

BRIDGING FOR TOMORROW

FINANCIAL STATEMENTS

December 31, 2022 and 2021

BRIDGING FOR TOMORROW
FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING
December 31, 2022 and 2021

TABLE OF CONTENTS

Independent Accountant's Review Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Bridging for Tomorrow
Houston, Texas

We have reviewed the accompanying financial statements of Bridging for Tomorrow (BFT), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Bridging for Tomorrow and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2021 Financial Statements

The 2021 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated May 6, 2022. We have not performed any auditing procedures since that date.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Randy Walker & Co.

San Antonio, Texas
April 27, 2023

BRIDGING FOR TOMORROW
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 (Reviewed) and 2021 (Audited)

	2022	2021
	(Reviewed)	(Audited) (Restated)
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 769,682	\$ 768,294
Accounts Receivable	146	5,281
Prepaid Expenses	1,532	2,426
Food Pantry Inventory	31,029	42,032
Total Current Assets	802,389	818,033
<u>LONG-TERM ASSETS</u>		
Property and Equipment - net	48,999	56,297
Other Assets	7,095	7,270
Operating Lease Right-of-Use Asset	247,061	303,850
Total Long-Term Assets	303,155	367,417
TOTAL ASSETS	\$ 1,105,544	\$ 1,185,450
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 12,101	\$ 7,913
Accrued Expenses	7,332	-
Note Payable - current	-	2,611
Operating Lease Payable - current	56,809	54,389
Total Current Liabilities	76,242	64,913
<u>LONG -TERM LIABILITIES</u>		
Note Payable - long-term	-	127,689
Operating Lease Payable - long-term	192,652	249,461
Total Long-Term Liabilities	192,652	377,150
TOTAL LIABILITIES	268,894	442,063
<u>NET ASSETS</u>		
Without Donor Restrictions:		
Undesignated	836,650	729,513
Total Without Donor Restrictions	836,650	729,513
With Donor Restrictions:		
Purpose-Restricted	-	13,874
Total With Donor Restrictions	-	13,874
TOTAL NET ASSETS	836,650	743,387
TOTAL LIABILITIES AND NET ASSETS	\$ 1,105,544	\$ 1,185,450

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022 (Reviewed)
(with comparative totals for 2021 - Audited)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total (Reviewed)</u>	<u>2021 Total (Audited)</u>
<u>OPERATING SUPPORT AND REVENUE</u>				
In-Kind Donations: Food, Clothing, Household	\$ 1,855,638	\$ -	\$ 1,855,638	\$ 2,206,684
In-Kind Donations: Payroll and Childcare Services	535,250	-	535,250	554,019
Contributions	166,569	19,721	186,290	170,251
Special Events Revenue - net of direct expenses of \$85,363 and \$98,372, respectively	153,418	-	153,418	187,697
Grants	23,000	-	23,000	47,000
Other Income	3,509	-	3,509	3,072
Net Assets Released from Restrictions	33,595	(33,595)	-	-
TOTAL OPERATING SUPPORT AND REVENUE	<u>2,770,979</u>	<u>(13,874)</u>	<u>2,757,105</u>	<u>3,168,723</u>
<u>OPERATING EXPENSES</u>				
Program Services	2,394,437	-	2,394,437	2,692,268
Supporting Services:				
General and Administrative	151,311	-	151,311	134,794
Fundraising	118,094	-	118,094	105,581
TOTAL OPERATING EXPENSES	<u>2,663,842</u>	<u>-</u>	<u>2,663,842</u>	<u>2,932,643</u>
CHANGE IN NET ASSETS	107,137	(13,874)	93,263	236,080
NET ASSETS, BEGINNING OF YEAR	<u>729,513</u>	<u>13,874</u>	<u>743,387</u>	<u>507,307</u>
NET ASSETS, END OF YEAR	<u>\$ 836,650</u>	<u>\$ -</u>	<u>\$ 836,650</u>	<u>\$ 743,387</u>

