



# Financial Statements

**Bridging, Inc.**  
Bloomington, Minnesota

For the years ended December 31, 2022 and 2021



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Bridging, Inc.  
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December 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bridging, Inc.  
Bloomington, Minnesota

### Opinion

We have audited the accompanying financial statements of Bridging, Inc. (the Organization), a Minnesota nonprofit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**Abdo**  
Minneapolis, Minnesota  
April 27, 2023



## FINANCIAL STATEMENTS

Bridging, Inc.  
Statements of Financial Position  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,022,488	\$ 2,438,251
Program service receivables	156,586	316,248
Inventory	768,497	858,396
Prepaid expenses	92,986	110,633
Total Current Assets	<u>4,040,557</u>	<u>3,723,528</u>
Property and Equipment		
Land, building and improvements	5,541,294	5,499,075
Leasehold improvements	48,474	48,474
Office furniture and equipment	185,884	167,821
Vehicles (finance lease right-of-use assets)	429,060	429,060
Warehouse equipment	303,238	285,938
Total Property and Equipment, Cost	6,507,950	6,430,368
Less Accumulated Depreciation	<u>(2,022,048)</u>	<u>(1,758,896)</u>
Total Property and Equipment, Net	<u>4,485,902</u>	<u>4,671,472</u>
Other Assets		
Software, net of accumulated amortization of \$7,911 and \$0 in 2022 and 2021, respectively	59,902	57,243
Website, net of accumulated amortization of \$17,225 and \$14,067 in 2022 and 2021, respectively	-	3,158
Operating lease right-of-use assets	14,638	-
Total Other Assets	<u>74,540</u>	<u>60,401</u>
Total Assets	<u>\$ 8,600,999</u>	<u>\$ 8,455,401</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Bridging, Inc.  
Statements of Financial Position (Continued)  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 74,852	\$ 79,042
Other accrued expenses	43,154	33,652
Compensated absences payable	69,856	61,537
Deferred revenue - program services	52,182	37,510
Tenant security deposits, current	3,610	3,610
Current portion of lease obligations - finance	81,241	71,238
Current portion of lease obligations - operating	7,572	-
Total Current Liabilities	<u>332,467</u>	<u>286,589</u>
Long-term Liabilities		
Tenant security deposits, long-term	4,289	4,289
Lease obligations - finance	62,733	143,003
Lease obligations - operating	7,066	-
Total Long-term Liabilities	<u>74,088</u>	<u>147,292</u>
Total Liabilities	<u>406,555</u>	<u>433,881</u>
Net Assets		
Net assets without donor restrictions	8,041,495	7,804,186
Net assets with donor restrictions	152,949	217,334
Total Net Assets	<u>8,194,444</u>	<u>8,021,520</u>
Total Liabilities and Net Assets	<u>\$ 8,600,999</u>	<u>\$ 8,455,401</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Bridging, Inc.  
Statements of Activities  
For the Years Ended December 31, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Foundation, corporation, civic and individual contributions	\$ 1,767,391	\$ 250,214	\$ 2,017,605
In-kind contributions	5,994,576	-	5,994,576
Special events revenues, net of direct expenses of \$122,731	741,985	-	741,985
Program service revenue	1,244,268	-	1,244,268
Furniture sales, net of cost of goods sold of \$290,514	(3,129)	-	(3,129)
Rental income - Roseville building, net of expenses of \$173,669	53,577	-	53,577
Interest income	7,611	-	7,611
Investment loss	-	-	-
Miscellaneous	15,236	-	15,236
Net assets released from restrictions	314,599	(314,599)	-
Total Revenues, Gains and Other Support	<u>10,136,114</u>	<u>(64,385)</u>	<u>10,071,729</u>
Expenses			
Program services	<u>9,258,754</u>	<u>-</u>	<u>9,258,754</u>
Supporting services			
Management and general	299,364	-	299,364
Fundraising	340,687	-	340,687
Total Supporting Services	<u>640,051</u>	<u>-</u>	<u>640,051</u>
Total Expenses	<u>9,898,805</u>	<u>-</u>	<u>9,898,805</u>
Change in Net Assets	237,309	(64,385)	172,924
Net Assets, January 1	<u>7,804,186</u>	<u>217,334</u>	<u>8,021,520</u>
Net Assets, December 31	<u>\$ 8,041,495</u>	<u>\$ 152,949</u>	<u>\$ 8,194,444</u>

See Independent Auditor's Report and Notes to the Financial Statements.



