

BRIDGING FOR TOMORROW

**FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING**

December 31, 2020

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AND SINGLE AUDIT REPORTING
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridging for Tomorrow
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Bridging for Tomorrow, a non-profit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the entity'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 the entity'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 Bridging for Tomorrow as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 14, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on pages 16-17 dated July 7, 2021, on our consideration of Bridging for Tomorrow's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridging for Tomorrow's internal control over financial reporting and compliance.

Randy Walker & Co

San Antonio, Texas
July 7, 2021

FINANCIAL STATEMENTS

BRIDGING FOR TOMORROW
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	589,721
Pledges Receivable		13,481
Prepaid Expenses		1,518
Food Pantry Inventory		16,370
Total Current Assets		621,090

LONG-TERM ASSETS

Property and Equipment - net		62,887
Other Assets		7,250
Total Long-Term Assets		70,137

TOTAL ASSETS \$ 691,227

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	53,620
Total Current Liabilities		53,620

LONG-TERM LIABILITIES

Note Payable		130,300
Total Long-Term Liabilities		130,300
TOTAL LIABILITIES		183,920

NET ASSETS

Without Donor Restrictions:		
Undesignated		505,609
Total Without Donor Restrictions		505,609
With Donor Restrictions:		
Purpose-Restricted		1,698
Total With Donor Restrictions		1,698
TOTAL NET ASSETS		507,307
TOTAL LIABILITIES AND NET ASSETS	\$	691,227

The accompanying notes are an integral part of this financial statement.

BRIDGING FOR TOMORROW
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>OPERATING SUPPORT AND REVENUE</u>			
Non-Cash Donations: Food, Clothing, Household	\$ 1,879,479	\$ -	\$ 1,879,479
Non-Cash Donations: Payroll	510,000	-	510,000
Contributions - General	210,667	34,174	244,841
Contributions - Special Events	134,802	-	134,802
Grants	69,336	-	69,336
Special Events Revenue, net of direct expenses of \$27,692	5,612	-	5,612
Interest Income	1,831	-	1,831
Net Assets Released from Restrictions	37,851	(37,851)	-
TOTAL OPERATING SUPPORT AND REVENUE	<u>2,849,578</u>	<u>(3,677)</u>	<u>2,845,901</u>
<u>OPERATING EXPENSES</u>			
Program Services	2,423,684	-	2,423,684
Supporting Services:			
General and Administrative	151,480	-	151,480
Fundraising	86,267	-	86,267
TOTAL OPERATING EXPENSES	<u>2,661,431</u>	<u>-</u>	<u>2,661,431</u>
CHANGE IN NET ASSETS	188,147	(3,677)	184,470
NET ASSETS, BEGINNING OF YEAR	<u>317,462</u>	<u>5,375</u>	<u>322,837</u>
NET ASSETS, END OF YEAR	<u>\$ 505,609</u>	<u>\$ 1,698</u>	<u>\$ 507,307</u>

The accompanying notes are an integral part of this financial statement.

