

LIFEBRIDGE PARTNERSHIP

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

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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, 2017 and 2016, 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, 2017 and 2016, 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 4, 2018

LIFEBRIDGE PARTNERSHIP

Statements of Financial Position

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 25,086	\$ 36,653
Accounts receivable	50,389	50,143
Pledges receivable	116,119	136,610
Bequests receivable	25,000	-
Prepaid expenses	30,267	27,581
Total Current Assets	246,861	250,987
Investments, at fair value	861,702	875,682
Property and equipment, net	29,652	25,300
Other assets	8,537	8,537
TOTAL ASSETS	\$ 1,146,752	\$ 1,160,506
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other liabilities	\$ 22,682	\$ 22,542
Deferred revenue	8,760	8,040
Total Current Liabilities	31,442	30,582
Net Assets		
Unrestricted		
Available for general use	74,388	91,658
Board designated	319,907	359,792
Property and equipment	29,652	25,300
Total Unrestricted	423,947	476,750
Temporarily restricted	224,027	185,838
Permanently restricted	467,336	467,336
Total Net Assets	1,115,310	1,129,924
TOTAL LIABILITIES AND NET ASSETS	\$ 1,146,752	\$ 1,160,506

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

LIFEBRIDGE PARTNERSHIP

Statement of Activities

Year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Contributions	\$ 122,572	\$ -	\$ -	\$ 122,572
United Way	-	117,161	-	117,161
Bequests from estates	-	25,000	-	25,000
Government payments - program services	509,042	-	-	509,042
Special events, net of direct expenses of \$71,020	92,582	-	-	92,582
Program fees	40,675	-	-	40,675
Investment income	69,178	81,866	-	151,044
Miscellaneous income	8,745	-	-	8,745
In-Kind	5,500	-	-	5,500
Net assets released from restrictions	185,838	(185,838)	-	-
Total support and revenues	1,034,132	38,189	-	1,072,321
EXPENSES				
Program services:				
LifeBridge Camps	167,095	-	-	167,095
Youth recreation	72,751	-	-	72,751
SPARK Club	103,610	-	-	103,610
Out & About	503,061	-	-	503,061
Total program services	846,517	-	-	846,517
Supporting services:				
Management and general	95,284	-	-	95,284
Fundraising	145,134	-	-	145,134
Total supporting services	240,418	-	-	240,418
TOTAL EXPENSES	1,086,935	-	-	1,086,935
CHANGE IN NET ASSETS	(52,803)	38,189	-	(14,614)
Net assets, beginning of year	476,750	185,838	467,336	1,129,924
Net assets, end of year	\$ 423,947	\$ 224,027	\$ 467,336	\$ 1,115,310

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
SUPPORT AND REVENUES				
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)	-	-
Total support and revenues	806,660	49,228	9,063	864,951
EXPENSES				
Program services:				
LifeBridge Camps	188,573	-	-	188,573
Youth recreation	115,217	-	-	115,217
SPARK Club	139,086	-	-	139,086
Out & About	437,732	-	-	437,732
Total program services	880,608	-	-	880,608
Supporting services:				
Management and general	82,234	-	-	82,234
Fundraising	92,297	-	-	92,297
Total supporting services	174,531	-	-	174,531
TOTAL EXPENSES	1,055,139	-	-	1,055,139
CHANGE IN NET ASSETS	(248,479)	49,228	9,063	(190,188)
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 Functional Expenses

