



Financial Statements

Bridging, Inc.
Bloomington, Minnesota

For the years ended December 31, 2023 and 2022



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Bridging, Inc.
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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, 2023 and 2022, 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, 2023 and 2022, 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 25, 2024



FINANCIAL STATEMENTS

Bridging, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,237,129	\$ 3,022,488
Program service receivables	167,536	156,586
Inventory	677,012	768,497
Prepaid expenses	95,420	92,986
Total Current Assets	5,177,097	4,040,557
Property and Equipment		
Land, building and improvements	5,582,759	5,541,294
Leasehold improvements	34,632	48,474
Office furniture and equipment	199,413	185,884
Vehicles	49,762	43,568
Warehouse equipment	304,312	303,238
Total Property and Equipment, Cost	6,170,878	6,122,458
Less Accumulated Depreciation	(1,920,412)	(1,757,509)
Total Property and Equipment, Net	4,250,466	4,364,949
Other Assets		
Software, net of accumulated amortization of \$21,471 and \$7,911 in 2023 and 2022, respectively	46,342	59,902
Operating lease right-of-use assets	-	14,638
Finance lease right-of-use assets	704,393	120,953
Total Other Assets	750,735	195,493
Total Assets	\$ 10,178,298	\$ 8,600,999

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

Bridging, Inc.
Statements of Financial Position (Continued)
December 31, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 22,383	\$ 74,852
Other accrued expenses	52,521	43,154
Compensated absences payable	72,230	69,856
Deferred revenue - program services	53,273	52,182
Tenant security deposits, current	3,610	3,610
Current portion of lease obligations - finance	169,244	81,241
Current portion of lease obligations - operating	-	7,572
Total Current Liabilities	373,261	332,467
Long-term Liabilities		
Tenant security deposits, long-term	4,289	4,289
Lease obligations - finance	538,968	62,733
Lease obligations - operating	-	7,066
Total Long-term Liabilities	543,257	74,088
Total Liabilities	916,518	406,555
Net Assets		
Net assets without donor restrictions	8,744,553	8,041,495
Net assets with donor restrictions	517,227	152,949
Total Net Assets	9,261,780	8,194,444
Total Liabilities and Net Assets	\$ 10,178,298	\$ 8,600,999

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

Bridging, Inc.
Statements of Activities
For the Years Ended December 31, 2023 and 2022

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains, and Other Support			
Foundation, corporation, civic and individual contributions	\$ 2,477,205	\$ 667,009	\$ 3,144,214
In-kind contributions	6,651,168	-	6,651,168
Special events revenues, net of direct expenses of \$161,814	655,371	-	655,371
Appointment, delivery, and pickup fees	1,361,617	-	1,361,617
Furniture sales, net of cost of goods sold of \$333,228	71,529	-	71,529
Rental income - Roseville building, net of expenses of \$182,154	64,084	-	64,084
Loss on disposal of property and equipment	(9,749)	-	(9,749)
Interest income	51,859	-	51,859
Gain on recovery of capital leases	29,731	-	29,731
Miscellaneous	17,118	-	17,118
Net assets released from restrictions	302,731	(302,731)	-
Total Revenues, Gains and Other Support	<u>11,672,664</u>	<u>364,278</u>	<u>12,036,942</u>
Expenses			
Program services	<u>10,163,669</u>	-	<u>10,163,669</u>
Supporting services			
Management and general	361,966	-	361,966
Fundraising	443,971	-	443,971
Total Supporting Services	<u>805,937</u>	-	<u>805,937</u>
Total Expenses	<u>10,969,606</u>	-	<u>10,969,606</u>
Change in Net Assets	703,058	364,278	1,067,336
Net Assets, January 1	<u>8,041,495</u>	<u>152,949</u>	<u>8,194,444</u>
Net Assets, December 31	<u>\$ 8,744,553</u>	<u>\$ 517,227</u>	<u>\$ 9,261,780</u>

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

Bridging, Inc.
Statements of Activities (Continued)
For the Years Ended December 31, 2023 and 2022

	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
Appointment, delivery, and pickup fees	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
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	9,258,754	-	9,258,754
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 Functional Expenses
For the Years Ended December 31, 2023 and 2022