Bridging, Inc.  
Statements of Activities (Continued)  
For the Years Ended December 31, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Foundation, corporation, civic and individual contributions	\$ 1,929,480	\$ 237,600	\$ 2,167,080
In-kind contributions	5,040,077	-	5,040,077
Special events revenues, net of direct expenses of \$33,987	638,467	-	638,467
Program service revenue	1,008,699	-	1,008,699
Furniture sales, net of cost of goods sold of \$179,807	41,071	-	41,071
Rental income - Roseville building, net of expenses of \$153,831	49,688	-	49,688
Gain on disposal of property and equipment	2,084	-	2,084
Interest income	1,899	-	1,899
Miscellaneous	20,857	-	20,857
Net assets released from restrictions	227,973	(227,973)	-
Total Revenues, Gains and Other Support	8,960,295	9,627	8,969,922
Expenses			
Program services	7,683,803	-	7,683,803
Supporting services			
Management and general	277,707	-	277,707
Fundraising	279,442	-	279,442
Total Supporting Services	557,149	-	557,149
Total Expenses	8,240,952	-	8,240,952
Change in Net Assets	719,343	9,627	728,970
Net Assets, January 1	7,084,843	207,707	7,292,550
Net Assets, December 31	\$ 7,804,186	\$ 217,334	\$ 8,021,520

See Independent Auditor's Report and Notes to the Financial Statements.

Bridging, Inc.  
Statements of Functional Expenses  
For the Years Ended December 31, 2022 and 2021

	2022			
	Supporting Services			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Related Expenses				
Staff salaries	\$ 1,572,761	\$ 193,126	\$ 204,001	\$ 1,969,888
Employee benefits	140,303	20,035	21,142	181,480
Payroll taxes	123,128	16,010	16,894	156,032
Total Salaries and Related Expenses	1,836,192	229,171	242,037	2,307,400
Expenses				
Donations to clients	6,101,982	-	-	6,101,982
In-kind expense	10,920	4,366	2,300	17,586
Product	283,716	-	-	283,716
Truck expense	196,591	-	-	196,591
Insurance	61,631	5,870	5,869	73,370
Rent	7,970	-	-	7,970
Postage	-	1,964	7,858	9,822
Printing	6,604	1,100	3,302	11,006
Office supplies	4,172	522	521	5,215
General supplies	44,236	-	-	44,236
Equipment leases	2,414	970	970	4,354
Computer support	48,046	7,488	6,864	62,398
Telephone	23,268	3,626	3,324	30,218
Bank/credit card fees	39,802	2,212	10,096	52,110
Dues and subscriptions	5,204	496	496	6,196
Marketing	32,902	3,134	23,409	59,445
Education	8,091	770	771	9,632
Professional fees	134,547	12,814	12,814	160,175
Maintenance	35,279	3,360	3,360	41,999
Rubbish removal	33,681	1,465	1,464	36,610
Utilities	56,589	5,390	5,389	67,368
Employee expense reimbursement	25,449	2,423	2,424	30,296
Volunteer recognition	10,828	-	-	10,828
Diversity initiative	401	-	-	401
Board expense	-	2,407	-	2,407
Miscellaneous	2,551	242	239	3,032
Interest	11,841	-	-	11,841
Bad debts	3,831	-	-	3,831
Total Expenses Before Amortization and Depreciation	9,028,738	289,790	333,507	9,652,035
Amortization	17,728	443	332	18,503
Depreciation	212,288	9,131	6,848	228,267
Total Expenses	<u>\$ 9,258,754</u>	<u>\$ 299,364</u>	<u>\$ 340,687</u>	<u>\$ 9,898,805</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**Bridging, Inc.**  
**Statements of Functional Expenses (Continued)**  
**For the Years Ended December 31, 2022 and 2021**