Year ended December 31, 2017

	Program Services					Supporting Services				Total Expenses
	LifeBridge Camps	Youth Recreation	SPARK Club	Out & About Program	Transportation	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	
Staff salaries and support										
Direct support staff salaries	\$ 69,408	\$ 35,012	\$ 44,138	\$ 254,591	\$ 49,675	\$ 452,824	\$ -	\$ -	\$ -	\$ 452,824
Direct support payroll taxes and fringe benefits	8,298	7,695	8,477	50,976	8,998	84,444	-	-	-	84,444
Administrative salaries	5,860	3,295	3,698	14,060	-	26,913	54,561	104,133	158,694	185,607
Administrative payroll taxes and fringe benefits	1,210	680	763	2,903	-	5,556	9,552	23,596	33,148	38,704
Total staff salaries and support	84,776	46,682	57,076	322,530	58,673	569,737	64,113	127,729	191,842	761,579
Operating expenses										
Program supplies	23,849	5,617	3,277	21,098	15,255	69,096	7,179	6,116	13,295	82,391
Equipment maintenance and repair	-	-	-	-	28,791	28,791	-	-	-	28,791
Service agreements	3,785	1,261	2,523	11,354	3,785	22,708	1,341	1,262	2,603	25,311
Communications	2,271	1,511	1,230	6,341	1,844	13,197	1,105	2,454	3,559	16,756
Professional fees	4,092	1,364	2,728	12,276	4,092	24,552	2,789	1,499	4,288	28,840
Staff travel	651	333	445	2,636	245	4,310	1,527	112	1,639	5,949
Continuing education	238	417	248	647	497	2,047	14	14	28	2,075
In-Kind expense	-	-	-	-	-	-	5,500	-	5,500	5,500
Miscellaneous	76	32	51	301	2,215	2,675	7,075	347	7,422	10,097
Total operating expenses	34,962	10,535	10,502	54,653	56,724	167,376	26,530	11,804	38,334	205,710
Facility expenses										
Utilities, rent and maintenance	9,986	3,328	6,657	29,957	9,985	59,913	3,185	3,328	6,513	66,426
Insurance - other	3,508	1,120	2,340	11,180	3,560	21,708	879	1,120	1,999	23,707
Insurance - vehicles	-	-	-	-	21,372	21,372	-	-	-	21,372
Total facility expenses	13,494	4,448	8,997	41,137	34,917	102,993	4,064	4,448	8,512	111,505
Transportation expenses	33,863	10,437	27,035	80,633	(151,968)	-	-	-	-	-
Depreciation	-	649	-	4,108	1,654	6,411	577	1,153	1,730	8,141
Total expenses	\$ 167,095	\$ 72,751	\$ 103,610	\$ 503,061	\$ -	\$ 846,517	\$ 95,284	\$ 145,134	\$ 240,418	\$ 1,086,935

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				Total Expenses
	LifeBridge Camps	Youth Recreation	SPARK Club	Out & About Program	Transportation	Total Program Services	Management and General	Fund- Raising	Total Supporting Services	
Staff salaries and support										
Direct support staff salaries	\$ 62,985	\$ 58,678	\$ 58,225	\$ 201,397	\$ 58,851	\$ 440,136	\$ -	\$ -	\$ -	\$ 440,136
Direct support payroll taxes and fringe benefits	10,149	10,563	9,057	36,471	8,730	74,970	-	-	-	74,970
Administrative salaries	6,580	4,503	4,893	24,497	-	40,473	51,949	63,727	115,676	156,149
Administrative payroll taxes and fringe benefits	1,359	929	1,010	5,059	-	8,357	10,818	12,924	23,742	32,099
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
Operating expenses										
Program supplies	43,758	8,395	4,902	18,664	18,524	94,243	7,163	6,127	13,290	107,533
Equipment maintenance and repair	-	-	-	-	35,969	35,969	-	-	-	35,969
Service agreements	3,482	1,161	2,321	10,911	3,482	21,357	1,915	1,161	3,076	24,433
Communications	1,121	373	747	3,293	1,051	6,585	374	374	748	7,333
Professional fees	3,815	1,272	2,544	11,445	3,815	22,891	2,462	1,272	3,734	26,625
Staff travel	766	1,099	1,169	4,494	1,027	8,555	1,446	204	1,650	10,205
Continuing education	129	43	86	388	129	775	43	43	86	861
In-Kind expense	-	-	-	-	-	-	3,001	788	3,789	3,789
Total operating expenses	53,071	12,343	11,769	49,195	63,997	190,375	16,404	9,969	26,373	216,748
Facility expenses										
Utilities, rent and maintenance	8,966	2,989	5,977	26,434	8,966	53,332	2,989	2,989	5,978	59,310
Insurance - other	4,954	2,295	2,860	13,391	4,469	27,969	(365)	1,809	1,444	29,413
Insurance - vehicles	-	-	-	-	20,432	20,432	-	-	-	20,432
Total facility expenses	13,920	5,284	8,837	39,825	33,867	101,733	2,624	4,798	7,422	109,155
Transportation expenses	40,509	22,423	45,295	78,158	(186,385)	-	-	-	-	-
Depreciation	-	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