BRIDGING FOR TOMORROW
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services					Supporting Services				Total
	Youth Development	Counseling	Volunteers	Community Programs	Food Initiative	Total Program Services	General and Administrative	Fundraising	Supporting Services	
OPERATING EXPENSES										
Salaries and Wages	\$ 61,071	\$ 28,928	\$ 22,500	\$ 67,499	\$ 141,427	\$ 321,425	\$ 105,543	\$ 52,771	\$ 158,314	\$ 479,739
Employee Benefits	5,794	2,745	2,135	6,404	13,418	30,496	10,014	5,007	15,021	45,517
Payroll Taxes	4,394	2,081	1,619	4,856	10,176	23,126	7,594	3,797	11,391	34,517
Total Payroll Expenses	71,259	33,754	26,254	78,759	165,021	375,047	123,151	61,575	184,726	559,773
Food Distribution	-	-	-	-	1,852,834	1,852,834	-	-	-	1,852,834
Rental Expenses	13,809	6,214	4,833	13,809	30,380	69,045	5,370	2,302	7,672	76,717
Program Materials and Supplies	10,811	265	201	3,213	11,820	26,310	369	1,415	1,784	28,094
Equipment	10,138	243	94	1,884	5,769	18,128	1,712	15	1,727	19,855
Professional Services	128	1,258	45	128	402	1,961	6,660	10,235	16,895	18,856
Utilities	3,145	1,415	1,101	3,145	6,919	15,725	1,223	524	1,747	17,472
Technology	2,854	1,284	999	2,854	6,278	14,269	1,110	475	1,585	15,854
Facilities	1,974	1,097	528	1,974	4,296	9,869	768	329	1,097	10,966
Depreciation	1,682	757	589	1,682	3,701	8,411	945	95	1,040	9,451
Meetings	3,531	166	255	546	2,796	7,294	1,362	181	1,543	8,837
Insurance	888	1,064	311	888	1,954	5,105	2,080	411	2,491	7,596
Community Support	3,650	-	-	3,596	-	7,246	-	-	-	7,246
Bank Charges	-	-	-	-	-	-	203	6,918	7,121	7,121
Printing and Postage	1,254	564	439	1,254	2,759	6,270	488	208	696	6,966
Subscriptions and Memberships	-	404	-	-	615	1,019	2,868	336	3,204	4,223
Recognition and Gifts	185	-	1,141	-	155	1,481	1,112	950	2,062	3,543
Office Supplies	607	273	213	607	1,336	3,036	236	102	338	3,374
Employee Development	495	60	-	-	79	634	1,580	128	1,708	2,342
Advertising	-	-	-	-	-	-	243	68	311	311
TOTAL OPERATING EXPENSES	\$ 126,410	\$ 48,818	\$ 37,003	\$ 114,339	\$ 2,097,114	\$ 2,423,684	\$ 151,480	\$ 86,267	\$ 237,747	\$ 2,661,431

The accompanying notes are an integral part of this financial statement.

BRIDGING FOR TOMORROW
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets from Operating Activities	\$ 184,470
Adjustments to Reconcile Net Change to Net Cash Provided by Operating Activities:	
Depreciation	9,451
(Increase) Decrease in Assets:	
Pledges Receivable	(13,481)
Prepaid Expenses	5,355
Food Pantry Inventory	(12,425)
Other Assets	(1,875)
Increase in Liabilities:	
Accounts Payable	44,786
NET CASH PROVIDED BY OPERATING ACTIVITIES	216,281

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(23,208)
NET CASH USED BY INVESTING ACTIVITIES	(23,208)

CASH FLOWS FROM FINANCING ACTIVITIES

New Borrowings on Long-Term Debt	130,300
NET CASH PROVIDED BY FINANCING ACTIVITIES	130,300

NET INCREASE IN CASH FLOWS	323,373
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	266,348
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 589,721

The accompanying notes are an integral part of this financial statement.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting following current accounting practices for non-profit organizations. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Nature of Activities

Bridging For Tomorrow (BFT) is a 501(c)(3) Texas non-profit organization serving the communities of Klein ISD and Aldine ISD Title I schools in the Northwest Houston area. BFT adheres to the principle that long term solutions to a community's challenges are found within the members of that community. BFT serves all community families, regardless of ethnic background, religious beliefs, and gender or socio-economic status. BFT is committed to creating a socially engaged, self-sustainable, and financially independent community by responding to the immediate needs of the community, investing in families and empowering the community as a whole.

BFT's mission is to resource families to build stronger communities and brighter futures.

BFT works alongside the community through a strategy of respond, invest and empower. BFT responds to immediate needs by providing new shoes to children and feeding families through the food pantry. BFT also invests in people and invites them to invest in themselves through counseling services and mentoring programs. Additionally, BFT empowers families to reach their goals through after school clubs, a literacy initiative and various adult education classes.

Basis of Presentation

BFT is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than BFT's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated fair market value at the date of donation and are capitalized if over \$1,000. BFT capitalizes all asset acquisitions in excess of \$1,000. Depreciation is computed using a combination of the straight-line and accelerated methods over the estimated useful lives of five to ten years.

Cash and Cash Equivalents

For purposes of the statement of cash flows, BFT considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents.

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$311 for the year ended December 31, 2020.

Support and Revenue

BFT receives its grant and contract support primarily from in-kind food and household item distributions from the Houston Food Bank. Support received from these grants and contracts is recognized as received. BFT also receives public support contributions, which are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Income Taxes

BFT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contribution deduction for individual donors. As of December 31, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017.

Pledges Receivable

Pledges receivable represent amounts pledged by businesses to match proceeds raised as part of a fundraiser, and they are expected to be collected within one year. All pledges receivable are considered to be fully collectible; therefore, no allowance is recorded. Pledges receivable were \$13,481 at December 31, 2020.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as utilities, depreciation, insurance, facilities expenses, and various other expenses which are allocated on the basis of square footage or some other reasonable basis.

