

Harvest Bridge
d/b/a Evangelical Fellowship International

FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2016





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Harvest Bridge
d/b/a Evangelical Fellowship International
Grove City, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Harvest Bridge d/b/a Evangelical Fellowship International (a not-for-profit organization), which comprise the statement of financial position - modified cash basis as of December 31, 2016, and the related statement of revenues, expenses, and other changes in net assets - modified cash basis 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 the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. 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 Harvest Bridge d/b/a Evangelical Fellowship International as of December 31, 2016, and the changes in its net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Grove City, Pennsylvania

September 14, 2017

Harvest Bridge
d/b/a Evangelical Fellowship International
Statement of Financial Position - Modified Cash Basis
December 31, 2016

ASSETS

Cash and cash equivalents \$ 27,248

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Credit cards payable \$ 6,303
Accrued payroll taxes 2,510
India payable 615
TOTAL CURRENT LIABILITIES 9,428

NET ASSETS (DEFICIT)

Unrestricted (3,670)
Temporarily restricted 21,490
TOTAL NET ASSETS 17,820

TOTAL LIABILITIES AND NET ASSETS \$ 27,248

See accompanying notes to the basic financial statements.

Harvest Bridge

d/b/a Evangelical Fellowship International

Statement of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis

Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions	\$ 111,937	\$ 200,027	\$ 311,964
Net assets released from restrictions	202,316	(202,316)	-
TOTAL REVENUES	<u>314,253</u>	<u>(2,289)</u>	<u>311,964</u>
EXPENSES			
Wages	70,250	-	70,250
Payroll taxes and benefits	6,853	-	6,853
Mission programs	195,715	-	195,715
Insurance	640	-	640
Supplies	210	-	210
Office expenses	4,890	-	4,890
Licenses and registrations	150	-	150
Telephone and communications	63	-	63
Printing	1,423	-	1,423
Postage and shipping	1,779	-	1,779
Direct mail/marketing	2,378	-	2,378
Travel and meals	34,089	-	34,089
Training, seminars, and conferences	0	-	0
Bank and wire fees	3,535	-	3,535
TOTAL EXPENSES	<u>321,975</u>	<u>-</u>	<u>321,975</u>
CHANGES IN NET ASSETS	(7,722)	(2,289)	(10,011)
NET ASSETS, BEGINNING OF YEAR	<u>4,052</u>	<u>23,779</u>	<u>27,831</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (3,670)</u>	<u>\$ 21,490</u>	<u>\$ 17,820</u>

See accompanying notes to the basic financial statements.

Harvest Bridge
d/b/a Evangelical Fellowship International
Notes to the Financial Statements

NOTE A - NATURE OF ORGANIZATION

Harvest Bridge d/b/a Evangelical Fellowship International (the Organization) is a not-for-profit corporation located in Grove City, Pennsylvania. The Organization is a network of trusted indigenous churches and ministries that cooperate on pastor education, poverty alleviation, job training, evangelism, and various other missionary and humanitarian programs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization reports its activities using the modified cash basis of accounting. Under the modified cash basis, revenue is recognized when received rather than when earned or promised, and purchases are recognized when cash is disbursed rather than when the obligation is incurred. The Organization has elected to modify the cash basis of accounting by: 1) recording a liability for its purchases made on credit cards, 2) accruing payroll liabilities, and 3) recording a liability for amounts due to its partners in India.

Restricted and Unrestricted Contributions

Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated restriction time ends or a purpose restriction is accomplished), temporarily and permanently restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues, Expenses, and Other Changes in Net Assets – Modified Cash Basis as net assets released from restrictions.

Financial Statement Presentation

Revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets are the part of the net assets that are neither permanently nor temporarily restricted by donor or grantor imposed restrictions.

Temporarily restricted net assets are the part of the net assets resulting from contributions, grants, or other inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

Permanently restricted net assets are those net assets that must be maintained in perpetuity in accordance with donor stipulations. The Organization does not currently have any permanently restricted net assets.

Harvest Bridge
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Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The Organization receives services donated by the public in carrying out the Organization's mission. No amounts have been reflected in the statements for donated services as they do not meet the criteria as determined by the revenue recognition – contributed services topic of the FASB Accounting Standards Codifications.

Allocation of Costs

Approximately 82%, 9%, and 9% of the Organization's resources are expended in the performance of program services, management and general, and fundraising activities, respectively.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state laws. Accordingly, no provision for income taxes is contained in these financial statements.

Property and Equipment

Property and equipment purchased are recorded as expenses at the time of purchase.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts payable, and other current liabilities approximate their fair market value due to the short term maturities of those instruments.

Subsequent Events

Management has evaluated subsequent events through September 14, 2017, the date on which the financial statements were available to be issued.

NOTE C - CONCENTRATION OF RISK

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

Harvest Bridge
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Notes to the Financial Statements

NOTE C - CONCENTRATION OF RISK (CONTINUED)

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned. The Organization maintains cash balances on deposit at a local financial institution which is insured by the Federal Deposit Insurance Corporation, at a credit union that is privately insured, and monies deposited through PayPal on the internet. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

NOTE D - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2016:

	<u>Amount</u>
GCP Missionary Support	\$ 7,200
Lindsey's Project	600
Santhosh	784
Voice of the Martyrs	4,929
Other	7,977
Total	<u>\$ 21,490</u>

NOTE E - INCOME TAXES

The Organization qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

Interest and penalties related to income tax reporting are recognized when incurred and are included on the Statement of Revenues, Expenses, and Other Changes in Net Assets – Modified Cash Basis. Management has determined the Organization had no activities subject to unrelated business income tax (UBIT) during the year ended December 31, 2016. The Organization has not been subject to any income tax penalties or interest for all open years. The open tax periods for the Organization are 2013, 2014, 2015, and 2016 fiscal year ends.

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Notes to the Financial Statements

NOTE F - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and various other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefitted as shown below:

Program services	\$ 264,500
Management and general	27,993
Fundraising	<u>29,482</u>
	<u>\$ 321,975</u>