

# NewBridge

NEWBRIDGE CLEVELAND CENTER FOR ARTS & TECHNOLOGY

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

June 30, 2022

## INDEX

	<u>Page</u>
Independent Auditor's Report	
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4 - 5
Statement of Functional Expenses	6 - 7
Statement of Cash Flows	8 - 9
Notes to Financial Statements	10 - 18



## MEADEN & MOORE

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
New Bridge Cleveland Center for Arts & Technology  
Cleveland, Ohio

#### ***Opinion***

We have audited the financial statements of Cleveland Center for Arts and Technology dba New Bridge Cleveland Center for Arts & Technology (“Organization”), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Bridge Cleveland Center for Arts & Technology as of June 30, 2022, and the changes in its net assets and its cash flows for the year 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 (GAAS). 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.

#### ***Other Matter***

The financial statements of New Bridge Cleveland Center for Arts & Technology for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on November 11, 2021.

#### ***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 for one year after the date that the financial statements are issued.

**Meaden & Moore, Ltd.**

(A Meaden & Moore Affiliate Company)

1375 East Ninth Street, Suite 1800 | Cleveland, OH 44114-1790 | P (216) 241-3272 | F (216) 771-4511 |

meadenmoore.com

## *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 GAAS 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 GAAS, 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.

A handwritten signature in blue ink that reads "Meaden & Moore Ltd." in a cursive script.

MEADEN & MOORE, LTD.  
Cleveland, Ohio

December 5, 2022

STATEMENT OF FINANCIAL POSITION

New Bridge Cleveland Center for Arts & Technology

	June 30	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 310,174	\$ 360,900
Accounts receivable	283,665	68,795
Pledge receivable	50,000	75,000
Grant and contribution receivables	374,433	469,672
Prepaid expenses and deposits	-	11,723
Property and equipment - net	57,296	50,297
Assets held in trust by others	88,786	98,042
Other receivable - Employer Retention Credit	190,554	-
Deposits	23,053	18,053
Total Assets	\$ 1,377,961	\$ 1,152,482
<b>LIABILITIES</b>		
Note payable	\$ -	\$ 174,500
Accounts payable	65,364	9,709
Accrued expenses	21,401	574
Capital lease obligation	14,871	22,373
Deferred rent payable	46,533	33,091
Total Liabilities	148,169	240,247
<b>NET ASSETS</b>		
Without Donor Restrictions	811,018	384,013
With Donor Restrictions	418,774	528,222
Total Net Assets	1,229,792	912,235
Total Liabilities and Net Assets	\$ 1,377,961	\$ 1,152,482

See accompanying notes.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

New Bridge Cleveland Center for Arts & Technology

Year Ended June 30

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 1,064,259	\$ -	\$ 1,064,259
Contributions	96,267	829,924	926,191
Special events - net	-	10,000	10,000
Program fees	135,600	-	135,600
Investment income	90	-	90
Change in assets held by others	(11,364)	-	(11,364)
Paycheck Protection Program loan forgiveness	174,500	-	174,500
Employer Retention Credit	190,554	-	190,554
Other income	1,942	-	1,942
	<u>1,651,848</u>	<u>839,924</u>	<u>2,491,772</u>
Total Support and Revenue			
	1,651,848	839,924	2,491,772
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	949,372	(949,372)	-
	<u>949,372</u>	<u>(949,372)</u>	<u>-</u>
	2,601,220	(109,448)	2,491,772
<b>EXPENSES</b>			
Program Services:			
Adult program	916,129	-	916,129
Youth program	869,418	-	869,418
	<u>869,418</u>	<u>-</u>	<u>869,418</u>
Total Program Services	1,785,547	-	1,785,547
General and administrative	167,653	-	167,653
Fundraising and development	221,015	-	221,015
	<u>221,015</u>	<u>-</u>	<u>221,015</u>
Total Expenses	2,174,215	-	2,174,215
	<u>2,174,215</u>	<u>-</u>	<u>2,174,215</u>
Change in Net Assets	427,005	(109,448)	317,557
Beginning Net Assets	384,013	528,222	912,235
	<u>384,013</u>	<u>528,222</u>	<u>912,235</u>
Ending Net Assets	\$ 811,018	\$ 418,774	\$ 1,229,792
	<u>\$ 811,018</u>	<u>\$ 418,774</u>	<u>\$ 1,229,792</u>

See accompanying notes.

