

BRIDGES OUTREACH, INC.  
FINANCIAL STATEMENTS  
YEARS ENDING DECEMBER 31, 2022 AND 2021

BRIDGES OUTREACH, INC.  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bridges Outreach, Inc.

### Opinion

I have audited the accompanying financial statements of Bridges Outreach, Inc. (Bridges) (a nonprofit organization) 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bridges Outreach, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Bridges and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Bridges' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

My 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 my 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, 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 the 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 Bridges' 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridges' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

October 10, 2023  
Hillsborough, NJ

*James M. Wood, CPA*

BRIDGES OUTREACH, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets		
Cash & cash equivalents	\$ 849,244	\$ 676,027
Investment securities	-	23,909
Grants & accounts receivable	152,149	58,067
	<u>1,001,393</u>	<u>758,003</u>
Fixed assets, net	27,291	48,210
Operating lease right-of-use asset	36,441	-
Security deposit	9,676	9,676
	<u>\$ 1,074,801</u>	<u>\$ 815,889</u>
<b>Liabilities &amp; Net Assets</b>		
Current liabilities		
Accounts payable & accrued expenses	\$ 113,688	\$ 48,676
Grants received in advance	56,673	-
Operating lease liability	36,441	-
	<u>206,802</u>	<u>48,676</u>
Net assets		
Without donor restrictions	<u>867,999</u>	<u>767,213</u>
	<u>\$ 1,074,801</u>	<u>\$ 815,889</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	Without Donor <u>Restrictions</u>	Without Donor <u>Restrictions</u>
Support & revenue		
Contributions	\$ 649,034	\$ 721,698
Grants	720,576	472,878
Contractual fees for service	359,062	133,016
Special events	43,691	94,671
Interest income	1,849	1,600
Unrealized loss on investment securities	(2,731)	(1,323)
Miscellaneous	8,940	-
Contributions of nonfinancial assets		
Donated items & services	405,958	889,098
Total support & revenue	<u>2,186,379</u>	<u>2,311,638</u>
Functional expenses		
Program	1,670,870	2,036,799
Management & general	175,899	146,753
Fund raising	238,824	186,523
Total expenses	<u>2,085,593</u>	<u>2,370,075</u>
Increase (decrease) in net assets	100,786	(58,437)
Net assets		
Beginning of year	<u>767,213</u>	<u>825,650</u>
End of year	<u>\$ 867,999</u>	<u>\$ 767,213</u>

See accompanying notes to financial statements.

**BRIDGES OUTREACH, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022				2021			
	<u>Program</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Program</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 787,484	\$ 93,255	\$ 155,424	\$ 1,036,163	\$ 652,175	\$ 74,298	\$ 99,065	\$ 825,538
Payroll tax	97,350	9,056	6,792	113,198	51,779	5,899	7,865	65,543
Fringe benefits	15,119	1,790	2,984	19,893	4,215	480	640	5,335
	<u>899,953</u>	<u>104,101</u>	<u>165,200</u>	<u>1,169,254</u>	<u>708,169</u>	<u>80,677</u>	<u>107,570</u>	<u>896,416</u>
Client assistance	167,771	-	-	167,771	127,816	-	-	127,816
Delivery of goods disbursed	23,240	-	-	23,240	15,137	-	-	15,137
Donated goods disbursed	405,958	-	-	405,958	839,098	-	-	839,098
Marketing & advertising	10,136	750	43,430	54,316	27,117	-	25,946	53,063
Consultants & professional services	25,907	37,161	11,542	74,610	68,250	21,152	24,135	113,537
Donated professional services	-	-	-	-	50,000	-	-	50,000
Occupancy	56,529	4,528	6,280	67,337	53,200	6,061	8,081	67,342
Training	1,332	1,411	3,143	5,886	3,354	2,218	307	5,879
Travel	19,792	267	444	20,503	35,170	2,439	1,136	38,745
Insurance	19,136	2,266	3,777	25,179	28,108	3,202	4,270	35,580
Office expenses	16,694	20,867	4,173	41,734	33,614	20,933	9,849	64,396
Software licensing	3,129	4,504	761	8,394	10,721	9,320	4,985	25,026
Miscellaneous	374	44	74	492	1,607	751	244	2,602
	<u>1,649,951</u>	<u>175,899</u>	<u>238,824</u>	<u>2,064,674</u>	<u>2,001,361</u>	<u>146,753</u>	<u>186,523</u>	<u>2,334,637</u>
Depreciation	<u>20,919</u>	<u>-</u>	<u>-</u>	<u>20,919</u>	<u>35,438</u>	<u>-</u>	<u>-</u>	<u>35,438</u>
Total functional expenses	<u>\$ 1,670,870</u>	<u>\$ 175,899</u>	<u>\$ 238,824</u>	<u>\$ 2,085,593</u>	<u>\$ 2,036,799</u>	<u>\$ 146,753</u>	<u>\$ 186,523</u>	<u>\$ 2,370,075</u>