Statements of Cash Flows

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (14,614)	\$ (190,188)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	8,141	25,882
Unrealized gain on investments	(94,972)	(43,333)
Changes in assets and liabilities:		
Accounts receivable	(246)	(11,368)
Pledges receivable	20,491	-
Bequests receivable	(25,000)	111,516
Prepaid expenses and other assets	(2,686)	4,108
Accounts payable and other liabilities	140	535
Deferred Revenue	720	(260)
Net cash used in operating activities	(108,026)	(103,108)
Cash flows from investing activities:		
Purchases of property and equipment	(12,493)	(7,289)
Reinvestment of dividends	(56,072)	(47,593)
Proceeds from the sale of marketable securities	165,024	100,000
Net cash provided by investing activities	96,459	45,118
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,567)	(57,990)
Cash and cash equivalents, beginning of year	36,653	94,643
Cash and cash equivalents, end of year	\$ 25,086	\$ 36,653

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

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements

December 31, 2017

Note A - Nature of Operations and 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. Youth Recreation activities provide children and young adults with opportunities to experience the community. While respite has been a benefit of the program for families, the Board of Directors closed this program effective December 31, 2017 to ensure LifeBridge resources are utilized for primary mission purposes.
- The **SPARK Club** 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 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 enrichment activities such as developing sporting skills, art or music therapy, field trips, and themed learning opportunities.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note A - Nature of Operations and 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. The Organization did not have cash equivalents during the years ended December 31, 2017 and 2016.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note A - Nature of Operations and 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 at December 31, 2017 and 2016.

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, 2017

Note A - Nature of Operations and Summary of Significant Accounting Policies(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 consist of money market funds and 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 D for additional disclosures.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note A - Nature of Operations and 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. Certain reclassifications have been made to the 2016 statement of functional expenses to conform to the 2017 presentation.

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, 2017

Note A - Nature of Operations and 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 4, 2018, the date the financial statements were available to be issued.

Note B - Pledges Receivable

Pledges receivable for the years ended December 31, 2017 and 2016, consists of a pledge related to LifeBridge's United Way allocation in the amounts of \$116,119 and \$136,610, respectively, all of which management has determined is collectible within one year.

Note C - Bequests Receivable

During 2017, LifeBridge was notified of a distribution to be received in 2018 from the Edgar J. Miller Trust in the amount of \$25,000.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note D - 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, 2017 and 2016 consist of:

	<u>2017</u> (Level 1)	<u>2016</u> (Level 1)
Mutual funds	\$ <u>861,702</u>	\$ <u>875,682</u>

Investment income consists of:

	<u>2017</u>	<u>2016</u>
Dividends	\$ 56,072	\$ 47,593
Net unrealized gains on investments	<u>94,972</u>	<u>43,333</u>
Investment income	\$ <u>151,044</u>	\$ <u>90,926</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, 2017

Note E - Property and Equipment

	<u>2017</u>	<u>2016</u>
Transportation equipment	\$ 234,974	\$ 234,974
Recreation equipment	50,017	50,017
Office equipment	<u>95,286</u>	<u>82,793</u>
Property and equipment, at cost	380,277	367,784
Less accumulated depreciation	<u>(350,625)</u>	<u>(342,484)</u>
Property and Equipment, net	<u>\$ 29,652</u>	<u>\$ 25,300</u>

Depreciation expense for 2017 and 2016 totaled \$8,141 and \$25,882, respectively.

Note F - 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>
2018	\$ 63,058
2019	64,756
2020	64,925
2021	44,100
Thereafter	-

During the years ended December 31, 2017 and 2016, rent expense was \$66,427 and \$59,674, respectively.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note G - Temporarily Restricted Net Assets

LifeBridge's temporarily restricted net assets as of December 31, 2017 and 2016 are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Program Restricted	\$ 81,866	\$ 48,554
Time Restricted - United Way	117,161	137,284
Time Restricted – Bequest	<u>25,000</u>	<u>-</u>
	<u>\$ 224,027</u>	<u>\$ 185,838</u>
	<u>2017</u>	<u>2016</u>
Net assets released:		
Program restricted	\$ 48,554	\$ -
Timing restricted - United Way	<u>137,284</u>	<u>136,973</u>
Total net assets released	<u>\$ 185,838</u>	<u>\$ 136,973</u>

Note H - Concentrations

LifeBridge received 53.5% and 57.7% of its revenue from three funding sources in 2017 and 2016, respectively. While these funding sources annually consider continuation of funding, management believes support from these funding sources will remain consistent with 2017 levels.