2021		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 66,240	\$ -	\$ 66,240
89,492	1,046,689	1,136,181
-	-	-
80,503	-	80,503
8,921	-	8,921
1,527	-	1,527
172,500	-	172,500
-	-	-
3,218	-	3,218
<u>422,401</u>	<u>1,046,689</u>	<u>1,469,090</u>
<u>1,006,441</u>	<u>(1,006,441)</u>	<u>-</u>
1,428,842	40,248	1,469,090
639,853	-	639,853
279,630	-	279,630
<u>919,483</u>	<u>-</u>	<u>919,483</u>
125,906	-	125,906
250,889	-	250,889
<u>1,296,278</u>	<u>-</u>	<u>1,296,278</u>
132,564	40,248	172,812
251,449	487,974	739,423
<u>\$ 384,013</u>	<u>\$ 528,222</u>	<u>\$ 912,235</u>

STATEMENT OF FUNCTIONAL EXPENSES

New Bridge Cleveland Center for Arts & Technology

Year Ended June 30, 2022

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Adult Program</u>	<u>Youth Program</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 416,636	\$ 368,691	\$ 785,327	\$ 65,513	\$ 104,608	\$ 955,448
Payroll taxes and fringe benefits	98,317	65,009	163,326	23,922	18,554	205,802
	<u>514,953</u>	<u>433,700</u>	<u>948,653</u>	<u>89,435</u>	<u>123,162</u>	<u>1,161,250</u>
Advertising	37,211	17,831	55,042	21,090	2,060	78,192
Background and security	3,807	-	3,807	-	-	3,807
Building and equipment rent	99,945	102,057	202,002	7,834	9,530	219,366
Consulting	1,638	180,059	181,697	92	64,692	246,481
Depreciation	19,188	3,987	23,175	1,459	1,458	26,092
Dues and subscriptions	18,988	7,301	26,289	945	1,701	28,935
Information technology	12,918	7,899	20,817	1,064	1,185	23,066
Insurance	13,170	7,935	21,105	8,541	1,195	30,841
Interest	-	-	-	1,905	-	1,905
Licenses and permits	2,883	282	3,165	95	-	3,260
Postage	1,836	65	1,901	-	292	2,193
Printing	545	13	558	8	6	572
Professional development	2,955	14,040	16,995	2,501	1,190	20,686
Professional fees	20,992	12,122	33,114	9,572	7,486	50,172
Repairs and maintenance	20,413	7,102	27,515	2,264	1,072	30,851
Supplies	127,027	64,723	191,750	19,235	4,567	215,552
Telephone	3,025	1,652	4,677	397	231	5,305
Utilities	14,635	8,650	23,285	1,216	1,188	25,689
Total Expenses	<u>\$ 916,129</u>	<u>\$ 869,418</u>	<u>\$ 1,785,547</u>	<u>\$ 167,653</u>	<u>\$ 221,015</u>	<u>\$ 2,174,215</u>

See accompanying notes.