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022 (Reviewed)
(with comparative totals for 2021 - Audited)

	Program Services					Supporting Services				2022 Total (Reviewed)	2021 Total (Audited)
	Youth Development	Counseling	Volunteers	Community Programs	Food Initiative	Total Program Services	General and Administrative	Fundraising	Supporting Services		
OPERATING EXPENSES											
Salaries and Wages	\$ 74,723	\$ 37,362	\$ 32,691	\$ 74,723	\$ 98,074	\$ 317,573	\$ 74,725	\$ 74,723	\$ 149,448	\$ 467,021	\$ 470,509
Employee Benefits	7,323	3,662	3,204	7,323	9,612	31,124	7,323	7,323	14,646	45,770	48,815
Payroll Taxes	4,727	2,363	2,068	4,727	6,204	20,089	4,725	4,727	9,452	29,541	34,694
Total Payroll Expenses	86,773	43,387	37,963	86,773	113,890	368,786	86,773	86,773	173,546	542,332	554,018
Food Distribution	-	-	-	-	1,835,976	1,835,976	-	-	-	1,835,976	2,093,557
Rental Expenses	13,410	6,635	5,806	13,270	17,417	56,538	15,669	13,270	28,939	85,477	74,409
Non-Cash Disbursements	29,911	-	-	-	-	29,911	-	252	252	30,163	58,240
Facilities	3,019	1,251	707	3,019	4,277	12,273	6,991	539	7,530	19,803	14,495
Professional Services	-	-	-	100	375	475	18,827	-	18,827	19,302	17,973
Program Materials and Supplies	13,012	38	1,442	1,827	4,935	21,254	73	606	679	21,933	20,596
Utilities	3,486	1,480	901	3,486	3,754	13,107	1,804	961	2,765	15,872	18,124
Meetings	4,470	356	856	1,402	959	8,043	3,480	1,658	5,138	13,181	8,999
Depreciation	2,992	1,197	598	2,992	2,992	10,771	1,078	120	1,198	11,969	10,939
Technology	1,820	910	796	1,965	2,389	7,880	2,110	1,820	3,930	11,810	14,003
Community Support	2,272	386	6	8,906	29	11,599	83	1	84	11,683	3,058
Subscriptions and Memberships	87	2,280	55	339	414	3,175	4,385	2,072	6,457	9,632	7,039
Insurance	1,438	888	288	1,438	1,438	5,490	2,222	58	2,280	7,770	7,446
Bad Debt Expense	-	-	-	-	-	-	-	5,281	5,281	5,281	-
Interest Expense	-	-	-	-	-	-	5,134	-	5,134	5,134	-
Equipment	655	262	131	2,308	655	4,011	236	26	262	4,273	12,313
Bank Charges	1	-	-	1	1	3	171	2,844	3,015	3,018	2,884
Printing and Postage	268	134	211	461	358	1,432	537	432	969	2,401	5,181
Recognition and Gifts	424	-	574	64	-	1,062	473	845	1,318	2,380	3,237
Office Supplies	228	112	167	254	404	1,165	526	255	781	1,946	4,152
Employee Development	396	84	-	134	23	637	445	184	629	1,266	1,970
Furniture and Décor	123	49	42	508	127	849	98	97	195	1,044	-
Advertising	-	-	-	-	-	-	196	-	196	196	10
TOTAL OPERATING EXPENSES	\$ 164,785	\$ 59,449	\$ 50,543	\$ 129,247	\$ 1,990,413	\$ 2,394,437	\$ 151,311	\$ 118,094	\$ 269,405	\$ 2,663,842	\$ 2,932,643

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 (Reviewed) and 2021 (Audited)

