

LIFEBRIDGE PARTNERSHIP

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

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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, 2018 and 2017, 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, 2018 and 2017, 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

May 23, 2019

LIFEBRIDGE PARTNERSHIP

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 80,500	\$ 25,086
Accounts receivable	32,529	50,389
Contributions receivable	113,200	116,119
Bequests receivable	-	25,000
Prepaid expenses	14,645	30,267
Total Current Assets	240,874	246,861
Investments, at fair value	747,352	861,702
Property and equipment, net	21,466	29,652
Other assets	8,537	8,537
TOTAL ASSETS	\$ 1,018,229	\$ 1,146,752
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other liabilities	\$ 20,658	\$ 22,682
Deferred revenue	5,600	8,760
Total Current Liabilities	26,258	31,442
Net Assets		
Without donor restrictions		
Available for general use	108,749	74,388
Board designated for operating reserves	280,016	319,907
Net investments in property and equipment	21,466	29,652
Total Without Donor Restrictions	410,231	423,947
With donor restrictions		
Time restricted for future periods	114,404	224,027
Perpetual in nature	467,336	467,336
Total With Donor Restrictions	581,740	691,363
Total Net Assets	991,971	1,115,310
TOTAL LIABILITIES AND NET ASSETS	\$ 1,018,229	\$ 1,146,752

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

LIFEBRIDGE PARTNERSHIP

Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 82,044	\$ -	\$ 82,044
United Way	-	114,404	114,404
Bequests from estates	58,864	-	58,864
Government payments - program services	384,884	-	384,884
Special events, net of direct expenses of \$52,846	111,072	-	111,072
Program fees	30,938	-	30,938
Investment loss	(16,631)	(27,719)	(44,350)
Miscellaneous income	1,377	-	1,377
Net assets released from restrictions	196,308	(196,308)	-
Total support and revenues	848,856	(109,623)	739,233
EXPENSES			
Program services:			
LifeBridge Camps	155,388	-	155,388
SPARK Club	106,856	-	106,856
Out & About	404,443	-	404,443
Total program services	666,687	-	666,687
Supporting services:			
Management and general	77,173	-	77,173
Fundraising	118,712	-	118,712
Total supporting services	195,885	-	195,885
TOTAL EXPENSES	862,572	-	862,572
CHANGE IN NET ASSETS	(13,716)	(109,623)	(123,339)
Net assets, beginning of year	423,947	691,363	1,115,310
Net assets, end of year	\$ 410,231	\$ 581,740	\$ 991,971

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

LIFEBRIDGE PARTNERSHIP

Statement of Activities

Year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	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	653,174	1,129,924
Net assets, end of year	\$ 423,947	\$ 691,363	\$ 1,115,310

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

LIFEBRIDGE PARTNERSHIP

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services				Total Program Services	Supporting Services			Total Expenses
	LifeBridge Camps	SPARK Club	Out & About Program	Transportation		Management and General	Fund- Raising	Total Supporting Services	
Staff salaries and support									
Direct support staff salaries	\$ 61,645	\$ 47,238	\$ 198,699	\$ 30,963	\$ 338,545	\$ -	\$ -	\$ -	\$ 338,545
Direct support payroll taxes and fringe benefits	8,425	7,404	34,332	11,202	61,363	-	-	-	61,363
Administrative staff salaries	8,425	4,213	14,210	-	26,848	48,631	89,643	138,274	165,122
Administrative payroll taxes and fringe benefits	1,740	869	2,934	-	5,543	11,219	18,320	29,539	35,082
Total staff salaries and support	80,235	59,724	250,175	42,165	432,299	59,850	107,963	167,813	600,112
Operating expenses									
Program supplies	12,243	2,465	14,230	14,319	43,257	4,910	851	5,761	49,018
Equipment maintenance and repair	-	-	133	15,781	15,914	-	-	-	15,914
Service agreements	6,703	3,881	15,875	5,292	31,751	1,764	1,764	3,528	35,279
Communications	2,355	1,000	4,749	1,343	9,447	451	753	1,204	10,651
Professional fees	5,172	2,995	12,250	4,083	24,500	1,361	1,735	3,096	27,596
Staff travel	396	462	32	6	896	1,230	647	1,877	2,773
Continuing education	53	173	204	30	460	2	-	2	462
Miscellaneous	137	79	87	2,909	3,212	1,892	37	1,929	5,141
Total operating expenses	27,059	11,055	47,560	43,763	129,437	11,610	5,787	17,397	146,834
Facility expenses									
Utilities, rent and maintenance	12,200	7,063	28,894	9,631	57,788	3,210	3,210	6,420	64,208
Insurance - other	7,475	4,616	9,555	4,248	25,894	2,119	1,391	3,510	29,404
Insurance - vehicles	-	-	-	13,828	13,828	-	-	-	13,828
Total facility expenses	19,675	11,679	38,449	27,707	97,510	5,329	4,601	9,930	107,440
Transportation expenses	27,045	23,603	65,005	(115,653)	-	-	-	-	-
Depreciation	1,374	795	3,254	2,018	7,441	384	361	745	8,186
Total expenses per statement of activities	\$ 155,388	\$ 106,856	\$ 404,443	\$ -	\$ 666,687	\$ 77,173	\$ 118,712	\$ 195,885	\$ 862,572
Direct cost of special events	-	-	-	-	-	-	52,846	52,846	52,846
Total expenses	\$ 155,388	\$ 106,856	\$ 404,443	\$ -	\$ 666,687	\$ 77,173	\$ 171,558	\$ 248,731	\$ 915,418

