation techniques used in fair value measurements are still appropriate.

LifeBridge recognized transfers, if any, between levels in the fair value hierarchy at the end of the reporting period.

The cost of investment securities sold is determined using the specific identification method. Unrealized gains and losses and investment income are included in the accompanying statements of activities. See Note E for additional disclosures.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note A - Summary of Significant Accounting Policies (Continued)

#### **Property and Equipment**

Property and equipment are carried at cost. Donations of property are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, LifeBridge reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. LifeBridge reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment greater than \$500 are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years. Expenditures for major renewals and improvements, which increase the useful lives of respective assets, are capitalized, while expenditures for repairs and maintenance are expensed.

#### **Functional Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the estimates of management at that time. Transportation services are provided for each program offered by LifeBridge. As a result, during the years ended December 31, 2016 and 2015, LifeBridge allocated transportation expenses to each program.

#### **Income Tax Status**

LifeBridge constitutes a qualified not-for-profit Organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

LifeBridge has addressed the provisions of ASC 740, *Accounting for Income Taxes*. In that regard, LifeBridge has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note A - Summary of Significant Accounting Policies (Continued)

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

LifeBridge evaluated all subsequent events through June 6, 2017, the date the financial statements were available to be issued.

### Note B - Cash and Cash Equivalents

During the years ended December 31, 2016 and 2015, cash consisted of the following designations:

	<u>2016</u>	<u>2015</u>
Operating cash	\$ 36,653	\$ 43,761
Endowment – Board Designated cash	<u>-</u>	<u>50,882</u>
Total	<u>\$ 36,653</u>	<u>\$ 94,643</u>

### Note C - Pledges Receivable

Pledges receivable for the years ended December 31, 2016 and 2015, consists of a pledge related to LifeBridge's United Way allocation in the amount of \$136,610 for each year, all of which management has determined is collectible within one year.

### Note D - Bequests Receivable

LifeBridge was notified of a distribution to be received from the Timothy Doody Revocable Trust. The administrator made the final distribution of \$111,516 in 2016.



# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note E - Investments

LifeBridge invests in various securities including money market and mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and those changes could negatively affect the amount reported in the statement of financial position.

Investments stated at fair value and at December 31, 2016 and 2015 consist of:

	<u>2016</u> (Level 1)	<u>2015</u> (Level 1)
Mutual funds	\$ <u>875,682</u>	\$ <u>884,756</u>

Investment income consists of:

	<u>2016</u>	<u>2015</u>
Dividends	\$ 47,593	\$ 52,820
Net unrealized gains (losses) on investments	<u>43,333</u>	<u>(59,759)</u>
Investment income (loss)	<u>\$ 90,926</u>	<u>\$ ( 6,939)</u>

During the year, there were no changes in the methods or assumptions utilized to derive the fair value of LifeBridge's assets and liabilities.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note F - Property and Equipment

	<u>2016</u>	<u>2015</u>
Transportation equipment	\$ 234,974	\$ 230,309
Recreation equipment	50,017	47,393
Office equipment	<u>82,793</u>	<u>82,793</u>
Property and equipment, at cost	367,784	360,495
Less accumulated depreciation	<u>(342,484)</u>	<u>(316,602)</u>
Property and equipment, net	<u>\$ 25,300</u>	<u>\$ 43,893</u>

Depreciation expense for 2016 and 2015 totaled \$25,882 and \$23,523, respectively.

### Note G - Operating Leases

LifeBridge leases office space and office equipment from unrelated parties under operating leases that have non-cancellable lease terms in excess of one year. Obligations under the office leases are:

<u>Years ending</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 59,692
2018	61,390
2019	63,088
2020	64,925
2021	44,100

During the years ended December 31, 2016 and 2015, rent expense was \$57,855 and \$57,242, respectively.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note H - Temporarily Restricted Net Assets

LifeBridge's temporarily restricted net assets as of December 31, 2016 and 2015 are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
<b>Time Restricted:</b>		
Endowment Earnings	\$ 48,554	\$ -
United Way	<u>137,284</u>	<u>136,610</u>
	<u>\$ 185,838</u>	<u>\$ 136,610</u>
	<u>2016</u>	<u>2015</u>
<b>Net assets released:</b>		
Time Restricted:		
Endowment Earnings	\$ -	\$ 32,425
United Way	<u>136,973</u>	<u>155,281</u>
Total net assets released	<u>\$ 136,973</u>	<u>\$ 187,706</u>

### Note I - Concentrations

LifeBridge received 57.7% and 51.4% of its revenue from three funding sources in 2016 and 2015. While these funding sources annually consider continuation of funding, management believes support from these funding sources will remain consistent with 2016 levels.