	2022	2021
	(Reviewed)	(Audited) (Restated)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 93,263	\$ 236,080
Adjustments to Reconcile Net Change to Net Cash Provided		
by Operating Activities:		
Depreciation	11,969	10,939
Donated Equipment	-	(4,349)
Donated Stock	-	(25,360)
Unrealized Gain on Investments	-	(967)
Decrease (Increase) in Assets:		
Accounts Receivable	5,135	8,200
Prepaid Expenses	894	(908)
Food Pantry Inventory	11,003	(25,662)
Other Assets	175	(20)
Operating Lease Right-of-Use Asset	56,789	(242,400)
Increase (Decrease) in Liabilities:		
Accounts Payable	4,188	(45,707)
Accrued Expenses	7,332	-
Operating Lease Payable	(54,389)	242,400
NET CASH PROVIDED BY OPERATING ACTIVITIES	136,359	152,246
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property and Equipment	(4,671)	-
Proceeds from Sale of Investments	-	26,327
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(4,671)	26,327
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Long-Term Debt	(130,300)	-
NET CASH USED BY FINANCING ACTIVITIES	(130,300)	-
NET INCREASE IN CASH FLOWS	1,388	178,573
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	768,294	589,721
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 769,682	\$ 768,294

See accompanying notes and independent accountant's review report.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of Bridging for Tomorrow (BFT) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization and Nature of Activities

BFT is a Texas 501(c)(3) non-profit organization serving the communities of Klein ISD and Aldine ISD Title I schools in the Northwest Houston area. BFT adheres to the principle that long term solutions to a community's challenges are found within the members of that community. BFT serves all community families, regardless of ethnic background, religious beliefs, and gender or socio-economic status. BFT is committed to creating a socially engaged, self-sustainable, and financially independent community by responding to the immediate needs of the community, investing in families and empowering the community as a whole.

BFT's mission is to resource families to build stronger communities and brighter futures.

BFT works alongside the community through a strategy of respond, invest and empower. BFT responds to immediate needs by providing new shoes to children and feeding families through the food pantry. BFT also invests in people and invites them to invest in themselves through counseling services and mentoring programs. Additionally, BFT empowers families to reach their goals through after school clubs, a literacy initiative and various adult education classes.

Basis of Presentation

BFT is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (the Board) are reported as net assets without donor restrictions, designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than BFT's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

BFT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contribution deduction for individual donors. As of December 31, 2022, the tax years that remain subject to examination by taxing authorities begin with 2019.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, BFT considers all highly liquid investment purchases with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are expected to be collected within one year. All receivables are considered to be fully collectible; therefore, no allowance is recorded. Accounts receivable were \$146 and \$5,281 at December 31, 2022 and 2021, respectively.

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated fair market value at the date of donation. BFT capitalizes all asset acquisitions and donations in excess of \$1,000. Depreciation is computed using a combination of the straight-line and accelerated methods over the estimated useful lives of five to ten years.

Contributions and Grants

BFT records contributions and grants in accordance with Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. BFT receives its grant and contract support primarily from in-kind food and household item distributions from the Houston Food Bank. Support received from these grants and contracts is recognized as received. BFT also receives public support contributions, which are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Revenue – Exchange Transactions

BFT records revenue from exchange transactions in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Special events revenue from exchange transactions is deferred from recognition until the event has occurred. Revenue is recorded at the close of the event when the performance obligation has been completed. Any amount received in excess of the benefit provided to the attendees is recorded as a contribution. Consideration is variable depending upon the nature of the event. There were no receivables, contract assets, or contract liabilities related to these exchange transactions at December 31, 2022, December 31, 2021, or January 1, 2021. Disaggregation of revenue is presented on the face of the statement of activities.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as rental expenses, non-cash disbursements, facilities, and various other expenses, which are allocated on the basis of square footage or some other reasonable basis.

Advertising

Advertising costs are expensed as incurred. Total advertising costs were \$196 and \$10 for the years ended December 31, 2022 and 2021, respectively.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This pronouncement requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The pronouncement includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new pronouncement, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. BFT adopted this new pronouncement effective January 1, 2022. The pronouncement did not have a material impact on the financial statements. BFT has updated disclosures as necessary (see Note 7).