	2023				Total Expenses
	Program Services	Supporting Services		Total Supporting Services	
		Management and General	Fundraising		
Salaries and Related Expenses					
Staff salaries	\$ 1,808,102	\$ 237,710	\$ 290,932	\$ 528,642	\$ 2,336,744
Employee benefits	198,401	28,332	29,897	58,229	256,630
Payroll taxes	140,486	20,062	21,170	41,232	181,718
Total Salaries and Related Expenses	2,146,989	286,104	341,999	628,103	2,775,092
Expenses					
Donations to clients	6,664,625	-	-	-	6,664,625
In-kind expense	37,635	9,400	7,253	16,653	54,288
Product	284,016	-	-	-	284,016
Truck expense	178,467	-	-	-	178,467
Insurance	77,426	7,374	7,374	14,748	92,174
Rent	27,590	-	-	-	27,590
Postage	-	2,033	8,132	10,165	10,165
Printing	8,654	1,442	4,328	5,770	14,424
Supplies	48,349	682	681	1,363	49,712
Computer support	54,176	8,443	7,738	16,181	70,357
Telephone	24,051	3,748	3,435	7,183	31,234
Bank/credit card fees	41,706	2,317	16,986	19,303	61,009
Dues and subscriptions	7,917	754	754	1,508	9,425
Marketing	45,839	4,366	8,957	13,323	59,162
Education	10,329	984	984	1,968	12,297
Professional fees	87,406	8,851	14,383	23,234	110,640
Maintenance	38,651	3,681	3,681	7,362	46,013
Rubbish removal	36,163	1,572	1,572	3,144	39,307
Utilities	51,381	4,893	4,894	9,787	61,168
Business meals and meeting expense	14,584	1,389	1,389	2,778	17,362
Travel	5,564	530	530	1,060	6,624
Volunteer recognition	11,897	-	1,013	1,013	12,910
Diversity initiative	2,880	1,000	-	1,000	3,880
Miscellaneous	3,618	2,342	345	2,687	6,305
Interest	14,502	-	-	-	14,502
Special events	-	-	161,814	161,814	161,814
Direct management fees	-	182,154	-	182,154	182,154
Bad debts	5,388	-	-	-	5,388
Total Expenses Before Amortization and Depreciation	9,929,803	534,059	598,242	1,132,301	11,062,104
Amortization	101,696	4,376	3,280	7,656	109,352
Depreciation	132,170	5,685	4,263	9,948	142,118
Total Expenses Before Removing Expenses Reported on Statement of Activities	10,163,669	544,120	605,785	1,149,905	11,313,574
Less: event expense	-	-	(161,814)	(161,814)	(161,814)
Less: property management expense	-	(182,154)	-	(182,154)	(182,154)
Total Expenses	\$ 10,163,669	\$ 361,966	\$ 443,971	\$ 805,937	\$ 10,969,606

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

Bridging, Inc.
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2023 and 2022

	2022				Total Expenses
	Program Services	Supporting Services		Total Supporting Services	
		Management and General	Fundraising		
Salaries and Related Expenses					
Staff salaries	\$ 1,572,761	\$ 193,126	\$ 204,001	\$ 397,127	\$ 1,969,888
Employee benefits	140,303	20,035	21,142	41,177	181,480
Payroll taxes	123,128	16,010	16,894	32,904	156,032
Total Salaries and Related Expenses	1,836,192	229,171	242,037	471,208	2,307,400
Expenses					
Donations to clients	6,101,982	-	-	-	6,101,982
In-kind expense	10,920	4,366	2,300	6,666	17,586
Product	283,716	-	-	-	283,716
Truck expense	196,591	-	-	-	196,591
Insurance	61,631	5,870	5,869	11,739	73,370
Rent	7,970	-	-	-	7,970
Postage	-	1,964	7,858	9,822	9,822
Printing	6,604	1,100	3,302	4,402	11,006
Supplies	50,822	1,492	1,491	2,983	53,805
Computer support	48,046	7,488	6,864	14,352	62,398
Telephone	23,268	3,626	3,324	6,950	30,218
Bank/credit card fees	39,802	2,212	10,096	12,308	52,110
Dues and subscriptions	5,204	496	496	992	6,196
Marketing	32,902	3,134	23,409	26,543	59,445
Education	8,091	770	771	1,541	9,632
Professional fees	134,547	12,814	12,814	25,628	160,175
Maintenance	35,279	3,360	3,360	6,720	41,999
Rubbish removal	33,681	1,465	1,464	2,929	36,610
Utilities	56,589	5,390	5,389	10,779	67,368
Business meals and meeting expense	25,449	2,423	2,424	4,847	30,296
Volunteer recognition	10,828	-	-	-	10,828
Diversity initiative	401	-	-	-	401
Miscellaneous	2,551	2,649	239	2,888	5,439
Interest	11,841	-	-	-	11,841
Special events	-	-	122,731	122,731	122,731
Direct management fees	-	173,669	-	173,669	173,669
Bad debts	3,831	-	-	-	3,831
Total Expenses Before Amortization and Depreciation	9,028,738	463,459	456,238	919,697	9,948,435
Amortization	17,728	443	332	775	18,503
Depreciation	212,288	9,131	6,848	15,979	228,267
Total Expenses Before Removing Expenses Reported on Statement of Activities	9,258,754	473,033	463,418	936,451	10,195,205
Less: event expenses	-	-	(122,731)	(122,731)	(122,731)
Less: property management fees	-	(173,669)	-	(173,669)	(173,669)
Total Expenses	\$ 9,258,754	\$ 299,364	\$ 340,687	\$ 640,051	\$ 9,898,805