	2021			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Related Expenses				
Staff salaries	\$ 1,434,117	\$ 181,296	\$ 158,651	\$ 1,774,064
Employee benefits	141,381	23,143	25,021	189,545
Payroll taxes	83,123	13,607	14,710	111,440
Total Salaries and Related Expenses	<u>1,658,621</u>	<u>218,046</u>	<u>198,382</u>	<u>2,075,049</u>
Expenses				
Donations to clients	4,971,803	-	-	4,971,803
In-kind expense	11,119	4,004	3,927	19,050
Product	142,576	-	-	142,576
Truck expense	171,212	-	-	171,212
Insurance	57,538	5,480	5,479	68,497
Rent	23,152	-	-	23,152
Postage	-	2,160	8,639	10,799
Printing	3,666	611	1,833	6,110
Office supplies	3,490	396	395	4,281
Warehouse supplies	33,533	-	-	33,533
Equipment leases	9,705	924	925	11,554
Computer support	54,220	8,213	7,529	69,962
Telephone	23,288	3,629	3,328	30,245
Bank/credit card fees	34,217	1,901	7,870	43,988
Dues and subscriptions	4,657	444	444	5,545
Marketing	34,855	3,267	14,628	52,750
Education	3,700	352	353	4,405
Professional fees	88,044	8,385	8,385	104,814
Maintenance	35,259	3,358	3,358	41,975
Rubbish removal	27,470	1,194	1,195	29,859
Utilities	43,103	4,105	4,105	51,313
Employee expense reimbursement	18,219	1,735	1,735	21,689
Volunteer recognition	8,379	-	-	8,379
Interest	8,775	-	-	8,775
Miscellaneous	<u>1,893</u>	<u>414</u>	<u>117</u>	<u>2,424</u>
Total Expenses Before Amortization and Depreciation	7,472,494	268,618	272,626	8,013,738
Amortization	3,204	138	103	3,445
Depreciation	<u>208,105</u>	<u>8,951</u>	<u>6,713</u>	<u>223,769</u>
Total Expenses	<u><u>\$ 7,683,803</u></u>	<u><u>\$ 277,707</u></u>	<u><u>\$ 279,442</u></u>	<u><u>\$ 8,240,952</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

Bridging, Inc.  
Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 172,924	\$ 728,970
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	263,152	257,241
Amortization	18,503	3,445
Bad debts	3,831	-
Gain on disposal of property and equipment	-	(2,084)
Noncash donations to clients	6,101,982	4,971,803
Noncash contributions of furniture	(5,976,990)	(5,021,027)
Change in assets and liabilities:		
Program service receivables	155,831	(90,039)
Inventory	(35,093)	15,058
Prepaid expenses	17,647	(25,931)
Accounts payable	(4,190)	23,781
Other accrued expenses	9,502	4,704
Compensated absences payable	8,319	(26,829)
Deferred revenue - program services	14,672	15,719
Net Cash Provided by Operating Activities	<u>750,090</u>	<u>854,811</u>
Cash Flows from Investing Activities		
Cash outlay for property and equipment	(77,582)	(162,689)
Cash outlay for intangible assets	(18,004)	-
Proceeds from investments	-	1,551,161
Purchase of investments	-	(511,885)
Net Cash Used by Investing Activities	<u>(95,586)</u>	<u>876,587</u>
Cash Flows from Financing Activities		
Payments on capital lease obligations	<u>(70,267)</u>	<u>(68,459)</u>
Change in Cash and Cash Equivalents	584,237	1,662,939
Beginning Cash and Cash Equivalents	<u>2,438,251</u>	<u>775,312</u>
Ending Cash and Cash Equivalents	<u><u>\$ 3,022,488</u></u>	<u><u>\$ 2,438,251</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	<u>\$ 11,841</u>	<u>\$ 8,775</u>
Supplemental Schedule of		
Noncash Investing and Financing Activities		
Disposal of fully depreciated property and equipment	<u>\$ -</u>	<u>\$ 19,000</u>
Right-of-use asset acquired under operating leases	<u><u>\$ 14,638</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

Bridging, Inc.  
Notes to the Financial Statements  
December 31, 2022 and 2021

## **Note 1: Summary of Significant Accounting Policies**

### **A. Nature of Activities**

Bridging, Inc. (the Organization) was organized in 1992 as a nonprofit corporation and is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and Minnesota state law. The Organization works to provide families and individuals transitioning out of homelessness and poverty with a gift of quality furniture and household goods to stabilize and improve lives while effectively using community resources.