See accompanying notes to financial statements.

BRIDGES OUTREACH, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 100,786	\$ (58,437)
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	20,919	35,438
Unrealized loss on investment securities	2,731	1,323
Investment securities received as contribution	-	(25,232)
(Increase) decrease in:		
Grants & accounts receivable	(94,082)	(31,895)
Prepaid expenses	-	2,582
Increase (decrease) in:		
Accounts payable & accrued expenses	65,012	24,092
Grants received in advance	56,673	-
	<u>152,039</u>	<u>(52,129)</u>
Cash provided by (used in) operating activities	152,039	(52,129)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments securities	<u>21,178</u>	<u>-</u>
Cash provided by financing activities	<u>21,178</u>	<u>-</u>
Net increase (decrease) in cash	173,217	(52,129)
<b>Cash</b>		
Beginning of year	<u>676,027</u>	<u>728,156</u>
End of year	\$ <u><u>849,244</u></u>	\$ <u><u>676,027</u></u>

See accompanying notes to financial statements.



BRIDGES OUTREACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(1) **Nature of Organization**

Bridges Outreach, Inc., t/a Bridges, is a not-for-profit corporation based in Summit, New Jersey, organized in 1991. Bridges ends homelessness through volunteer-driven outreach and individual case management focusing on health, housing, and independence. Bridges forms relationships with those experiencing homelessness while meeting their most urgent needs. Bridges connects the housed and homeless to establish relationships that lead to greater acceptance and understanding, social and economic growth, and well-being. Bridges' programs include:

*Street Outreach*

Bridges delivers ready-made meals, clothing and necessities with compassion and respect to the most vulnerable homeless and food insecure in Manhattan, Newark and Irvington.

*Project Connect*

Professional case managers work with homeless clients in Newark to establish needs and set realistic goals that lead to better health, housing and independence. Onsite medical services are offered through a partnership with St. James Health.

*Summit Programs*

Every Friday, Bridges opens its doors to Summit neighbors in need offering showers, clothing and other necessities. Other yearly events include Martin Luther King Volunteer Day of Service, backpack and school supply distribution, and a health fair.

(2) **Summary of Significant Accounting Policies**

*Financial statement presentation*

In accordance with generally accepted accounting principles, Bridges reports its statements of financial position and activities on the accrual basis of accounting according to two classes of net assets: without donor restrictions and with donor restrictions.

*Contributions*

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor imposed restrictions.

*Grants*

Grants received from foundations and corporations are treated as contributions and are recorded as without or with donor restrictions depending on the nature of any donor imposed conditions. Grants which are conditional in nature are recognized when the underlying conditions are substantially satisfied.

BRIDGES OUTREACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
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*Donated items*

Bridges receives donations of food, clothing, toiletries, camp & school supplies and other items which are distributed as part of its program services. All such donations are recorded as contributions at the estimated fair value at the date of donation.

*Donated services*

Bridges records donated services as income and related expense if the service provided is specialized and would be purchased if not donated.

*Cash*

For purposes of the statement of cash flows, Bridges considers demand deposits in financial institutions to be cash.