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

Bridging, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 1,067,336	\$ 172,924
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	176,620	263,152
Amortization	109,352	18,503
Bad debts	5,388	3,831
Loss on disposal of property and equipment	9,749	-
Lease expense in excess of cash paid	585	-
Noncash donations to clients	6,664,625	6,101,982
Noncash contributions of furniture	(6,596,881)	(5,976,990)
Change in assets and liabilities:		
Program service receivables	(16,338)	155,831
Inventory	23,741	(35,093)
Prepaid expenses	(2,434)	17,647
Accounts payable	(52,469)	(4,190)
Other accrued expenses	9,367	9,502
Compensated absences payable	2,374	8,319
Deferred revenue - program services	1,091	14,672
Net Cash Provided by Operating Activities	1,402,106	750,090
Cash Flows from Investing Activities		
Cash outlay for property and equipment	(71,885)	(77,582)
Cash outlay for intangible assets	-	(18,004)
Net Cash Used by Investing Activities	(71,885)	(95,586)
Cash Flows from Financing Activities		
Payments on lease obligations	(115,580)	(70,267)
Change in Cash and Cash Equivalents	1,214,641	584,237
Beginning Cash and Cash Equivalents	3,022,488	2,438,251
Ending Cash and Cash Equivalents	\$ 4,237,129	\$ 3,022,488
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 14,502	\$ 11,841
Supplemental Schedule of		
Noncash Investing and Financing Activities		
Right-of-use asset acquired under financing leases	\$ 789,059	\$ 14,638
Transfer of vehicles from fixed assets to right-of-use assets	\$ -	\$ 120,953

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

Bridging, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

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 Credit Losses

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 credit losses based on an analysis of the receivables detail, historical write-off experience and current economic conditions, recoveries, and trends. Allowance for credit losses as of December 31, 2023 and 2022 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, 2023 and 2022

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. 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.

J. 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)

K. Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities. The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

L. 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.

M. Support and Revenue Recognition

Revenue Recognition Policy

The Organization follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its appointment fees, delivery fees, and residential pickup fees and special events.

In the case of appointment fees, delivery fees, and residential pickup fees, revenue is recognized at the completion of the service, which is at a point in time.

In the case of special events, revenue is recognized at the time the event is held, which is at a point in time.

In the case of furniture sales, revenue is recognized at the time of the sale, which is at a point in time.

In the case of rental income, revenue is recognized at the start of each month of the lease term, which is recognized over the respective month.

Note 1: Summary of Significant Accounting Policies (Continued)

Performance Obligations

The performance obligation related to the programs is satisfied upon completion of the service. Therefore, the Organization recognizes revenue at a point in time.

The performance obligation related to the special events is satisfied upon the completion of the event. Therefore, the Organization recognizes revenue at a point in time.

The performance obligation related to the furniture sales is satisfied upon completion of the sale. Therefore, the Organization recognizes revenue at a point in time.

The performance obligation related to the rental revenue is satisfied upon the beginning of the rental period. Therefore, the Organization recognizes revenue over a period of time.

The Organization's other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

ASU 958

The Organization follows FASB Accounting Standards Codification 958-605, *Revenue Recognition for Not-for-Profit Entities* for contributions, grants, and other similar revenues. Revenue is recognized when the contribution is received, and contributions received are recorded as donor restricted support or unrestricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted support.

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 June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. ASU No. 2016-13 is effective for annual reporting periods beginning after December 15, 2023. The new guidance is effective for the Organization's, year ended December 31, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Q. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 25, 2024, 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.

Bridging, Inc.
Notes to the Financial Statements
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Note 2: Prepaid Expenses

Prepaid expenses consist of the following at December 31:

	2023	2022
Prepaid insurance	\$ 71,487	\$ 70,611
Prepaid software support	23,933	22,375
Total	\$ 95,420	\$ 92,986

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 2023 and 2022 had no balance due at December 31, 2023 and 2022.