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 staff 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 per statement of activities	\$ 167,095	\$ 72,751	\$ 103,610	\$ 503,061	\$ -	\$ 846,517	\$ 95,284	\$ 145,134	\$ 240,418	\$ 1,086,935
Direct cost of special events	-	-	-	-	-	-	-	71,020	71,020	71,020
Total expenses	\$ 167,095	\$ 72,751	\$ 103,610	\$ 503,061	\$ -	\$ 846,517	\$ 95,284	\$ 216,154	\$ 311,438	\$ 1,157,955

*The Youth Recreation program was discontinued as of 12/31/2017 due to budget constraints.

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

LIFEBRIDGE PARTNERSHIP

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (123,339)	\$ (14,614)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,186	8,141
Unrealized (gain) loss on investments	107,051	(94,972)
Changes in assets and liabilities:		
Accounts receivable	17,860	(246)
Pledges receivable	2,919	20,491
Bequests receivable	25,000	(25,000)
Prepaid expenses and other assets	15,622	(2,686)
Accounts payable and other liabilities	(2,024)	140
Deferred revenue	(3,160)	720
Net cash provided by (used in) operating activities	48,115	(108,026)
Cash flows from investing activities:		
Purchases of property and equipment	-	(12,493)
Reinvestment of dividends	(62,701)	(56,072)
Proceeds from the sale of marketable securities	70,000	165,024
Net cash provided by investing activities	7,299	96,459
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,414	(11,567)
Cash and cash equivalents, beginning of year	25,086	36,653
Cash and cash equivalents, end of year	\$ 80,500	\$ 25,086

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

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements

December 31, 2018

Note A - Summary of Services to Clients

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 sporting and recreational activities such as basketball, golf, dance, music and art therapy. Activities also include experiential learning activities such as a behind the scenes tour of the St. Louis Zoo or exploring a pirate ship. LifeBridge currently offers two camps in the summer, a Winter Break Camp in late December, and a Spring Break Camp in March.
- 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 and music therapy, field trips, and themed learning experiences.
- The **Out & About** program provides adults with individualized support services to assist with building skills for independence and experiencing an inclusive community life. 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 develop skills to navigate the community, socialize in a community-based setting, and self-advocate.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note A - Summary of Services to Clients (Continued)

- **LifeBridge Friends** provides adults who have gained the ability to independently pursue an active community life to remain connected to participants, staff, and volunteers of LifeBridge.
- Our **Youth Recreation** program, which was discontinued effective December 31, 2017 to ensure LifeBridge resources were devoted to the primary mission, was 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 and provided respite to families.

Note B - Summary of Significant Accounting Policies

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. Information regarding financial position, revenues, gains and losses is reported based on the absence or presence of donor restrictions. Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets and contributions not subject to donor-imposed stipulations and available for general operations. These net assets may include funds available for general use, net investments in property and equipment, and assets designated by the Board for a specific purpose.

Net Assets With Donor Restrictions – Net assets and contributions subject to donor-imposed stipulations include assets that are perpetual in nature and time restricted assets. Restrictions that are perpetual in nature include 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. Time restrictions include those that may or will be met by actions of LifeBridge and/or the passage of time. Net assets with donor restrictions are released to net assets without donor restrictions once restrictions are satisfied.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle

On August 18, 2016, FASB issues Account Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. LifeBridge has implemented ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retroactively to all periods presented.