Donated Services and Non-cash Gifts

Donated goods and services relate primarily to food items, household goods and clothing to advance BFT's programs and objectives and are recorded at their estimated fair market value. A substantial number of unpaid volunteers have made significant contributions of their time to BFT. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation. In-kind donations of food, clothing and household items were \$1,879,479 for the year ended December 31, 2020.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. BFT adopted this new pronouncement effective January 1, 2020. The change was applied retrospectively, but there was no cumulative effect on beginning net assets as of this date.

In 2018, the FASB issued ASU 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement*, effective for periods beginning after December 15, 2019. This pronouncement improves the effectiveness of fair value measurement disclosures in the notes to the financial statements. BFT adopted this pronouncement effective January 1, 2020. The change was applied retrospectively, but there was no cumulative effect on beginning net assets as of this date.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

In May 2014, the (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This pronouncement provides guidance regarding revenue recognition effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The pronouncement affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets. The core principle of this update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. BFT adopted this new pronouncement effective January 1, 2020, and there is no cumulative effect on beginning net assets as of this date.

Revenue – Exchange Transactions

BFT records revenue from exchange transactions relating to special events as special events revenue. Special events revenue is deferred from recognition until the event has occurred. Revenue is recorded at the close of the event when the performance obligation has been satisfied. Any amount received in excess of the benefit provided to the attendees is recorded as a contribution. Consideration is variable depending upon the nature of the event. There were no contract assets or liabilities related to these exchange transactions at December 31, 2020.

NOTE 2 - CONCENTRATION OF REVENUE

For the year ended December 31, 2020, approximately 65% and 18% of BFT’s total support and revenue consisted of in-kind donations from the Houston Food Bank and Faithbridge Church, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

Leasehold Improvements	\$	51,746
Office Equipment		32,178
Furniture and Fixtures		17,855
Less Accumulated Depreciation		<u>(38,892)</u>
Total	\$	<u>62,887</u>

Depreciation expense was \$9,451 for the year ended December 31, 2020.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Purpose-restricted net assets were as follows at December 31, 2020:

Education Programs	\$	1,125
COVID-19 Relief Programs		<u>573</u>
Total	\$	<u>1,698</u>

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - CONCENTRATION OF CREDIT RISK

BFT maintains multiple bank accounts at various financial institutions. BFT maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per bank. At December 31, 2020, BFT had approximately \$149,108 in excess of FDIC-insured limits, not including reconciling items.

NOTE 6 - OPERATING LEASE

BFT leases a copier under an operating lease renewable annually. Additionally, it has a lease agreement for office space expiring in 2022. Total rent expense was \$76,717 for the year ended December 31, 2020.

The total future required minimum payments under the office lease are as follows:

<u>Year Ended December 31,</u>	
2021	\$ 73,681
2022	<u>31,040</u>
Total	<u>\$ 104,721</u>

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects BFT's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

Cash and Cash Equivalents	\$ 589,721
Pledges Receivable	<u>13,481</u>
Total Financial Assets	603,202
Donor Restrictions	<u>(1,698)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 601,504</u>

BFT's primary sources of cash flows during the year are contributions and grants. These revenue sources provide a consistent inflow of cash throughout the year to meet normal operating expenses.

NOTE 8 - INVENTORY

Inventory consists primarily of donated food, clothing, and household items. Therefore, these items are stated at fair value at date of donation. At December 31, 2020, the value of inventory was \$16,370.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

BFT adopted the provisions of ASC 820, “*Fair Value Measurements and Disclosures*” (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect BFT’s financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

BFT’s current assets and liabilities as presented in the statement of financial position are Level 1. BFT does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NOTE 10 - NOTE PAYABLE

During the year ended December 31, 2020, BFT received an Economic Injury Disaster Loan of \$130,300 from the Small Business Administration to alleviate the economic impact caused by the COVID-19 pandemic. Interest-only payments of \$557 are due monthly beginning in August 2021 through January 2022, after which monthly principal and interest payments are due. The loan bears an interest rate of 2.75% and matures in January 2050, at which time all unpaid principal and interest are payable in full. The loan is secured by BFT’s tangible and intangible personal property.

