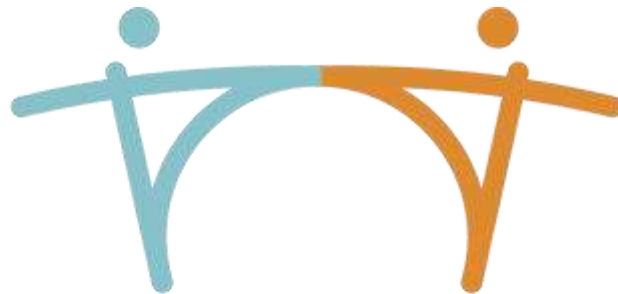


FINANCIAL STATEMENTS

BRIDGING, INC.
BLOOMINGTON, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023



BRIDGING
WE FURNISH HOMES WITH HOPE®

Bridging, Inc.
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December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 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 24, 2025



FINANCIAL STATEMENTS

Bridging, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,327,493	\$ 4,237,129
Beneficial interest in assets held by others	137,335	-
Program service receivables	190,463	159,286
Grants and contributions receivable	146,870	8,250
Inventory	787,214	677,012
Prepaid expenses	121,654	95,420
Total Current Assets	5,711,029	5,177,097
Property and Equipment		
Land, building and improvements	5,654,449	5,582,759
Leasehold improvements	38,586	34,632
Office furniture and equipment	209,623	199,413
Vehicles	49,762	49,762
Warehouse equipment	304,312	304,312
Total Property and Equipment, Cost	6,256,732	6,170,878
Less Accumulated Depreciation	(2,090,649)	(1,920,412)
Total Property and Equipment, Net	4,166,083	4,250,466
Other Assets		
Security deposits	11,453	-
Software, net of accumulated amortization of \$35,036 and \$21,471 in 2024 and 2023, respectively	32,777	46,342
Operating lease right-of-use assets	345,499	-
Finance lease right-of-use assets	702,898	704,393
Total Other Assets	1,092,627	750,735
Total Assets	\$ 10,969,739	\$ 10,178,298

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

Bridging, Inc.
Statements of Financial Position (Continued)
December 31, 2024 and 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 65,666	\$ 22,383
Other accrued expenses	71,647	52,521
Compensated absences payable	78,921	72,230
Deferred revenue - program services	62,141	53,273
Tenant security deposits, current	3,610	3,610
Current portion of lease obligations - finance	207,219	169,244
Current portion of lease obligations - operating	137,436	-
Total Current Liabilities	626,640	373,261
Long-term Liabilities		
Tenant security deposits, long-term	4,289	4,289
Lease obligations - finance	514,698	538,968
Lease obligations - operating	219,463	-
Total Long-term Liabilities	738,450	543,257
Total Liabilities	1,365,090	916,518
Net Assets		
Net assets without donor restrictions	8,946,003	8,744,553
Net assets with donor restrictions	658,646	517,227
Total Net Assets	9,604,649	9,261,780
Total Liabilities and Net Assets	\$ 10,969,739	\$ 10,178,298

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

Bridging, Inc.
Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains, and Other Support			
Foundation, corporation, civic and individual contributions	\$ 1,819,888	\$ 393,877	\$ 2,213,765
In-kind contributions	7,039,918	-	7,039,918
Special events revenues, net of direct expenses of \$142,325	632,488	-	632,488
Appointment, delivery, and pickup fees	1,509,985	-	1,509,985
Furniture sales, net of cost of goods sold of \$343,599	76,099	-	76,099
Rental income - Roseville building, net of expenses of \$164,511	71,654	-	71,654
Interest income	133,899	-	133,899
Gain on recovery of capital leases	63	-	63
Change in beneficial interest in assets held by others	15,470	-	15,470
Miscellaneous	19,806	-	19,806
Net assets released from restrictions	252,458	(252,458)	-
Total Revenues, Gains and Other Support	<u>11,571,728</u>	<u>141,419</u>	<u>11,713,147</u>
Expenses			
Program services	<u>10,505,951</u>	-	<u>10,505,951</u>
Supporting services			
Management and general	433,183	-	433,183
Fundraising	431,144	-	431,144
Total supporting services	<u>864,327</u>	-	<u>864,327</u>
Total Expenses	<u>11,370,278</u>	-	<u>11,370,278</u>
Change in Net Assets	201,450	141,419	342,869
Net Assets, January 1	<u>8,744,553</u>	<u>517,227</u>	<u>9,261,780</u>
Net Assets, December 31	<u>\$ 8,946,003</u>	<u>\$ 658,646</u>	<u>\$ 9,604,649</u>