### **B. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without Donor Restrictions* - Resources over which the Organization has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

*With Donor Restrictions* - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization.

### **C. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

### **D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

### **E. Program Service Receivable and Allowance for Doubtful Accounts**

Program service receivables are uncollateralized. The Organization reduces such receivables by a valuation allowance that reflects management's estimate of the amounts that will not be collected because of the inability, failure or refusal of its donor or agency to make payments. The Organization determines its allowance for doubtful accounts based on an analysis of the receivables detail, historical write-off experience and current economic conditions, recoveries, and trends. Allowance for doubtful accounts as of December 31, 2022 and 2021 was \$0 and \$0, respectively.

### **F. Inventory**

The Organization maintains multiple warehouses of donated furniture and household inventory to be distributed to clients as soon as practicable after they have been received. The Organization values its inventory using estimates from published valuation guides in addition to management's evaluation of the condition of the inventory. Based on management's evaluation, each inventory item is assigned a value which is applied consistently to each inventory item and no obsolete inventory is necessary.

Bridging, Inc.  
Notes to the Financial Statements  
December 31, 2022 and 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**G. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

**H. Property and Equipment**

Property and equipment are recorded at cost or estimated value on the date of contribution. Assets acquired through capital lease agreements are capitalized at their fair market value as of the date of the lease inception. The Organization capitalizes all property and equipment acquisitions with a value of \$1,000 or greater and an estimated useful life greater than one year. Property and equipment is depreciated using the straight-line method based on estimated useful lives as follows:

Assets	Useful Lives in Years
Land Improvements, Building and Building Improvements	39
Leasehold Improvements	7 - 39
Office Furniture and Equipment	3 - 7
Vehicles	5
Warehouse Equipment	3 - 7

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resultant gain or loss is recognized in operations.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

**I. Deferred Financing Costs**

Issuance costs of obtaining financing are deferred and amortized to interest expense over the related debt term using the straight-line method. Notes payable have been presented net of deferred financing costs.

**J. Impairment of Long-lived Assets**

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amounts of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

**K. Deferred Revenue - Program Services**

Deferred revenue consists of payments received in advance that relate to services to be rendered in a future period and are deferred and recognized as revenue in the period earned. All deferred revenue is classified as current and will be recognized over the next year.

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **L. Support and Revenue Recognition**

Support is recognized when the donor makes a promise to give to the Organization and there is sufficient evidence in the form of verifiable documentation that a promise was made and received.

Revenue is recognized when services have been performed. Deferred revenue represents amounts received in advance of services being performed. Program service fee income are fees for deliveries and appointments. Program service fees are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable. Due to the nature of the sales there are no corresponding contract balances in the years ending December 31, 2022 and 2021.

### **M. In-kind Goods and Services**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received.

Several individuals volunteer their time and perform a variety of tasks that assist the Organization, but do not meet the criteria for recognition as contributed services and have not been reported in these financial statements.

### **N. Income Taxes**

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as the Organization qualifies under Section 170(c) of the Internal Revenue Code.

### **O. Functional Allocation of Expenses**

The costs of providing the various programs and supporting activities of the Organization have been allocated between program or supporting services based upon the best estimates of management.

### **P. New Accounting Pronouncements**

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The amendments in this ASU were applied on a retrospective basis and went into effect for the Organization for the year ended December 31, 2022.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU were applied on a retrospective basis and went into effect for the Organization for the year ended December 31, 2022.

Bridging, Inc.  
Notes to the Financial Statements  
December 31, 2022 and 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Q. Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 27, 2023, the date the financial statements were available to be issued.

**R. Reclassification**

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

**Note 2: Prepaid Expenses**

Prepaid expenses consist of the following at December 31:

	2022	2021
Prepaid Insurance	\$ 70,611	\$ 95,434
Prepaid Software Support	22,375	15,199
Total	<u>\$ 92,986</u>	<u>\$ 110,633</u>

**Note 3: Line of Credit**

The Organization has a secured line of credit with a maximum of \$500,000 and a 4.250% interest rate which automatically renews annually. The line of credit is secured by the Organization's property in Bloomington, MN. The line of credit was unused during 2022 and 2021 had no balance due at December 31, 2022 and 2021.