*Fixed assets*

Fixed assets are shown at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The cost of maintenance and repairs is charged to income as incurred.

*Leases*

Beginning in 2022, Bridges recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. Bridges is a lessee in a noncancellable operating lease for office space. Bridges determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Bridges recognizes a lease liability and a right to use asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the risk-free rate of return at the lease's inception. The right of use assets is subsequently measured throughout the lease term at the amount of the re-measured lease liability which is the present value of the remaining lease payments. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Bridges has elected not to recognize right of use assets and lease liabilities for short-term leases that have a term of 12 months or less at lease commencement

*Income tax status*

Bridges Outreach, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

*Functional expenses*

Expenses are charged to each program or cost center based on direct expenses incurred. Any expenses not directly chargeable are allocated based on applicable usage rates.

BRIDGES OUTREACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
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*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Accounting for uncertainty in income taxes*

Bridges' accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. Bridges' exempt organization filings for the years ended December 31, 2019 through 2022 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine Bridges Outreach's financial activities for income and unrelated business income tax for those years.

*Adoption of New Accounting Standards*

Bridges adopted Financial Accounting Standards Update (ASU) No. 2016-20, *Leases*, on January 1, 2022. Under this guidance, lessees recognize a right of use asset and a lease liability on the statement of financial position for all leases with a term longer than 12 months. Bridges used the modified retrospective transition approach for the adoption.

Bridges adopted ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, on January 1, 2022. This ASU requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities apart from contributions of cash or other financial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions.

**(3) Fixed Assets**

As of December 31, 2022 and 2021, fixed assets consist of the following:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 72,823	\$ 72,823
Furniture & equipment	23,847	23,847
Leasehold improvements	<u>124,222</u>	<u>124,222</u>
	220,892	220,892
Less accumulated depreciation	<u>193,601</u>	<u>172,682</u>
	<u>\$ 27,291</u>	<u>\$ 48,210</u>

BRIDGES OUTREACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

**(4) Lease Commitments**

Bridges has obligations as a lessee for office space with an initial noncancellable term in excess of one year. These leases are classified as operating.

Lease expense for the year ended December 31, 2022 and 2021 were \$33,283 and \$25,365, respectively.

As of December 31, 2022, amounts reported in the statement of financial position are as follows:

Operating lease right-of-use asset	\$36,441
Operating lease liability	36,441

Other information related to leases as of December 31, 2022 is as follows:

Supplemental cash flow information:

Cash paid for operating lease expense	\$36,441
Remaining operating lease term	1 year
Risk-free rate of return	4%

Maturity of the lease liability under its noncancellable operating lease as of December 31, 2022 is as follows:

2023	\$ 34,770
2024	<u>2,398</u>
Total undiscounted lease payments	37,168
Less imputed interest	<u>( 727)</u>
Total lease liability	<u>\$ 36,441</u>

**(5) Donated Services**

For the years ended December 31, 2022 and 2021, volunteers reported approximately 7,327 and 2,950 hours respectively in time donated for preparing meals, organizing articles of need, delivery to recipients, and fostering relationships. The value of these hours is a vital and integral portion of Bridges' mission and programming but is not recorded in the financial statements in accordance with generally accepted accounting principles.

**(6) Uninsured Balances**

As of December 31, 2022 and 2021, cash exceeding federally insured limits in one depository institution totaled \$476,632 and \$210,943, respectively.

BRIDGES OUTREACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(7) **Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows as of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Cash	\$ 849,244	\$ 676,027
Investment securities	-	23,909
Grants & accounts receivable	<u>152,149</u>	<u>58,067</u>
Total financial assets	<u>\$1,001,393</u>	<u>\$ 758,003</u>

Cash in excess of daily requirements is invested in interest-bearing demand deposits.

(8) **Subsequent Events**

Bridges has evaluated the need for adjustments resulting from subsequent events through October 10, 2023, the date the financial statements were available to be issued. Based upon this evaluation, no adjustments or additional disclosures were required to the financial statements as of December 31, 2022.