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

Bridging, Inc.
Statements of Activities (Continued)
For the Years Ended December 31, 2024 and 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
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 Functional Expenses
For the Years Ended December 31, 2024 and 2023

	2024				
	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries and Related Expenses					
Staff salaries	\$ 2,008,973	\$ 279,866	\$ 243,098	\$ 522,964	\$ 2,531,937
Employee benefits	222,579	32,925	28,579	61,504	284,083
Payroll taxes	124,689	18,445	16,010	34,455	159,144
Total Salaries and Related Expenses	2,356,241	331,236	287,687	618,923	2,975,164
Expenses					
Donations to clients	6,846,636	-	-	-	6,846,636
In-kind expense	12,120	21,047	45,303	66,350	78,470
Product expenses	195,031	-	-	-	195,031
Truck expense	95,115	-	-	-	95,115
Insurance	117,235	11,165	11,165	22,330	139,565
Rent	16,882	-	-	-	16,882
Postage	-	2,395	11,298	13,693	13,693
Printing	5,469	912	2,735	3,647	9,116
Supplies	47,966	587	587	1,174	49,140
Computer support	65,846	10,262	9,407	19,669	85,515
Telephone	22,408	3,492	3,201	6,693	29,101
Bank/credit card fees	43,920	2,440	15,513	17,953	61,873
Dues and subscriptions	7,986	761	761	1,522	9,508
Marketing	52,070	4,959	9,768	14,727	66,797
Education	7,188	685	685	1,370	8,558
Professional fees	74,321	15,065	11,048	26,113	100,434
Maintenance	36,125	3,331	3,331	6,662	42,787
Rubbish removal	40,519	1,762	1,762	3,524	44,043
Utilities	43,192	4,114	4,114	8,228	51,420
Business meals and meeting expense	29,704	2,829	2,829	5,658	35,362
Volunteer recognition	13,536	-	705	705	14,241
Diversity initiative	7,490	3,210	-	3,210	10,700
Miscellaneous	1,858	840	176	1,016	2,874
Interest	44,218	-	-	-	44,218
Special events	-	-	142,325	142,325	142,325
Property management fees	-	164,511	-	164,511	164,511
Bad debts	3,930	-	-	-	3,930
Total Expenses Before Amortization and Depreciation	10,187,006	585,603	564,400	1,150,003	11,337,009
Amortization	192,853	6,668	5,002	11,670	204,523
Depreciation	126,092	5,423	4,067	9,490	135,582
Total Expenses Before Removing Expenses Reported on Statement of Activities	10,505,951	597,694	573,469	1,171,163	11,677,114
Less: event expense	-	-	(142,325)	(142,325)	(142,325)
Less: property management fees	-	(164,511)	-	(164,511)	(164,511)
Total Expenses	\$ 10,505,951	\$ 433,183	\$ 431,144	\$ 864,327	\$ 11,370,278

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

Bridging, Inc.
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2024 and 2023