In February 2016, the FASB issued ASU 2016-02, *Leases*. This pronouncement provides new guidance regarding lease accounting for reporting periods beginning after December 15, 2021, whereby a lessee will be required to recognize on the statements of financial position the assets and liabilities for leases with lease terms of more than twelve months. BFT adopted this new pronouncement as of January 1, 2022, utilizing the full retrospective method of transition.

BFT adjusted the 2021 financial statements from the amounts previously reported to adopt the new guidance. The following are the line items from the statement of financial position as of December 31, 2021, that were restated, the adjustments, and the restatement amounts:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Long-Term Assets			
Operating Lease Right-of-Use Asset	\$ -	\$ 303,850	\$ 303,850
Current Liabilities			
Operating Lease Payable - current	\$ -	\$ 54,389	\$ 54,389
Long-Term Liabilities			
Operating Lease Payable - long-term	\$ -	\$ 249,461	\$ 249,461

Following are the line items from the statement of cash flows for the year ended December 31, 2021, that were restated, the adjustments, and the restated amounts:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Cash Flows			
Operating Lease Right-of-Use Asset	\$ -	\$ (242,400)	\$ (242,400)
Operating Lease Payable	\$ -	\$ 242,400	\$ 242,400

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - CONCENTRATION OF CREDIT RISK

BFT maintains multiple bank accounts at two financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per bank. At December 31, 2022 and 2021, BFT had \$376,016 and \$368,459 in excess of FDIC-insured limits, respectively, not including reconciling items.

NOTE 3 - INVENTORY

Inventory consists primarily of donated food. Therefore, food is stated at fair value at date of donation. At December 31, 2022 and 2021, the value of inventory was \$31,029 and \$42,032, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

At December 31, the cost and accumulated depreciation of property and equipment were as follows:

	2022	2021
Leasehold Improvements	\$ 51,746	\$ 51,746
Office Equipment	35,980	31,309
Furniture and Fixtures	17,855	17,855
	105,581	100,910
Less Accumulated Depreciation	(56,582)	(44,613)
Total	\$ 48,999	\$ 56,297

Depreciation expense was \$11,969 and \$10,939 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 - NOTE PAYABLE

During the year ended December 31, 2020, BFT received an Economic Injury Disaster Loan of \$130,300 from the Small Business Administration to alleviate the economic impact caused by the COVID-19 pandemic. Interest-only payments of \$557 were due monthly beginning in August 2021 through January 2022, after which monthly principal and interest payments were due. The loan had an interest rate of 2.75% and a maturity date of January 2050, at which time all unpaid principal and interest would be payable in full. The loan was secured by BFT's tangible and intangible personal property. BFT paid the loan and accrued interest in full in February 2022. Interest payments made during the years ended December 31, 2022 and 2021 were \$5,134 and \$-0-, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

BFT had \$13,874 in net assets with donor restrictions at December 31, 2021, available for BFT's youth development programs. BFT had no net assets with donor restrictions at December 31, 2022.

NOTE 7 - IN-KIND DONATIONS

BFT receives various forms of in-kind donations, including food, clothing, and donated services (payroll and childcare) from the community. In-kind donations are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The value for donated services is based on conservative hourly rates determined by management from current market rates in relation to the type of service received. Contributed goods are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 - IN-KIND DONATIONS (continued)

In-kind goods and services were as follows for the years ended December 31:

	2022	2021
In-Kind Goods:		
Food	\$ 1,824,292	\$ 2,148,444
Auction Items	41,805	45,974
Stocks	21,433	25,360
Clothing and Shoes	14,070	5,714
Toys	12,984	14,170
Supplies	2,794	7,249
Gift Cards	65	375
Equipment	-	5,372
	1,917,443	2,252,658
In-Kind Services:		
Salaries and Benefits	535,000	554,019
Child Care Services	250	-
	535,250	554,019
Total In-Kind Goods and Services	\$ 2,452,693	\$ 2,806,677