	Program Services			Supporting Services		
	Adult Program	Youth Program	Total Program	General and Administrative	Fundraising and Development	Total
Salaries and wages	\$ 348,320	\$ 102,285	\$ 450,605	\$ 58,481	\$ 151,382	\$ 660,468
Payroll taxes and fringe benefits	79,548	23,688	103,236	26,619	19,189	149,044
	427,868	125,973	553,841	85,100	170,571	809,512
Advertising	2,530	408	2,938	1,215	677	4,830
Background and security	3,576	-	3,576	-	-	3,576
Building and equipment rent	94,485	90,333	184,818	20,059	5,717	210,594
Consulting	8,802	5,447	14,249	174	54,500	68,923
Depreciation	14,478	13,420	27,898	941	1,441	30,280
Dues and subscriptions	1,712	497	2,209	454	2,075	4,738
Information technology	11,599	8,296	19,895	3,520	1,796	25,211
Insurance	11,290	6,894	18,184	2,618	1,681	22,483
Interest	-	-	-	1,444	-	1,444
Licenses and permits	25	-	25	115	-	140
Postage	14	55	69	-	1,247	1,316
Printing	343	-	343	42	-	385
Professional development	203	125	328	1,443	1,811	3,582
Professional fees	10,911	6,751	17,662	4,491	7,239	29,392
Repairs and maintenance	765	654	1,419	872	70	2,361
Supplies	37,866	8,361	46,227	1,800	789	48,816
Telephone	2,836	2,629	5,465	537	240	6,242
Utilities	10,550	9,787	20,337	1,078	1,035	22,450
Total Expenses	<u>\$ 639,853</u>	<u>\$ 279,630</u>	<u>\$ 919,483</u>	<u>\$ 125,906</u>	<u>\$ 250,889</u>	<u>\$ 1,296,278</u>

STATEMENT OF CASH FLOWS

New Bridge Cleveland Center for Arts & Technology

	Year Ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 2,044,003	\$ 1,209,949
Investment income	90	8,921
Cash paid to suppliers and employees	(2,044,571)	(1,299,223)
Interest paid	(1,905)	(1,444)
	(2,383)	(81,797)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(33,091)	(974)
Increase in deposits	(5,000)	-
Contributions to funds held by others	(2,750)	(91,904)
	(40,841)	(92,878)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Additional borrowing on note payable	-	174,500
Repayment of capital lease obligation	(7,502)	(7,102)
	(7,502)	167,398
Cash Provided by (Used in) Financing Activities	(7,502)	167,398
Decrease in Cash and Equivalents	(50,726)	(7,277)
Cash and Cash Equivalents - Beginning of the Year	360,900	368,177
Cash and Cash Equivalents - End of the Year	\$ 310,174	\$ 360,900

*See accompanying notes.*

	Year Ended June 30	
	<u>2022</u>	<u>2021</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 317,557	\$ 172,812
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	26,092	30,280
Deferred rent payable	13,442	23,931
Change in fair value of funds held by others	12,006	(1,527)
Paycheck Protection Program loan forgiveness	(174,500)	(172,500)
Increase (Decrease) in Cash from Changes in:		
Accounts receivable	(214,870)	11,661
Pledge receivable	25,000	(87,854)
Grant and contribution receivables	95,239	-
Prepaid expenses	11,723	(11,723)
Other receivable - Employer Retention Credit	(190,554)	-
Accounts payable	55,655	(21,795)
Accrued expenses	20,827	(25,082)
	<u>(319,940)</u>	<u>(254,609)</u>
	<u>\$ (2,383)</u>	<u>\$ (81,797)</u>
 Supplemental Schedule of Noncash Investing and Financing Activities:		
Paycheck Protection Program loan forgiveness	<u>\$ 174,500</u>	<u>\$ 172,500</u>

## NOTES TO FINANCIAL STATEMENTS

### NewBridge Cleveland Center for Arts & Technology

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

##### ***Nature of the Organization:***

Cleveland Center for Arts and Technology dba New Bridge Cleveland Center for Arts & Technology (“Organization”), incorporated under the laws of the State of Ohio in 2009, is a non-profit entity that envisions a vibrant community living up to its fullest educational and economic potential. The Organization serves to bridge the gap between adversity and success by offering education, providing opportunities, and inspiring hope. The Organization provides education and personalized support to empower those it serves and to transform lives. The cost of services to both youth and adult students is approximately \$2,500 per student. There are potentially many partners who can provide support to cover those costs and the Organization has a limited number of scholarships for students who do not qualify for assistance from any of the partners.