	2023				
	Supporting Services			Total Supporting Services	Total Expenses
	Program 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 expenses	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
Property 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 expenses	-	-	(161,814)	(161,814)	(161,814)
Less: property management fees	-	(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 Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 342,869	\$ 1,067,336
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	170,237	176,620
Amortization of intangible assets	13,563	10,040
Amortization of right of use assets	190,960	99,312
Bad debts	3,930	5,388
Unrealized gain on investments	(16,491)	-
Loss on disposal of property and equipment	-	9,749
Lease expense in excess of cash paid	12,224	585
Noncash donations to clients	6,846,636	6,664,625
Noncash contributions of furniture	(6,961,447)	(6,596,881)
Change in assets and liabilities:		
Program service receivables	(35,107)	(16,338)
Grants and contribution receivables	(138,620)	
Inventory	4,609	23,741
Prepaid expenses	(26,234)	(2,434)
Security deposits, asset	(11,453)	-
Accounts payable	43,283	(52,469)
Other accrued expenses	19,126	9,367
Compensated absences payable	6,691	2,374
Deferred revenue - program services	8,868	1,091
Net Cash Provided by Operating Activities	473,644	1,402,106
Cash Flows from Investing Activities		
Purchase of beneficial interest in assets held by others	(120,844)	-
Cash outlay for property and equipment	(85,854)	(71,885)
Net Cash Used by Investing Activities	(206,698)	(71,885)
Cash Flows from Financing Activities		
Payments on lease obligations	(176,582)	(115,580)
Change in Cash and Cash Equivalents	90,364	1,214,641
Beginning Cash and Cash Equivalents	4,237,129	3,022,488
Ending Cash and Cash Equivalents	\$ 4,327,493	\$ 4,237,129
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 44,218	\$ 14,502
Supplemental Schedule of Noncash Investing and Financing Activities		
Right-of-use asset acquired under financing leases	\$ 190,193	\$ 789,059
Right-of-use asset acquired under operating leases	\$ 355,692	\$ -

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

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

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

The Organization considers all short term debt instruments purchased with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash in bank deposit accounts at high credit quality financial institutions. Cash accounts are insured by FDIC. The balances may, at times, exceed federally insured limits. The Organization has not experienced any loss on these accounts and believes it is not exposed to any significant credit risk.

E. Grants and Contributions Receivable

Grants and contributions receivable are amounts due to the Organization from various agencies. Receivables are periodically reviewed for collectability by management and an estimated allowance is recorded if necessary. All grants receivables are considered collectible by management based upon history and assessed risk of collection.

F. 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. As of December 31, 2024 and 2023, management has determined all accounts to be collectible and therefore an allowance is not considered necessary.

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

G. 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.

H. Investments

Investments are generally recorded at fair value based on quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless income or loss is restricted by donor or law.

I. Prepaid Expenses

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

J. 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	5 - 39
Leasehold improvements	5
Office furniture and equipment	3 - 5
Vehicles	5
Warehouse equipment	3 - 39

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 expenses as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

K. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

L. 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.

M. 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.

N. 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.

O. Support and Revenue Recognition

Revenue Recognition Policy

The Organization has the following earned income sources: appointment fees, delivery fees, and residential pickup fees, special events, and furniture sales. The following describes how the revenue is recognized.

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.

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

O. Support and Revenue Recognition (Continued)

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.

Performance Obligations

The performance obligation related to the appointment fees, delivery fees, and residential pickup fees 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.

Contract Balances

Billing primarily occurs concurrently with revenue recognition. However, the Organization may offer payment terms resulting in program service receivables, which are considered contract assets. Billing may occur in advance of revenue recognition, resulting in contract liabilities, which are reported as deferred revenue on the statement of financial position.

Deferred revenue consists of payments received in advance that relate to appointment and delivery fees. All deferred revenue is classified as current and will be recognized over the next year.

The Organization may offer payment terms resulting in program service receivables, which are considered contract assets. Program service receivables included on the statement of financial position represents all amounts billed and earned in the current year.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract Assets			
Program service receivables	<u>\$ 167,197</u>	<u>\$ 157,954</u>	<u>\$ 146,583</u>
Contract Liabilities			
Deferred revenue	<u>\$ 62,141</u>	<u>\$ 53,273</u>	<u>\$ 52,182</u>

Support

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.