Note I - Grants and Government Payments

LifeBridge received government payments and grants for program services from the following agencies for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Productive Living Board (PLB)	\$ 346,246	\$ 189,945
St. Louis Office of Developmental Disability Resources (DDR)	111,864	173,324
Developmental Disabilities Resource Board of St. Charles (DDR)	47,302	23,028
Missouri Department of Transportation	<u>3,630</u>	<u>4,061</u>
	<u>\$ 509,042</u>	<u>\$ 390,358</u>

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note I - 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. In 2017, the PLB funding includes a one-time capacity grant of \$50,000. This grant was used to replace office furniture, upgrade security of client and vendor information, upgrade software, and renovate vehicle accessibility features. DDRB, which has a June 30 fiscal year end, provided funding for camps in June and August of 2017. These camps were held in different annual funding cycles ending June 30, 2017 and June 30, 2018, respectively. Funds from the Missouri Department of Transportation are for operating and maintaining the fleet used to provide transportation services.

Note J - 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. During the years ending December 31, 2017 and 2016, there were no explicit donor restrictions regarding the expenditure of realized gains or net appreciation attributed to donor designated permanently restricted net assets.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note J - Endowment Funds (Continued)

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

- Provide supplemental income for operations as needed and funding for long-term objectives as documented within the organization's strategic plan.
- 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.

The following table summarizes the endowment activity for the years ended December 31, 2017 and 2016:

Change in Endowment Assets:

	Unrestricted Board- Designated	Temporarily Restricted Donor- Designated	Permanently Restricted Donor- Designated	Total
December 31, 2017				
Endowment net assets, beginning of year	\$ 359,792	\$ 48,554	\$ 467,336	\$ 875,682
Dividends, net of investment expenses	25,681	30,391	-	56,072
Net appreciation (depreciation)	43,497	51,475	-	94,972
Expenditures	(165,024)	-	-	(165,024)
Released to board designated	48,554	(48,554)	-	-
Endowment net assets, end of year	\$ 312,500	\$ 81,866	\$ 467,336	\$ 861,702
December 31, 2016				
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 (depreciation)	20,194	23,139	-	43,333
Contributions	(9,063)	-	9,063	-
Expenditures	(150,882)	-	-	(150,882)
Released to board designated	-	-	-	-
Endowment net assets, end of year	\$ 359,792	\$ 48,554	\$ 467,336	\$ 875,682

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note J - Endowment Funds (Continued)

	Composition of Endowment Net Assets			
	December 31, 2017			
	Unrestricted Board- Designated	Temporarily Restricted Donor- Designated	Permanently Restricted Donor- Designated	Total
Donor designated endowment funds	\$ -	\$ 81,866	\$ 467,336	\$ 549,202
Board designated endowment funds	312,500	-	-	312,500
Total Endowment Funds	\$ 312,500	\$ 81,866	\$ 467,336	\$ 861,702

	Composition of Endowment Net Assets			
	December 31, 2016			
	Unrestricted Board- Designated	Temporarily Restricted Donor- Designated	Permanently Restricted Donor- Designated	Total
Donor designated endowment funds	\$ -	\$ 48,554	\$ 467,336	\$ 515,890
Board designated endowment funds	359,792	-	-	359,792
Total Endowment Funds	\$ 359,792	\$ 48,554	\$ 467,336	\$ 875,682

Note K - Simple IRA Retirement Plan

LifeBridge offers a simple IRA plan for its employees, matching 100% of contributions up to 3% of participants' eligible compensation. Matching contributions were \$8,620 and \$9,796 for the years ended December 31, 2017 and 2016, respectively.

Note L - In-kind Grant

During 2017, the United Way provided LifeBridge with a consultant through their Becoming a High-Performing Board Project. This project was designed to help agencies clarify board roles, responsibilities, and challenges, improve board governance, develop strategies to address challenges, and provide guidance on implementing strategies to reach desired results. The consultation project was valued at \$6,500 and LifeBridge paid \$1,000.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2017

Note M - Related Party

An employee of the Organization is related to a vendor. This vendor was paid \$12,927 during 2017 for services rendered. In accordance with policy, the vendor was awarded the contract after a competitive bidding process ratified by the Board of Directors. The related employee did not participate in the review or approval of this vendor.