##### ***Cash and Cash Equivalents:***

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Temporarily uninvested cash in investment accounts is considered an investment rather than a cash equivalent.

At times during the year, the Organization maintained funds on deposit at its banks in excess of FDIC insurance limits.

##### ***Funds Held By Others***

The Organization established an undesignated investment account known as the Cleveland Center for Arts & Technology Endowment Fund (“Fund”) with the Cleveland Foundation (“Foundation”). The Fund represents the interest in assets held at the Foundation and are valued as a practical expedient at the fair value of the Organization’s share of the Foundation’s investment pool as of the measurement date. The Foundation values securities and other financial instruments on the fair value basis of accounting. Realized and unrealized gains and losses and net investment income are reported in the Statement of Activities and Changes in Net Assets as the change in fair value of funds held by others. The change in fair value of funds held by others are reported as increases and decreases in net assets without donor restrictions.

##### ***Accounts Receivable:***

Accounts receivable are stated at the amount management expects to collect. Management provides for uncollectible amounts based on its assessment of the current status of individual accounts.

Management believes no allowance for doubtful accounts was required in 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

**1 Summary of Significant Accounting Policies, Continued**

***Pledge Receivable:***

Pledges receivable includes unconditional pledges from various sources which will be collected over multiple installments through January 2024. Discounts on pledge receivables is not material to the financial statements. Outstanding pledges at year end are as follows:

	<u>2022</u>	<u>2021</u>
In less than one year	\$ 25,000	\$ 25,000
In one to five years	<u>25,000</u>	<u>50,000</u>
Gross Pledge Receivable	<u>\$ 50,000</u>	<u>\$ 75,000</u>

The Organization's policy is to reduce pledges receivable by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. When receivables are determined to be uncollectible, they are written off against the allowance for doubtful accounts. At June 30, 2022 and 2021, management believes that the pledge receivable is collectible and, therefore, no allowance is required.

***Grant and Contribution Receivables:***

Grant and contribution receivables consist of unconditional promises by individuals, foundations and other entities, which are recorded at net realizable value. At June 30, 2022 and 2021, management believes that all receivables are collectible and, therefore, no allowance is required.

***Property and Equipment:***

Property and equipment purchased by the Organization are carried at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Expenditures which substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and capital expenditures of less than \$1,000 are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's activities.

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 1,432,992	\$ 1,432,992
Furniture, fixtures and office equipment	354,323	333,467
Computer equipment and software	<u>205,649</u>	<u>193,414</u>
	1,992,964	1,959,873
Less: Accumulated depreciation	<u>(1,935,668)</u>	<u>(1,909,576)</u>
Property and Equipment, Net	<u>\$ 57,296</u>	<u>\$ 50,297</u>
Depreciation Expense	<u>\$ 26,092</u>	<u>\$ 30,280</u>

NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

**1 Summary of Significant Accounting Policies, Continued**

***Property and Equipment, Continued:***

The Organization provides for depreciation of property and equipment generally using straight-line methods of depreciation over the following estimated useful lives of the assets:

Class	Years
Leasehold improvements	In line with lease term at time of acquisition
Furniture, fixtures and office equipment	5
Computer equipment and software	5

***Vacation Policy:***

Vacation is expensed when paid. Accrual of these benefits as earned would not have a material effect on the financial statements.

***Marketing Costs:***

The Organization participates in various advertising and marketing programs. All costs related to marketing and advertising the Organization's products are expensed in the period incurred. Advertising costs charged to operations was \$78,192 (2022) and \$4,830 (2021).

***Functional Expense Allocations***

Expenses are charged to functional areas based on specific-identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expense, time spent by employees and square footage of space used for various programs. The expenses that are allocated include utilities and facility costs which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Certain costs, such as consultants, contract employees and program materials, are allocated directly to the applicable program.

***Classification of Net Assets:***

In accordance with U.S. GAAP, contributions and grants are classified without donor restriction or with donor restriction based on donor specifications. Revenue and gains are presented under these classifications. Contributions and grants with donor restrictions can be for a specified purpose or time or perpetual in nature.