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 2026. The lease payments include monthly fees to cover payment of the real estate taxes and mortgage insurance premiums. The total net lease income is as follows for the years ended December 31:

	2023	2022
Rental Income - Roseville	\$ 246,238	\$ 227,246
Less:		
Direct management fees	102,150	88,710
Property tax	45,502	50,074
Depreciation	34,502	34,885
Net Lease Income	\$ 64,084	\$ 53,577

As of December 31, 2023, future minimum lease payments to be received over the remaining term of the lease are as follows:

Year Ended	Amount
2024	\$ 150,375
2025	117,093
2026	40,082
Total	\$ 307,550

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Note 5: Leases - Finance

The Organization has acquired certain vehicles, a laser scanner, and a copier under long term leasing agreements, which have been classified as finance leases, with various expiration dates ranging from 2024 to 2030. The cost of these finance right of use assets totaled \$704,393 and \$120,953 at December 31, 2023 and 2022 respectively. The finance lease obligations are payable monthly and range from \$347 to \$8,785, including a weighted-average discount rate of 3.71 percent.

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

	Year Ending 2023
Lease Expense	
Finance lease expense	
Amortization of ROU assets	\$ 99,312
Interest on lease liabilities	4,258
	\$ 103,570
Total	\$ 103,570
Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	\$ 4,128
Financing cash flows from finance leases (i.e. principal portion)	87,884
ROU assets obtained in exchange for new finance lease liabilities	795,967
Weighted-average remaining lease term in years for operating leases	6.27
Weighted-average discount rate for operating leases	3.71%

Maturities of finance lease liabilities are as follows:

Year Ended December 31,	Amount
2024	\$ 169,244
2025	121,762
2026	108,147
2027	105,423
2028	105,423
Thereafter	187,302
Total undiscounted cash flows	797,301
Less: present value discount	(89,089)
Total Lease Liabilities	\$ 708,212

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Note 6: Net Assets with Donor Restrictions

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

	2023	2022
Net Assets With Donor Restrictions, January 1	\$ 152,949	\$ 217,334
Additions to Assets Restricted For Purpose	667,009	250,214
Expenses Incurred to Satisfy Donor Restrictions	(302,731)	(314,599)
Net Assets With Donor Restrictions, December 31	\$ 517,227	\$ 152,949

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

	2023	2022
Northwest expansion project	\$ 350,000	\$ -
Memorials	120,844	120,844
Time restricted	20,000	-
Volunteer Hub	11,572	21,000
Client products	12,860	1,105
Special events	1,350	10,000
Building remodel	601	-
Total Net Assets With Donor Restrictions	\$ 517,227	\$ 152,949

Bridging, Inc.
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Note 7: In-kind Contributions

The Organization received the following in-kind contributions during the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>Usage in Programs/Activities</u>	<u>Fair Value Techniques</u>
Donated furniture and household items	\$ 6,596,881	\$ 5,976,990	Program	Estimated wholesale prices of identical or similar products if purchased in the region
Advertising	27,900	-	Program, Management and General and Fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Miscellaneous services	8,275	6,333	Management and general	Estimated wholesale prices of identical or similar products if purchased in the region
Professional services	7,886	4,676	Management and general	Estimated based on time rates for each practitioner
Printing	5,785	4,527	Program, Management and General and Fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Public relations supplies	2,191	350	Program, Management and General and Fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Public relations services	2,250	200	Program, Management and General and Fundraising	Estimated based on time rates for each practitioner
Office supplies	-	1,500	Program, Management and General and Fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Total In-kind Contributions	<u>\$ 6,651,168</u>	<u>\$ 5,994,576</u>		

None of these items had any donor restrictions. The Organization also received estimated volunteer services of 69,949 hours from 3,864 volunteers and 62,998 hours from 3,440 volunteers in 2023 and 2022, respectively. These hours are not recorded as they do not meet the definition of recorded services.

Bridging, Inc.
Notes to the Financial Statements
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Note 8: Depreciation Expense

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

	2023	2022
Program services expense	\$ 132,170	\$ 212,288
Rental income - Roseville building	34,502	34,885
Management and general expense	5,685	9,131
Fundraising expense	4,263	6,848
Total	\$ 176,620	\$ 263,152

Note 9: 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 \$86,993 and \$65,971 for the years ended December 31, 2023 and 2022, respectively.

Note 10: 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:

	2023	2022
Cash and cash equivalents	\$ 4,237,129	\$ 3,022,488
Program service receivable	167,536	156,586
Total Financial Assets	4,404,665	3,179,074
Less assets unavailable for use in the next year:		
Net assets with donor restriction	(517,227)	(152,949)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,887,438	\$ 3,026,125

In 2023 and 2022, balances of \$517,227 and \$152,949, 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.