**Note 4: Lease Income**

The Company leases its property to various businesses. The leases commenced prior to their purchase of the building and through amendments will expire on various dates through 2025. The lease payments include monthly fees to cover payment of the real estate taxes and mortgage insurance premiums. The total net lease income for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Rental Income - Roseville	\$ 227,246	\$ 203,519
Less:		
Direct management fees	88,710	79,749
Property tax	50,074	40,610
Depreciation	34,885	33,472
Net Lease Income	<u>\$ 53,577</u>	<u>\$ 49,688</u>



Bridging, Inc.  
Notes to the Financial Statements  
December 31, 2022 and 2021

**Note 4: Lease Income (Continued)**

As of December 31, 2022, future minimum lease payments to be received over the remaining term of the lease are as follows:

<u>Year Ended</u>	<u>Amount</u>
2023	\$ 36,880
2024	34,510
2025	<u>35,201</u>
Total	<u>\$ 106,591</u>

**Note 5: Leases - Finance**

The Company has acquired certain vehicles under two long-term leasing agreements classified as finance leases, with various expiration dates ranging from 2019 to 2026. The cost of the vehicles under the finance leases totaled \$429,060 and \$429,060 at December 31, 2022 and 2021, respectively. The finance lease obligations are payable in monthly installments ranging from \$1,267 to \$5,422, including interest ranging from 4.65 percent to 5.85 percent.

Future minimum finance lease payments under finance leases are as follows:

<u>Year</u>	<u>Gross Lease Payments</u>	<u>Less Amount Representing Interest</u>	<u>Principal Portion</u>
2023	\$ 92,848	\$ 11,607	\$ 81,241
2024	63,464	3,836	59,628
2025	16,113	1,026	15,087
2026	<u>2,686</u>	<u>30</u>	<u>2,656</u>
Total	<u>\$ 175,111</u>	<u>\$ 16,499</u>	<u>\$ 158,612</u>

The following is a summary of property and equipment held under finance leases as of December 31:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 429,060	\$ 429,060
Less Accumulated Depreciation	<u>(301,844)</u>	<u>(221,522)</u>
	<u>\$ 127,216</u>	<u>\$ 207,538</u>

Depreciation expense on assets recorded under the finance lease for the years ended December 31, 2022 and 2021 was \$77,098 and \$80,322, respectively, and is included in total depreciation expense. Dispositions of assets under finance leases for the years ended December 31, 2022 and 2021 were \$0 and \$0, respectively. Interest expense on the finance lease was \$11,505 and \$8,775 for the years ended December 31, 2022 and 2021, respectively.

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**Note 6: Leases - Operating**

The Organization leases certain office equipment. In 2019, the Organization entered into a financial lease agreement with Loffler, for a Copier, that calls for monthly payments of \$486. The lease commenced on December 1, 2019 and will expire on November 30, 2024.

As disclosed in Note 1, the Organization adopted FASB ASC 842, effective January 1, 2022, using a modified retrospective approach. As a result, the Organization was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended December 31, 2022. As the standard was implemented using a modified retrospective approach, the balance sheet as of December 31, 2021, was not impacted.

As noted above, the Organization's lease agreement calls for fixed payments that were determinable at the lease commencement and are included in the measurement of the lease asset and liabilities. Fixed lease payments incurred will be recognized during the year they are incurred as an operating expense.

The ROU lease asset and corresponding lease liability were calculated utilizing a risk-free discount rate of 1.852%, according to the Organization's elected policy. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Additional information about the Organization's lease for the year ended December 31, 2022, is as follows:

<b>Lease Expense</b>	<u>Year Ending 2022</u>
Operating lease expense	\$ 7,768
Variable lease expense	-
<b>Total</b>	<u><u>\$ 7,768</u></u>

**Other Information**

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	\$ 7,768
ROU assets obtained in exchange for new operating lease liabilities	37,123
Weighted-average remaining lease term in years for operating leases	2
Weighted-average discount rate for operating leases	1.852%

Maturities of operating lease liabilities are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ 7,768
2024	7,121
Total undiscounted cash flows	14,889
Less: present value discount	(251)
<b>Total Lease Liabilities</b>	<u><u>\$ 14,638</u></u>

  

<u>Year Ended December 31, 2021</u>	<u>Amount</u>
2022	\$ 5,834
2023	5,834
2024	5,834
<b>Total</b>	<u><u>\$ 17,502</u></u>

The Organization's total rent expense during 2022 and 2021 was \$19,152 and \$40,168, respectively.