### Note J - Grants and Government Payments

LifeBridge received government payments and grants for program services from the following agencies for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Productive Living Board (PLB)	\$ 189,945	\$ 129,297
St. Louis Office of Developmental Disability Resources (DDR)	173,324	182,961
Developmental Disabilities Resource Board of St. Charles (DDRDB)	23,028	13,696
Missouri Department of Transportation	<u>4,061</u>	<u>3,957</u>
	<u>\$ 390,358</u>	<u>\$ 329,911</u>

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note J - Grants and Government Payments (Continued)

Funds from the PLB, DDR, and DDRB are to be used in the programs as set forth in agreements between LifeBridge and the PLB, DDR, and DDRB, respectively to serve individuals with developmental disabilities. Funds from the Missouri Department of Transportation are for the operating and maintaining of the fleet for the Transportation services.

### Note K - Endowment Funds

LifeBridge follows the requirements stipulated in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). LifeBridge's endowment includes both donor-restricted and board designated endowments.

LifeBridge classifies donor-designated permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-designated endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by LifeBridge.

Realized gains as well as the net appreciation of permanent endowment funds may be expended for the same purpose as the endowment was established, unless explicit donor restrictions specify other treatment.

The Board of Directors adopted the following policies related to the endowment fund:

- Build non-designated Endowment principal to fund a minimum of twelve months of operations in the event of a catastrophic loss (i.e., more than 50%) of funding.
- Manage the Endowment in accordance with state and federal investment guidelines established for not-for-profits.
- Utilize a diversified investment strategy giving consideration to preservation of principal, generation of both growth and income and diversity of investment vehicles with ratings of AA or above unless approved by the Board of Directors.
- Provide annual realized investment income sufficient to supplement operations as deemed necessary.

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

### Note K - Endowment Funds (Continued)

The permanently restricted donor-designated portion of the endowment is comprised of the Katherine B. Humphrey Fund and the Dr. George Bernard Key Endowment Fund in the amounts of \$458,273 and \$9,063, respectively.

The following table summarizes the endowment activity for the years ended December 31, 2016 and 2015:

#### Change in Endowment Assets:

	Unrestricted Board- Designated	Temporarily Restricted Donor- Designated	Permanently Restricted Donor- Designated	Total
<b>December 31, 2016</b>				
Endowment net assets, beginning of year	\$ 477,365	\$ -	\$ 458,273	\$ 935,638
Dividends, net of investment expenses	22,178	25,415	-	47,593
Net appreciation	20,194	23,139	-	43,333
Contributions	(9,063)	-	9,063	-
Expenditures	(150,882)	-	-	(150,882)
Endowment net assets, end of year	<u>\$ 359,792</u>	<u>\$ 48,554</u>	<u>\$ 467,336</u>	<u>\$ 875,682</u>
<b>December 31, 2015</b>				
Endowment net assets, beginning of year	\$ 476,132	\$ 32,425	\$ 458,273	\$ 966,830
Dividends, net of investment expenses	25,459	27,361	-	52,820
Net (depreciation)	(32,398)	(27,361)	-	(59,759)
Expenditures	(24,253)	-	-	(24,253)
Released to board designated	32,425	(32,425)	-	-
Endowment net assets, end of year	<u>\$ 477,365</u>	<u>\$ -</u>	<u>\$ 458,273</u>	<u>\$ 935,638</u>

# LIFEBRIDGE PARTNERSHIP

## Notes to Financial Statements - Continued

December 31, 2016

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### Note K - Endowment Funds (Continued)

#### Composition of Endowment Net Assets December 31, 2016

	<u>Unrestricted Board- Designated</u>	<u>Temporarily Restricted Donor- Designated</u>	<u>Permanently Restricted Donor- Designated</u>	<u>Total</u>
Donor designated endowment funds	\$ -	\$ 48,554	\$ 467,336	\$ 515,890
Board designated endowment funds	<u>359,792</u>	<u>-</u>	<u>-</u>	<u>359,792</u>
Total Endowment Funds	<u>\$ 359,792</u>	<u>\$ 48,554</u>	<u>\$ 467,336</u>	<u>\$ 875,682</u>

#### Composition of Endowment Net Assets December 31, 2015

	<u>Unrestricted Board- Designated</u>	<u>Temporarily Restricted Donor- Designated</u>	<u>Permanently Restricted Donor- Designated</u>	<u>Total</u>
Donor designated endowment funds	\$ -	\$ -	\$ 458,273	\$ 458,273
Board designated endowment funds	<u>477,365</u>	<u>-</u>	<u>-</u>	<u>477,365</u>
Total Endowment Funds	<u>\$ 477,365</u>	<u>\$ -</u>	<u>\$ 458,273</u>	<u>\$ 935,638</u>

### Note L - Simple IRA Retirement Plan

During 2012, LifeBridge established a simple IRA plan for its employees, matching 100% of contributions up to 3% of participants' eligible compensation. Matching contributions were \$9,796 and \$8,231 for the years ended December 31, 2016 and 2015, respectively.