

NewBridge

NEW BRIDGE CLEVELAND

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

June 30, 2023

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MEADEN & MOORE

INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Bridge Cleveland
Cleveland, Ohio

Opinion

We have audited the financial statements of New Bridge Cleveland (“Organization”), which comprise the Statement of Financial Position as of June 30, 2023 and 2022, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years 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 as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

Management’s Responsibility 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)

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

January 23, 2024

STATEMENT OF FINANCIAL POSITION

New Bridge Cleveland

	June 30	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 353,323	\$ 310,174
Accounts receivable	226,041	283,665
Pledge receivable	25,000	50,000
Grant and contribution receivables	543,291	374,433
Property and equipment - net	154,275	57,296
Assets held in trust by others	100,395	88,786
Other receivable - Employer Retention Credit	-	190,554
Deposits	23,053	23,053
Finance lease right-of-use asset	6,173	-
Operating lease right-of-use asset	<u>1,347,994</u>	<u>-</u>
 Total Assets	 <u>\$ 2,779,545</u>	 <u>\$ 1,377,961</u>
LIABILITIES		
Accounts payable	\$ 79,852	\$ 65,364
Accrued expenses	33,562	21,401
Finance lease liability	6,945	14,871
Operating lease liability	1,404,078	-
Deferred rent payable	<u>-</u>	<u>46,533</u>
 Total Liabilities	 1,524,437	 148,169
NET ASSETS		
Without Donor Restrictions	437,921	811,018
With Donor Restrictions	<u>817,187</u>	<u>418,774</u>
 Total Net Assets	 <u>1,255,108</u>	 <u>1,229,792</u>
 Total Liabilities and Net Assets	 <u>\$ 2,779,545</u>	 <u>\$ 1,377,961</u>

See accompanying notes.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

New Bridge Cleveland

Year Ended June 30

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants	\$ 1,682,633	\$ -	\$ 1,682,633
Contributions	164,986	1,487,208	1,652,194
Special events - net	-	16,654	16,654
Program fees	286,685	-	286,685
Investment income	774	-	774
Change in assets held by others	8,983	-	8,983
Paycheck Protection Program loan forgiveness	-	-	-
Employer Retention Credit	-	-	-
Other income	2,141	-	2,141
	<u>2,146,202</u>	<u>1,503,862</u>	<u>3,650,064</u>
Total Support and Revenue	2,146,202	1,503,862	3,650,064
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	<u>1,105,449</u>	<u>(1,105,449)</u>	<u>-</u>
	3,251,651	398,413	3,650,064
EXPENSES			
Program Services:			
Adult program	1,108,490	-	1,108,490
Youth program	1,820,905	-	1,820,905
Advocacy	335,749	-	335,749
	<u>3,265,144</u>	<u>-</u>	<u>3,265,144</u>
Total Program Services	3,265,144	-	3,265,144
General and administrative	148,040	-	148,040
Fundraising and development	211,564	-	211,564
	<u>3,624,748</u>	<u>-</u>	<u>3,624,748</u>
Total Expenses	3,624,748	-	3,624,748
Change in Net Assets	(373,097)	398,413	25,316
Beginning Net Assets	<u>811,018</u>	<u>418,774</u>	<u>1,229,792</u>
Ending Net Assets	<u>\$ 437,921</u>	<u>\$ 817,187</u>	<u>\$ 1,255,108</u>

See accompanying notes.

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
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	<u>949,372</u>	<u>(949,372)</u>	<u>-</u>
	2,601,220	(109,448)	2,491,772
EXPENSES			
Program Services:			
Adult program	916,129	-	916,129
Youth program	869,418	-	869,418
Advocacy	-	-	-
	<u>1,785,547</u>	<u>-</u>	<u>1,785,547</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>2,174,215</u>	<u>-</u>	<u>2,174,215</u>
Total Expenses	2,174,215	-	2,174,215
Change in Net Assets	427,005	(109,448)	317,557
Beginning Net Assets	<u>384,013</u>	<u>528,222</u>	<u>912,235</u>
Ending Net Assets	<u>\$ 811,018</u>	<u>\$ 418,774</u>	<u>\$ 1,229,792</u>