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**Note 7: Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Net Assets With Donor Restrictions, January 1	\$ 217,334	\$ 207,707
Additions to Assets Restricted For Purpose	250,214	237,600
Expenses Incurred to Satisfy Donor Restrictions	<u>(314,599)</u>	<u>(227,973)</u>
Net Assets With Donor Restrictions, December 31	<u><u>\$ 152,949</u></u>	<u><u>\$ 217,334</u></u>

Net assets with donor restrictions consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Memorials	\$ 120,844	\$ 120,344
Client Products	1,105	93,490
Special Events	10,000	3,500
Volunteer Hub	<u>21,000</u>	<u>-</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 152,949</u></u>	<u><u>\$ 217,334</u></u>

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**Note 8: In-kind Contributions**

The Organization received the following in-kind contributions during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
Donated Furniture and Household Items	\$ 5,976,990	\$ 5,021,027	Program	None	Estimated wholesale prices of identical or similar products if purchased in the region
Miscellaneous Services	6,333	-	Management and general	None	Estimated wholesale prices of identical or similar products if purchased in the region
Professional Services	4,676	4,518	Management and general Program,	None	Estimated based on time rates for each practitioner
Printing	4,527	4,990	Management and General and Fundraising Program,	None	Estimated wholesale prices of identical or similar products if purchased in the region
Office Supplies	1,500	-	Management and General and Fundraising Program,	None	Estimated wholesale prices of identical or similar products if purchased in the region
Public Relations Supplies	350	-	Management and General and Fundraising Program,	None	Estimated wholesale prices of identical or similar products if purchased in the region
Public Relations Services	200	-	Management and General and Fundraising Program,	None	Estimated based on time rates for each practitioner
Warehouse Supplies	-	4,200	Management and General and Fundraising Program,	None	Estimated wholesale prices of identical or similar products if purchased in the region
Equipment	-	3,000	Management and General and Fundraising Program,	None	Estimated wholesale prices of identical or similar products if purchased in the region
Advertising	-	2,342	Management and General and Fundraising	None	Estimated wholesale prices of identical or similar products if purchased in the region
Total In-kind Contributions	<u>\$ 5,994,576</u>	<u>\$ 5,040,077</u>			

The Organization also received estimated volunteer services of 62,988 hours from 3,440 volunteers and 47,197 hours from 2,304 volunteers in 2022 and 2021, respectively. These hours are not recorded as they do not meet the definition of recorded services.

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**Note 9: Depreciation Expense**

For the years ended December 31, 2022 and 2021, depreciation expense is shown on the statements of activities in the following categories:

	2022	2021
Program Services Expense	\$ 212,288	\$ 208,105
Rental Income - Roseville Building	34,885	33,472
Management and General Expense	9,131	8,951
Fundraising Expense	6,848	6,713
Total	<u>\$ 263,152</u>	<u>\$ 257,241</u>

**Note 10: Defined Contribution Plan**

The Organization provides a defined contribution plan for its employees whereby employees can make elective deferral contributions up to amounts as defined in the plan document. The Organization may make discretionary matching contributions for employee deferral contributions. Plan eligibility included working at least 1,000 hours annually and having a month of service. On December 1, 2012 the Plan was amended. Plan eligibility now includes working at least 1,000 hours annually with no eligibility service requirement. The matching contribution was \$65,971 and \$56,547 for the years ended December 31, 2022 and 2021, respectively.

**Note 11: Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash and Cash Equivalents	\$ 3,022,488	\$ 2,438,251
Program Service Receivable	156,586	316,248
Total Financial Assets	<u>3,179,074</u>	<u>2,754,499</u>
Less assets unavailable for use in the next year:		
Special events	10,000	3,500
Client services/product	1,105	93,490
Memorials	120,844	120,344
Volunteer Hub	21,000	-
Total Assets Unavailable	<u>152,949</u>	<u>217,334</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,026,125</u>	<u>\$ 2,537,165</u>

In 2022 and 2021, balances of \$152,949 and \$217,334, respectively, in restricted cash are donations given with specific restrictions.

As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments and money market funds as outlined in its cash investment policy.