P. 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.

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Q. 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.

R. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 24, 2025, the date the financial statements were available to be issued.

Note 2: Prepaid Expenses

Prepaid expenses consist of the following at December 31:

	2024	2023
Prepaid insurance	\$ 103,054	\$ 71,487
Prepaid software support	18,600	23,933
Total	\$ 121,654	\$ 95,420

Note 3: Line of Credit

The Organization has a secured line of credit with a maximum of \$500,000 and a variable interest rate with a floor of 7.00% which automatically renews annually and matures June of 2027. The line of credit is secured by the Organization's property in Bloomington, MN. The line of credit was unused during 2024 and 2023 had no balance due at December 31, 2024 and 2023.

Note 4: Lease Income

The Organization 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 property taxes. The total net lease income is as follows for the years ended December 31:

	2024	2023
Rental Income - Roseville	\$ 236,165	\$ 246,238
Less:		
Direct management fees	86,588	102,150
Property tax	43,268	45,502
Depreciation	34,655	34,502
Net Lease Income	\$ 71,654	\$ 64,084

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4: Lease Income (Continued)

As of December 31, 2024, future minimum lease payments to be received over the remaining term of the lease are as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2025	\$ 117,093
2026	40,082
Total	<u>\$ 157,175</u>

Note 5: Leases

Operating Leases

Effective December 6, 2024, the Organization entered into an office lease agreement with Pixelwerx, LLC. The lease is on a monthly payment plan with annual increases. Base rent per month is \$11,453 and will increase approximately 3% annually. Rent includes real estate taxes and utilities.

Financing Leases

The Organization has entered into several financing leases. 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 \$702,898 and \$704,393 at December 31, 2024 and 2023 respectively. The finance lease obligations are payable monthly and range from \$347 to \$8,785.

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

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 5: Leases (Continued)

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

Lease expense	2024	2023
Finance lease expense		
Amortization of ROU assets	\$ 190,960	\$ 99,312
Interest on lease liabilities	32,818	4,258
Operating lease expense	11,400	-
Total	\$ 235,178	\$ 103,570
 Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. Interest)	\$ 32,818	\$ 4,128
Financing cash flows from finance leases (i.e. principal portion)	176,582	87,884
ROU assets obtained in exchange for new finance lease liabilities	190,193	795,967
ROU assets obtained in exchange for new operating lease liabilities	355,692	-
Weighted-average remaining lease term in years for finance leases	4.90	6.27
Weighted-average remaining lease term in years for operating leases	2.67	-
Weighted-average discount rate for finance leases	3.37%	0.00%
Weighted-average discount rate for operating leases	4.07%	3.71%
	Finance	Operating
<u>For the Years Ended December 31,</u>		
2025	\$ 207,219	\$ 137,436
2026	181,510	141,564
2027	107,976	97,200
2028	105,424	-
2029	105,424	-
Thereafter	81,398	-
Total undiscounted cash flows	788,951	376,200
Less: present value discount	(67,034)	(19,301)
Total lease liabilities	\$ 721,917	\$ 356,899

Note 6: Net Assets with Donor Restrictions

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

	2024	2023
Net assets with donor restrictions, January 1	\$ 517,227	\$ 152,949
Additions to assets restricted for purpose	393,877	667,009
Expenses incurred to satisfy donor restrictions	(252,458)	(302,731)
Net assets with donor restrictions, December 31	\$ 658,646	\$ 517,227

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 6: Net Assets with Donor Restrictions (Continued)

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

	2024	2023
Northwest expansion project	\$ 465,368	\$ 350,000
Memorials	120,844	120,844
Client products	67,333	12,860
Special events	2,500	1,350
Environmental sustainability	1,429	-
Volunteer Hub	1,172	11,572
Time restricted	-	20,000
Building remodel	-	601
	\$ 658,646	\$ 517,227

Note 7: Depreciation Expense

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

	2024	2023
Program services expense	\$ 126,092	\$ 132,170
Rental income - Roseville building	34,655	34,502
Management and general expense	5,423	5,685
Fundraising expense	4,067	4,263
	\$ 170,237	\$ 176,620

Note 8: 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 \$88,936 and \$86,993 for the years ended December 31, 2024 and 2023, respectively.