STATEMENT OF FUNCTIONAL EXPENSES

New Bridge Cleveland

Year Ended June 30, 2023

	Program Services				Supporting Services		
	Adult	Youth	Advocacy	Total	General		Total
	Program	Program		Program	and Administrative	Fundraising and Development	
Salaries and wages	\$ 565,835	\$ 746,540	\$ 144,606	\$ 1,456,981	\$ 71,451	\$ 98,326	\$ 1,626,758
Payroll taxes and fringe benefits	103,008	153,712	23,889	280,609	40,178	19,121	339,908
	<u>668,843</u>	<u>900,252</u>	<u>168,495</u>	<u>1,737,590</u>	<u>111,629</u>	<u>117,447</u>	<u>1,966,666</u>
Advertising	3,687	21,539	5,000	30,226	7,630	1,899	39,755
Background and security	3,564	-	-	3,564	-	-	3,564
Building and equipment rent	191,853	74,336	217	266,406	(6,894)	4,600	264,112
Consulting	18,333	667,183	150,658	836,174	1,392	75,229	912,795
Depreciation	5,553	13,485	1,586	20,624	3,173	793	24,590
Dues and subscriptions	12,153	4,551	219	16,923	87	1,671	18,681
Information technology	9,491	9,285	1,276	20,052	359	361	20,772
Insurance	15,625	3,970	467	20,062	2,287	1,376	23,725
Interest	-	-	-	-	620	-	620
Licenses and permits	6,078	4,334	283	10,695	1,384	-	12,079
Postage	52	156	-	208	-	-	208
Printing	25	-	-	25	-	236	261
Professional development	15,730	24,732	1,440	41,902	5,736	2,463	50,101
Professional fees	33,409	10,237	578	44,224	9,554	1,603	55,381
Repairs and maintenance	2,443	1,738	131	4,312	3,032	65	7,409
Supplies	111,122	73,916	4,245	189,283	4,762	2,612	196,657
Telephone	1,875	2,489	204	4,568	903	292	5,763
Utilities	8,654	8,702	950	18,306	2,386	917	21,609
Total Expenses	<u>\$ 1,108,490</u>	<u>\$ 1,820,905</u>	<u>\$ 335,749</u>	<u>\$ 3,265,144</u>	<u>\$ 148,040</u>	<u>\$ 211,564</u>	<u>\$ 3,624,748</u>

See accompanying notes.

	Program Services			Supporting Services		
	Adult Program	Youth Program	Total Program	General and Administrative	Fundraising and Development	Total
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
	514,953	433,700	948,653	89,435	123,162	1,161,250
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>

STATEMENT OF CASH FLOWS

New Bridge Cleveland

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,743,201	\$ 2,044,003
Investment income	774	90
Cash paid to suppliers and employees	(3,563,338)	(2,044,571)
Interest paid	<u>(620)</u>	<u>(1,905)</u>
 Cash Provided by (Used in) Operating Activities	 180,017	 (2,383)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(127,742)	(33,091)
Increase in deposits	-	(5,000)
Contributions to funds held by others	<u>(1,200)</u>	<u>(2,750)</u>
 Cash Used in Investing Activities	 (128,942)	 (40,841)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of finance lease obligation	<u>(7,926)</u>	<u>(7,502)</u>
 Increase (Decrease) in Cash and Cash Equivalents	 43,149	 (50,726)
 Cash and Cash Equivalents - Beginning of the Year	 <u>310,174</u>	 <u>360,900</u>
 Cash and Cash Equivalents - End of the Year	 <u>\$ 353,323</u>	 <u>\$ 310,174</u>

See accompanying notes.