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. The organization did not have cash equivalents during the years ended December 31, 2018 and 2017.

Investments and Fair Value Measurements

Investments are stated at fair market value under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-325-50-4, *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 PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Investments and Fair Value Measurements (Continued)

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.

Property and Equipment

Property and equipment are carried at cost. Donations of property are recorded as support at their estimated fair value on date of donation. Such donations are reported as net assets without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions 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.

Revenue Recognition

Contributions received are recorded as available for general use, restricted for future use, or perpetual in nature depending on the existence and/or nature of any donor restrictions. Net assets with restrictions for future use are reclassified to net assets available for general use upon satisfaction of the time or purpose restrictions. Contributions received with restriction that are satisfied within the same year are recorded as increases in net assets available for general use.

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, 2018 and 2017.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions receivable are recognized as revenue in the period the promise to contribute is made. Conditional contributions receivable are not recognized as revenue until they become unconditional, that is when the conditions are substantially met. Unconditional contributions 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 promise to contribute was made. Bequests receivable represent an estimate of a gift to be received. A bequest receivable is recognized as revenue 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 as revenue when earned.

When considered necessary, an allowance is recorded on contributions 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 and contributions of services that are recorded at their estimated fair value at the date of donation. 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.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note B - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional program basis in the statement of activities. The statement of functional expenses presents the detailed classification of expenses for each functional program. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the estimates of management at that time. Management allocates certain costs to functional programs based on the following:

- Utilization of organizational common resources such as square footage, professional services, and general supplies,
- Estimate of management's time and effort spent on specific functional program operations and oversight,
- Hours of service and number of one-way trips provided to clients within a functional program as a percentage of total services and/or trips provided,

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.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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 May 23, 2019, the date the financial statements were available to be issued.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note C - Contributions Receivable

Contributions receivable for the years ended December 31, 2018 and 2017, consists of a pledge related to LifeBridge's United Way allocation in the amounts of \$113,200 and \$116,119, respectively, all of which management has determined is collectible within one year.

Note D - 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. The distribution was received in 2018.

Note E - Investments and Fair Value Measurements

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, 2018 and 2017 consisted of:

	<u>December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 747,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,352</u>

	<u>December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 861,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,702</u>

Investment income (loss) at December 31, 2018 and 2017 consisted of:

	<u>2018</u>	<u>2017</u>
Dividends	<u>\$ 62,701</u>	<u>\$ 56,072</u>
Net unrealized gains (losses) on investments	<u>(107,051)</u>	<u>94,972</u>
Investment income (loss)	<u>\$ (44,350)</u>	<u>\$ 151,044</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, 2018

Note F - Property and Equipment

	<u>2018</u>	<u>2017</u>
Transportation equipment	\$ 234,974	\$ 234,974
Recreation equipment	31,207	50,017
Office furniture and equipment	<u>14,383</u>	<u>95,286</u>
Property and equipment, at cost	280,564	380,277
Less accumulated depreciation	<u>(259,098)</u>	<u>(350,625)</u>
Property and Equipment, net	<u>\$ 21,466</u>	<u>\$ 29,652</u>

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 leases are:

<u>Years ending December 31,</u>	<u>Amount</u>
2019	\$ 64,756
2020	64,925
2021	44,100
Thereafter	-

During the years ended December 31, 2018 and 2017, rent expense was \$64,208 and \$66,427, respectively.

Note H - Net Assets with Donor Restrictions

LifeBridge's net assets with donor restrictions as of December 31, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Unexpended endowment earnings	\$ -	\$ 81,866
Perpetual in nature:		
Mrs. Katherine B. Humphrey Fund	458,273	458,273
Dr. George Bernard Key Endowment Fund	9,063	9,063
Time restricted:		
United Way	114,404	117,161
Bequest	<u>-</u>	<u>25,000</u>
Net assets with donor restrictions	<u>\$ 581,740</u>	<u>\$ 691,363</u>

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note H - Net Assets with Donor Restrictions (Continued)

LifeBridge's net assets that became available during the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Expended endowment earnings	\$ 54,147	\$ 48,554
Time restricted:		
United Way	117,161	137,284
Bequest	<u>25,000</u>	<u>-</u>
Net assets released from donor restrictions	<u>\$ 196,308</u>	<u>\$ 185,838</u>