***Revenue Recognition:***

The Organization recognizes revenue for contributions under ASC 605 where applicable. The Organization recognizes contributions when cash or an unconditional promise to give is received.

## NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

### 1 Summary of Significant Accounting Policies, Continued

#### *Revenue Recognition, Continued:*

Revenue from grants and reimbursement contracts is recognized to the extent that expenses eligible under the grant agreements or for reimbursement have been incurred during the period. Revenue from fees is recognized in the period when the services are provided.

Contributions and grants are recognized when received as with or without donor restriction in accordance with donor specifications. When a restriction expires through accomplishment of purpose or passage of time, the with donor restriction net assets are reclassified to without donor restriction where appropriate and reported in the Statement of Activities and Changes in Net Assets as net assets released from restriction.

#### *Employee Retention Credits:*

The Employee Retention Credit ("ERC") was created under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), enacted March 27, 2020, to encourage businesses to retain employees on their payroll. The taxpayer Certainty and Disaster Tax Relief Act of 2020 ("Relief Act"), enacted December 27, 2020, amended and extended the ERC for the first and second quarters of 2021.

The Organization determined that they were eligible for the ERC for 2020 and the first and third quarters of 2021. The Organization filed the necessary amended payroll tax returns to claim the credits. The Organization calculated the 2020 and 2021 ERC to be \$190,554 which is recorded on the Statement Activities and Changes in Net Assets at June 30, 2022. The Organization is awaiting the refund due as of June 30, 2022 (included as "Other Receivable" on the Statement of Financial Position) and expects to receive the amount due by fiscal year end 2023.

#### *Income Tax Status:*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and operates as a public charity. The Organization is required to operate in conformity with the Code to maintain its tax-exempt status.

#### *Accounting for Uncertainty in Income Taxes:*

The Organization follows the provisions of "Accounting for Uncertainty in Income Taxes" which prescribes a recognition threshold and a measurement attribute for the consolidated financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Organization determined that there are no material uncertain tax positions.

## NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

### 1 Summary of Significant Accounting Policies, Continued

#### *Fair Value of Financial Instruments:*

Financial instruments held by the Organization include, among others, accounts receivable, accounts payable, note payable and capital lease obligations. The carrying amounts reported in the Statement of Financial Position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.

#### *Use of Estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### *Subsequent Events:*

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through December 5, 2022, which is the date the financial statements were available to be issued.

#### *Reclassifications:*

Certain prior year amounts have been reclassified to conform to the presentation used in the current year.

### 2 Funds Held By Others

The purpose of the Fund is to provide an ongoing source of annual support to benefit the Organization. The Foundation invests in equities, fixed income, and cash equivalents. The Fund balance amount to approximately \$88,786 (2022) and \$98,042 (2021).

The assets in the investment account are to be invested at the discretion of the Foundation. There are no restrictions on the Fund and the Organization can make distribution requests from the Fund, which are subject to approval by a voting majority of the members of the executive committee of the Organization's board of directors. Annual distributions from the investments will be based on the fair value of the Fund. Amounts are calculated on January 1 of each year.

NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

**3 Liquidity**

The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Organization receives support without donor restrictions; such support has historically represented some of the annual program funding needs.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The table below presents financial assets available for general expenditures within one year.

	<b>2022</b>	<b>2021</b>
Financial Assets at Year-End:		
Cash and cash equivalents	\$ <b>310,174</b>	\$ 360,900
Accounts receivable	<b>283,665</b>	68,795
Pledge receivable	<b>25,000</b>	25,000
Grant and contribution receivables	<b>374,433</b>	469,672
Assets held in trust by others	<b>88,786</b>	98,042
Other receivable - Employer Retention Credit	<b>190,554</b>	-
Net working capital	<b>1,272,612</b>	1,022,409
Less: Amount with donor restriction	<b>(418,774)</b>	(528,222)
Financial Assets Available to Meet General Expenditures Within One Year	<b>\$ 853,838</b>	\$ 494,187

**4 Note Payable**

In April 2020, the Organization received loan proceeds in the amount of \$172,500, under the Paycheck Protection Program (“PPP”), established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The loan and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels throughout the covered period. In May 2021, the Organization received full forgiveness of the PPP loan and accrued interest based on qualifying expenses.