In-kind donations are reflected in the statement of activities and did not have donor restrictions for the years ended December 31, 2022 and 2021. BFT disbursed \$1,866,139 and \$2,151,797 in donated food, clothing, and household items to various organizations and individuals during the years ended December 31, 2022 and 2021, respectively. These disbursements are included in food distribution and non-cash disbursements in the statement of functional expenses. Donated auction items and stocks of \$61,805 and \$45,974, respectively, related to fundraising activities are included in special events revenue - net of direct expenses in the statement of activities and did not have donor restrictions for the years ended December 31, 2022 and 2021. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to BFT. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

NOTE 8 - RELATED PARTY TRANSACTIONS

Certain members of BFT's Board are board members or employees of the Church. The Church provides financial support to BFT in the form of contributions to pay for operations and programs of BFT. In addition, the Church provides for and pays the salaries, wages, and benefits of the employees working at BFT. The Church incurred \$535,000 and \$554,019 in salaries, wages, and benefits expense for BFT for the years ended December 31, 2022 and 2021, respectively. This amount is reflected as in-kind donations in the statement of activities. BFT has a payable to the Church of \$7,332 and \$-0- at December 31, 2022 and 2021, respectively, for salaries, wages, and benefits expenses. This amount is included in payroll expenses in the statement of functional expenses and accrued expenses in the statement of financial position.

NOTE 9 - FUNDRAISING EVENTS

BFT holds fundraising events each year. As discussed in Note 1, fundraising events are considered exchange transactions. For the years ended December 31, 2022 and 2021, the exchange portion of fundraising income was \$46,765 and \$49,629, respectively. The amount in excess of this exchange portion is considered contribution income.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 10 - CONCENTRATION OF REVENUE

For the years ended December 31, 2022 and 2021, approximately 85% and 82% of BFT’s total support and revenue consisted of in-kind donations from the Houston Food Bank and Faithbridge Church (the Church), respectively.

NOTE 11 - RIGHT-OF-USE OPERATING LEASE

BFT has an office space lease with a lease term over one year. BFT has adopted ASU 2016-02, *Leases*, as described in Note 1. Therefore, this lease is treated as a right-of-use operating lease as ownership does not transfer at the end of the lease term. The balance of the right-of-use leased asset was \$247,061 and \$303,850 at December 31, 2022 and 2021, respectively. The balance of the right-of-use lease payable was \$249,461 and \$303,850 at December 31, 2022 and 2021, respectively. Lease expense was \$67,200 and \$62,832 for the years ended December 31, 2022 and 2021, respectively.

The related future minimum lease payments under this right-of-use operating lease are as follows:

Years Ending December 31,	
2023	\$ 66,000
2024	67,200
2025	68,400
2026	69,600
	271,200
Less: Interest (4.11%)	(21,739)
Present Value of Minimum Lease Payments	\$ 249,461

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

BFT adopted the provisions of ASC 820, “*Fair Value Measurements and Disclosures*” (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect BFT’s financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

BFT’s current assets and liabilities as presented in the statements of financial position are Level 1. BFT does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

BRIDGING FOR TOMORROW
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects BFT’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

	2022	2021
Cash and Cash Equivalents	\$ 769,682	\$ 768,294
Accounts Receivable	146	5,281
Total Financial Assets	769,828	773,575
Donor Restrictions	-	(13,874)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 769,828	\$ 759,701

BFT’s primary sources of cash flows during the year are contributions and grants. These revenue sources provide a consistent inflow of cash throughout the year to meet normal operating expenses.

NOTE 14 - PRIOR PERIOD RECLASSIFICATIONS

The following reclassifications between accounts were made to the financial statements for the year ended December 31, 2021: \$12,797 from food distribution to special events revenue and \$58,240 from food distribution to non-cash disbursements. The reclassifications had no effect on the previously reported change in net assets.

NOTE 15 - SUBSEQUENT EVENTS

BFT has evaluated subsequent events through April 27, 2023, which is the date the financial statements were available to be issued.