	Year Ended June 30	
	<u>2023</u>	<u>2022</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET		
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Change in Net Assets	\$ 25,316	\$ 317,557
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	24,590	26,092
Deferred rent payable	-	13,442
Amortization of right-of-use asset	166,036	-
Change in fair value of funds held by others	(10,409)	12,006
Paycheck Protection Program loan forgiveness	-	(174,500)
Increase (Decrease) in Cash from Changes in:		
Accounts receivable	57,624	(214,870)
Pledge receivable	25,000	25,000
Grant and contribution receivables	(168,858)	95,239
Prepaid expenses	-	11,723
Other receivable - Employer Retention Credit	190,554	(190,554)
Accounts payable	14,488	55,655
Accrued expenses	12,161	20,827
Change in lease liability	(156,485)	-
	<u>154,701</u>	<u>(319,940)</u>
 Total Adjustments	 <u>154,701</u>	 <u>(319,940)</u>
 Cash Provided by (Used in) Operating Activities	 <u>\$ 180,017</u>	 <u>\$ (2,383)</u>
 Supplemental Schedule of Noncash Investing and Financing Activities:		
Capitalization of right-of-use asset	<u>\$ 1,560,563</u>	<u>\$ -</u>
Paycheck Protection Program loan forgiveness	<u>\$ -</u>	<u>\$ 174,500</u>

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

1 Summary of Significant Accounting Policies

Nature of the Organization:

New Bridge Cleveland (“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.

During 2023, the Organization started to work as an intermediary by convening regional partners and collaborating as a group to build the skilled workforce healthcare employers need; provide educators the resource they need to attract and propel students into healthcare careers; increase student access to healthcare career exploration and work-based learning opportunities and connect job seekers to local healthcare care careers.

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.

Fair Value Measurements:

FASB ASC 820, "Fair Value Measurements", applies to all financial instruments that are measured and reporting on a fair value basis. As defined in FASB ASC 820, fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

1 Summary of Significant Accounting Policies, Continued

Fair Value Measurements:

Level 2: Inputs to the valuation methodology include:

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical assets or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Organization's Fund is invested in the Cleveland Foundation ("Foundation") Flagship Pool, a comingled pool that is made up of many investment managers. The Fund does not hold any underlying securities, but rather, holds ownership interest (number of shares) in the investment pool. Net Asset Value per share is calculated each month based on the total month-end market values of the investment Pool. Therefore, the assets are categorized as Level 2 assets for the Organization.

Funds Held By Others:

The Organization established an undesignated investment account known as the Cleveland Center for Arts & Technology Endowment Fund ("Fund") with the 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. The balance of accounts receivable amounted to \$226,041 (2023), \$283,665 (2022), and \$68,795 (2021). 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 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

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>2023</u>	<u>2022</u>
In less than one year	\$ 25,000	\$ 25,000
In one to five years	<u>-</u>	<u>25,000</u>
Gross Pledge Receivable	<u>\$ 25,000</u>	<u>\$ 50,000</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, 2023 and 2022, 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, 2023 and 2022, 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.

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

1 Summary of Significant Accounting Policies, Continued

Property and Equipment, Continued:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 1,451,027	\$ 1,432,992
Furniture, fixtures and office equipment	373,847	354,323
Computer equipment and software	209,128	205,649
Construction in progress	<u>47,813</u>	<u>-</u>
	2,081,815	1,992,964
Less: Accumulated depreciation	<u>(1,927,540)</u>	<u>(1,935,668)</u>
Property and Equipment, Net	<u>\$ 154,275</u>	<u>\$ 57,296</u>
Depreciation Expense	<u>\$ 24,590</u>	<u>\$ 26,092</u>

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:

<u>Class</u>	<u>Years</u>
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 \$39,755 (2023) and \$78,192 (2022).

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

1 Summary of Significant Accounting Policies, Continued

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.

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 and received the full amount during 2023.

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

1 Summary of Significant Accounting Policies, Continued

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.

Fair Value of Financial Instruments:

Financial instruments held by the Organization include, among others, accounts receivable, accounts 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 January 23, 2024, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

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 amounts to approximately \$100,395 (2023) and \$88,786 (2022).

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.

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.