Therefore, all the conditions of the loan were met during the 2021 fiscal year, and the Organization recognized these funds as revenue on the Statement of Activities and Changes in Net Assets.

NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

**4 Note Payable, Continued**

In January 2021, the Organization received loan proceeds in the amount of \$174,500, under the second round of the Paycheck Protection Program (“PPP”), established as part of the 2021 Consolidated Appropriations Act.

The loan and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels throughout the covered period. In November 2021, the Organization received full forgiveness of the PPP loan and accrued interest based on qualifying expenses.

Therefore, all the conditions of the loan were met during the 2022 fiscal year, and the Organization has recognized these funds as revenue on the Statement of Activities and Changes in Net Assets.

**5 Capital Lease Obligation**

	<u>Current Portion</u>	<u>Total</u>	
	<u>2022</u>	<u>2022</u>	<u>2021</u>
Capital lease obligations on copiers, payable in monthly installments of \$712, including interest at approximately 5.50% per annum, through April 2024.	<u>\$ 7,926</u>	<u>\$ 14,871</u>	<u>\$ 22,373</u>

Maturities of long-term debt are as follows:

<u>Year Ending</u>	<u>Total Minimum Lease Payment</u>	<u>Less: Amount Representing Interest</u>	<u>Total Principal Payments</u>
2023	\$ 8,546	\$ (620)	\$ 7,926
2024	7,121	(176)	6,945
	<u>\$ 15,667</u>	<u>\$ (796)</u>	<u>\$ 14,871</u>

Information pertaining to assets and related accumulated depreciation in the statement of financial position for capital lease items is as follows:

	<u>2022</u>	<u>2021</u>
Cost	\$ 38,892	\$ 38,892
Accumulated Depreciation	<u>25,311</u>	<u>(17,903)</u>
Net Book Value	<u>\$ 64,203</u>	<u>\$ 20,989</u>

NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

**6 Leases**

The Organization leases building space under a long-term operating lease which expires in August 2030. Rent expense was \$219,366 (2022) and \$210,594 (2021).

Minimum lease payments due under the operating lease obligations are due as follows:

2023	\$	200,582
2024		204,652
2025		208,746
2026		214,141
2027		217,448
Thereafter		<u>679,569</u>
Total	\$	<u><u>1,725,138</u></u>

**7 Donor-Restricted Net Assets**

Net assets with donor restrictions at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Donor Restricted by Purpose:		
Adult programs	\$ 90,841	\$ 82,173
Youth programs	16,933	30,049
Professional development	<u>1,000</u>	<u>1,000</u>
Total Donor Restricted by Purpose	108,774	113,222
Passage of Time	<u>310,000</u>	<u>415,000</u>
Total	<u><u>\$ 418,774</u></u>	<u><u>\$ 528,222</u></u>

Net assets released from net assets with donor restrictions are as follows:

Donor Restricted by Purpose:		
Adult programs	\$ 164,323	\$ 121,668
Youth programs	<u>70,049</u>	<u>44,773</u>
Total Donor Restricted by Purpose	234,372	166,441
Passage of Time	<u>715,000</u>	<u>840,000</u>
Total	<u><u>\$ 949,372</u></u>	<u><u>\$ 1,006,441</u></u>

## NOTES TO FINANCIAL STATEMENTS

NewBridge Cleveland Center for Arts & Technology

### **8 Retirement Plan**

The Organization has a defined contribution 401(k) savings plan available to substantially all of its employees. Contributions to the plan are discretionary and are generally determined based on a percentage of the covered employees' contributions. Organization contributions to this plan amounted to \$10,392 (2022) and \$4,996 (2021).