Note I - Concentrations

LifeBridge received 63.8% and 53.5% of its revenue from three funding sources in 2018 and 2017, respectively. While these funding sources annually consider continuation of funding, management believes support from these funding sources will remain consistent with 2018 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Productive Living Board ("PLB")	\$ 247,162	\$ 346,246
St. Louis Office of Developmental Disability Resources ("DDR")	108,732	111,864
Developmental Disabilities Resource Board of St. Charles ("DDR B")	24,680	47,302
Missouri Department of Transportation	<u>4,310</u>	<u>3,630</u>
	<u>\$ 384,884</u>	<u>\$ 509,042</u>

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

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. 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 provided funding for two camps in June and August of 2017. These camps were held in DDRB 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 K - Liquidity

Following the December 31, 2018 statement of financial position, LifeBridge has \$226,229 of financial assets available consisting of:

	<u>2018</u>
Cash	\$ 80,500
Accounts receivable	32,529
Contributions receivable	<u>113,200</u>
	<u>\$ 226,229</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The contributions receivable are subject to time restrictions, but will be collected before December 31, 2019.

LifeBridge applies annually for funding through the PLB, DDR, and DDRB to support program services. LifeBridge has historically been awarded funding from each agency and receives payment for each unit of service provided to clients eligible for funding through the respective agencies. LifeBridge believes support from these funding sources will remain consistent with 2018 levels.

The Board has designated endowment assets that are not perpetual in nature for operating reserves. These assets total \$280,016 at December 31, 2018. Additionally, management estimates that investment income of approximately \$20,000 will be realized during 2019. Through the annual budget process the Board has approved an income appropriation representing this estimated investment income.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note L - Endowment Funds

Following the requirements stipulated in the Uniform Prudent Management of Institutional Funds Act (UPMIFA), LifeBridge classifies net assets with donor designations that are perpetual in nature as (a) the original value of gifts donated as such, (b) the original value of subsequent gifts donated as such, and (c) accumulations to the endowment that are perpetual in nature 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 endowment with donor restrictions that is not classified as net assets that are perpetual in nature is classified as net assets time restricted for future use 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, 2018 and 2017, there were no explicit donor restrictions regarding the expenditure of realized gains or net appreciation attributed to net assets that are perpetual in nature.

With the goal of providing supplemental income for operations as needed and funding the long-term objectives of the organization as defined within the strategic plan, the Board of Directors had adopted the following policies and objectives 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.

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note L - Endowment Funds (Continued)

The following table summarizes the endowment activity for the years ended December 31, 2018 and 2017:

Change in Endowment Assets:

December 31, 2018	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 312,500	\$ 549,202	\$ 861,702
Dividends, net of investment expenses	23,513	39,188	62,701
Net appreciation (depreciation)	(40,144)	(66,907)	(107,051)
Expenditures	(70,000)	-	(70,000)
Released from time restriction	54,147	(54,147)	-
Endowment net assets, end of year	<u>\$ 280,016</u>	<u>\$ 467,336</u>	<u>\$ 747,352</u>

December 31, 2017	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 359,792	\$ 515,890	\$ 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 from time restriction	48,554	(48,554)	-
Endowment net assets, end of year	<u>\$ 312,500</u>	<u>\$ 549,202</u>	<u>\$ 861,702</u>

Composition of Endowment Assets:

December 31, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Perpetual in nature	\$ -	\$ 467,336	\$ 467,336
Board designated for operating	280,016	-	280,016
Total Endowment Funds	<u>\$ 280,016</u>	<u>\$ 467,336</u>	<u>\$ 747,352</u>

December 31, 2017	Without Donor Restrictions	With Donor Restrictions	Total
Unexpended endowment earnings	\$ -	\$ 81,866	\$ 81,866
Perpetual in nature	-	467,336	467,336
Board designated for operating	312,500	-	312,500
Total Endowment Funds	<u>\$ 312,500</u>	<u>\$ 549,202</u>	<u>\$ 861,702</u>

LIFEBRIDGE PARTNERSHIP

Notes to Financial Statements - Continued

December 31, 2018

Note M - 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 \$6,213 and \$8,620 for the years ended December 31, 2018 and 2017, respectively.

Note N - In-kind Gifts and Grants

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.

Note O - Related Party

An employee of the organization is related to a vendor. This vendor was paid \$15,631 and \$12,927 for services rendered for the years ended December 31, 2018 and 2017, respectively. 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.