	2023	2022
Financial Assets at Year-End:		
Cash and cash equivalents	\$ 353,323	\$ 310,174
Accounts receivable	226,041	283,665
Pledge receivable	25,000	25,000
Grant and contribution receivables	543,291	374,433
Assets held in trust by others	100,395	88,786
Other receivable - Employer Retention Credit	-	190,554
Net working capital	1,248,050	1,272,612
Less: Amount with donor restriction	(817,187)	(418,774)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 430,863	\$ 853,838

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

4 Note Payable

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 recognized these funds as revenue on the Statement of Activities and Changes in Net Assets.

5 Leases

The Organization leases building space under a long-term operating lease which expires in August 2030. The Organization also leases copiers which expire in April 2024. Rent expense was \$264,113 (2023) and \$219,366 (2022).

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02, “Leases (Topic 842)” or “ASC 842”. ASC 842 is a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet. Under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard was effective for fiscal years and interim periods within those years, beginning on or after December 15, 2021.

Effective July 1, 2022, the Organization adopted ASC 842 using the modified retrospective transition approach under which amounts in prior periods presented were not restated. The adoption of this new standard resulted in assets of \$1,528,901 recorded as right-of-use assets (including an adjustment of \$46,533 for a previously recorded incentive liability) and additional lease liabilities of \$1,575,434.

The Organization has elected the package of practical expedients permitted in ASC 842, as well as the use of a risk-free discount rate for its leases. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC 842, (b) whether the classification of the operating lease would be different in accordance with ASC 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs under ASC 842 at lease commencement.

NOTES TO FINANCIAL STATEMENTS

New Bridge Cleveland

5 Leases, Continued

Right-of-Use Assets - Net

Finance lease	\$ 6,173
Operating lease	<u>1,347,994</u>
Total Right-of-Use Assets	<u>\$ 1,354,167</u>

Lease Liabilities:

Finance lease liability - current	\$ 6,945
Operating lease liability - current	165,426
Lease liability - long-term	<u>1,238,652</u>
Total Lease Liabilities	<u>\$ 1,411,023</u>

The weighted-average remaining lease term related to the Organization's finance lease liability as of June 30, 2023 was less than 1 year. The weighted-average remaining lease term related to the Organization's operating lease liability as of June 30, 2023 was 7.17 years.

The weighted-average discount rate related to the Organization's finance lease liability as of June 30, 2023 was 0%. The weighted-average discount rate related to the Organization's operating lease liability as of June 30, 2023 was 2.99%.

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

	Operating Lease	Finance Lease	<u>Total</u>
2024	\$ 204,652	\$ 6,945	\$ 211,597
2025	208,746	-	208,746
2026	214,142	-	214,142
2027	217,448	-	217,448
2028	221,586	-	221,586
Thereafter	<u>495,036</u>	<u>-</u>	<u>495,036</u>
Total Undiscounted Liabilities	1,561,610	6,945	1,568,555
Less: Present Value Discount	<u>(157,532)</u>	<u>-</u>	<u>(157,532)</u>
Total Lease Liabilities	<u>\$ 1,404,078</u>	<u>\$ 6,945</u>	<u>\$ 1,411,023</u>

NOTES TO FINANCIAL STATEMENTS

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6 Donor-Restricted Net Assets

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

	<u>2023</u>	<u>2022</u>
Donor Restricted by Purpose:		
Adult programs	\$ 333,089	\$ 90,841
Youth programs	-	16,933
Advocacy	202,694	-
Professional development	-	1,000
Other	<u>22,250</u>	<u>-</u>
Total Donor Restricted by Purpose	558,033	108,774
Passage of Time	<u>259,154</u>	<u>310,000</u>
Total	<u>\$ 817,187</u>	<u>\$ 418,774</u>

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

	<u>2023</u>	<u>2022</u>
Donor Restricted by Purpose:		
Adult programs	\$ 293,000	\$ 164,323
Youth programs	16,933	70,049
Advocacy	198,266	-
Professional development	2,000	-
Other	<u>27,750</u>	<u>-</u>
Total Donor Restricted by Purpose	537,949	234,372
Passage of Time	<u>567,500</u>	<u>715,000</u>
Total	<u>\$ 1,105,449</u>	<u>\$ 949,372</u>

7 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 \$15,351 (2023) and \$10,392 (2022).