Principal maturities of long-term debt are as follows:

Year Ended December 31,	
2022	\$ 2,858
2023	3,220
2024	3,309
2025	3,402
Thereafter	117,511
Total	\$ 130,300

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 - RELATED PARTY TRANSACTIONS

Certain members of BFT's board of directors are board members or employees of Faithbridge Church (the Church). The Church provides financial support to BFT in the form of contributions to pay for operations and programs of BFT. In addition, the Church provides for and pays the salaries, wages, and benefits of the employees working at BFT. The Church incurred \$510,000 in salaries, wages, and benefits expense for BFT for the year ended December 31, 2020. This amount is reflected as non-cash donations in the statement of activities and as payroll expense in the statement of functional expenses.

NOTE 12 - DONATED MATERIALS AND SERVICES

BFT received \$1,879,479 in food, clothing, and household items from various donors during the year ended December 31, 2020. These donated items are reflected as non-cash donations in the statement of activities. BFT disbursed \$1,859,131 in donated food, clothing, and household items to various organizations and individuals during the year ended December 31, 2020. These disbursements are included in food distribution and material and supplies expenses in the statement of functional expenses.

NOTE 13 - SUBSEQUENT EVENTS

BFT is evaluating current economic conditions and anticipates operating revenue to decrease and food pantry donations to increase for the year ending December 31, 2021 due to the ongoing COVID-19 pandemic. The related financial impact cannot be reasonably estimated at this time.

BFT has evaluated subsequent events through July 7, 2021, which is the date the financial statements were available to be issued.

FINANCIAL AWARDS SECTION

BRIDGING FOR TOMORROW
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Passed to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Houston Food Bank:				
Emergency Food Assistance Program (Food Commodities)	10.569	101-0452K9	\$ 785,406	\$ 130,412
			<u>785,406</u>	<u>130,412</u>
<i>Total U.S. Department of Agriculture</i>			<u>785,406</u>	<u>130,412</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Houston Food Bank:				
COVID19 Emergency Food and Shelter Program (EFSP)	97.024.119	N/A	281,639	96,807
			<u>281,639</u>	<u>96,807</u>
<i>Total U.S. Department of Homeland Security</i>			<u>281,639</u>	<u>96,807</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,067,045</u>	<u>\$ 227,219</u>

See accompanying notes to schedule of expenditures of federal awards.

BRIDGING FOR TOMORROW
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2020

NOTE 1: GENERAL

The accompanying schedule of expenditures of federal awards presents expenditures for all federal assistance awards that were in effect for the year ended December 31, 2020 for Bridging for Tomorrow (BFT). BFT's reporting entity is described in Note 1 of the basic financial statements.

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of BFT and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of BFT, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BFT.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4: OTHER DISCLOSURES

There were no loans or loan guarantees outstanding at year end.

BFT disbursed \$227,219 in federal awards to subrecipients for the year ended December 31, 2020.

BFT has elected not to use the 10 percent *de minimis* indirect cost rate.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Bridging for Tomorrow
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bridging for Tomorrow (BFT), a non-profit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BFT’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BFT’s internal control. Accordingly, we do not express an opinion on the effectiveness of BFT’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BFT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BFT's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BFT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Randy Walker & Co.

San Antonio, Texas
July 7, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Bridging for Tomorrow
Houston, Texas

Report on Compliance for Each Major Federal Program

We have audited Bridging for Tomorrow’s (BFT) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on BFT’s major federal program for the year ended December 31, 2020. BFT’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for BFT’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BFT’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of BFT’s compliance.

Opinion on Each Major Federal Program

In our opinion, BFT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of BFT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered BFT's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BFT's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Randy Walker & Co

San Antonio, Texas
July 7, 2021

BRIDGING FOR TOMORROW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified that are
 not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to the financial statements
 noted? _____ Yes X No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified that are
 not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor's report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required to
 be reported in accordance with the Uniform
 Guidance? _____ Yes X No

Major Programs:

Federal

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.569	Emergency Food Assistance Program (Food Commodities)

Dollar threshold used to distinguish between Type
 A and Type B programs: _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ Yes X No

BRIDGING FOR TOMORROW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section II – Financial Statement Audit

None

Section III – Major Federal Award Programs Audit

None

BRIDGING FOR TOMORROW
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

I. Prior Year Findings – Financial Statement Audit

None

II. Prior Year Findings – Major Federal Award Programs Audit

None