Note 9: Interest and Investment Income

The Organization's interest and investment income consisted of the following at December 31:

	2024	2023
Interest income	\$ 133,899	\$ 51,859
Unrealized gain	15,470	-
Investment income (loss)	1,021	-
	\$ 150,390	\$ 51,859

Bridging, Inc.
Notes to the Financial Statements
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Note 10: Fair Market Value Measurements

The Organization has adopted ASC Topic 820, Fair Value Measurements and Disclosures. ASC Topic 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of input that may be used to measure fair value, as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that included quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows

Level 3 - Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

The Organization also has adopted ASC Topic 825, Financial Instruments. ASC Topic 825 allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities that are not otherwise required to be stated at fair value, on a contract-by-contract basis. The Organization has not elected to change the measurement of any existing financial instruments at fair value. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Beneficial Interest in Assets Held by Others: Valued at the daily closing price as reported by the community foundation.

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following at December 31, 2024.

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 137,335	\$ 137,335

There were no investments at December 31, 2023.

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 11: Beneficial Interest in Assets Held by Others

The Founder Fran Bridging Legacy Fund (the Fund) was established with the Saint Paul & Minnesota Foundation (the Foundation). The Organization is the sole beneficiary of the Fund.

The portion of the Fund contributed by the Organization is reported as an asset of the Organization. The balance at December 31, 2024 and 2023 is included in the statements of financial position under the caption "Beneficial interest in assets held by others." This portion is recorded at fair value, which is estimated as the fair value of the underlying trust assets.

	2024	2023
Beneficial interest, beginning of year	\$ -	\$ -
(Decrease) increase in beneficial interest	137,335	-
Beneficial interest, end of year	\$ 137,335	\$ -

Bridging, Inc.
Notes to the Financial Statements
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Note 12: In-kind Contributions

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

	<u>2024</u>	<u>2023</u>	<u>Usage in Programs/Activities</u>	<u>Fair Value Techniques</u>
Donated furniture and household items	\$ 6,961,447	\$ 6,596,881	Program	Estimated wholesale prices of identical or similar products if purchased in the region
Public relations services	23,170	2,250	Program, management and general and fundraising	Estimated based on time rates for each practitioner
Professional services	20,325	7,886	Management and general	Estimated based on time rates for each practitioner
Public relations supplies	20,241	2,191	Program, management and general and fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Miscellaneous services	8,679	8,275	Management and general	Estimated based on time rates for each practitioner
Printing	5,645	5,785	Program, management and general and fundraising	Estimated wholesale prices of identical or similar products if purchased in the region
Warehouse Supplies	411	-	Program, management and general and fundraising	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
Total In-kind Contributions	<u>\$ 7,039,918</u>	<u>\$ 6,651,168</u>		

None of these items had any donor restrictions. The Organization also received estimated volunteer services of 75,645 hours from 4,125 volunteers and 69,949 hours from 3,864 volunteers in 2024 and 2023, respectively. These hours are not recorded as they do not meet the definition of recorded services.

Bridging, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 13: 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:

	2024	2023
Cash and cash equivalents	\$ 4,327,493	\$ 4,237,129
Beneficial interest in assets held by others	137,335	-
Program service receivable	190,463	159,286
Grants and contributions receivable	146,870	8,250
Total Financial Assets	4,802,161	4,404,665
Less assets unavailable for use in the next year:		
Net assets with donor restriction	(658,646)	(517,227)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,143,515	\$ 3,887,438

In 2024 and 2023, balances of \$658,646 and \$517,227, respectively, in 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.