



**Bridges for Peace, Inc.**

**FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Bridges for Peace, Inc.

### **Opinion**

We have audited the accompanying financial statements of Bridges for Peace, Inc. (a nonprofit organization), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridges for Peace, Inc. as of December 31, 2022, and the changes in 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 of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bridges for Peace, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridges for Peace, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Bridges for Peace, Inc.'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 Bridges for Peace, Inc.'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.

## **Report on Summarized Comparative Information**

We have previously audited Bridges for Peace, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2022. 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Orlando, Florida  
May 8, 2023

**Bridges for Peace, Inc.**  
**Statements of Financial Position**

| <i>December 31,</i>   | <b>2022</b>         | 2021         |
|---|---------------------|--------------|
| <b>Assets</b>   |                     |              |
| Current assets  |                     |              |
| Cash and cash equivalents   | \$ 1,133,155        | \$ 966,326   |
| Pledges receivable, net of allowance<br>for uncollectible pledges | 81,901              | 75,358       |
| Investments   | 112,454             | 194,877      |
| Inventory   | 3,546               | 3,657        |
| Prepaid expenses and other current assets                         | 23,203              | 34,472       |
| Total current assets  | <b>1,354,259</b>    | 1,274,690    |
| Non-current assets  |                     |              |
| Deposits  | 2,035               | 2,237        |
| Operating lease right-of-use asset                                | 2,546               | 9,948        |
| Property, equipment and improvements, net                         | 50,268              | 46,384       |
| Interest in limited liability company                             | 154,341             | 204,341      |
| Investments held for long term purposes                           | 164,988             | 179,870      |
| Total non-current assets  | <b>374,178</b>      | 442,780      |
| Total assets  | <b>\$ 1,728,437</b> | \$ 1,717,470 |
| <b>Liabilities and Net Assets</b>                                 |                     |              |
| Liabilities   |                     |              |
| Current liabilities   |                     |              |
| Accounts payable  | \$ 34,859           | \$ 23,152    |
| Due to related organizations                                      | 57,632              | 35,888       |
| Accrued expenses  | 31,363              | 67,212       |
| Current portion of operating lease liability, net of interest     | 2,085               | 6,022        |
| Charitable gift annuities, current portion                        | 19,189              | 20,469       |
| Total current liabilities   | <b>145,128</b>      | 152,743      |
| Long-term liabilities   |                     |              |
| Operating lease liability, net of interest and current portion    | -                   | 2,085        |
| Charitable gift annuities, long term portion                      | 145,798             | 159,400      |
| Total long-term liabilities                                       | <b>145,798</b>      | 161,485      |
| Net assets  |                     |              |
| Net assets without donor restrictions                             | 1,062,212           | 1,083,055    |
| Net assets with donor restrictions                                | 375,299             | 320,187      |
| Total net assets  | <b>1,437,511</b>    | 1,403,242    |
| Total liabilities and net assets                                  | <b>\$ 1,728,437</b> | \$ 1,717,470 |

*The accompanying notes are an integral part of these financial statements.*

**Bridges for Peace, Inc.**  
**Statement of Activities**  
(with prior year summarized information)

| <i>For the years ended December 31,</i>                    | <b>2022</b>                           |                                    |                     | 2021                |
|--|---------------------------------------|------------------------------------|---------------------|---------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        | Summarized<br>Total |
| <b>Revenue and Other Support</b>                           |                                       |                                    |                     |                     |
| Contributions  | \$ 1,231,237                          | \$ 79,881                          | \$ 1,311,118        | \$ 1,364,364        |
| Operation Ezra and related projects                        | 2,825,966                             | 51,569                             | 2,877,535           | 2,621,916           |
| Support income   | 711,975                               | -                                  | 711,975             | 674,670             |
| Other  | 4,254                                 | -                                  | 4,254               | 3,875               |
| Product sales, net cost of sales of<br>\$4,640 and \$8,655 | 1,308                                 | -                                  | 1,308               | 1,562               |
| Investment income (loss)                                   | (41,245)                              | -                                  | (41,245)            | 41,453              |
| Net assets released from restrictions                      | 76,338                                | (76,338)                           | -                   | -                   |
| <b>Total revenue and other support</b>                     | <b>4,809,833</b>                      | <b>55,112</b>                      | <b>4,864,945</b>    | <b>4,707,840</b>    |
| <b>Expenses</b>  |                                       |                                    |                     |                     |
| <i>Program services</i>                                    |                                       |                                    |                     |                     |
| Operation Ezra and related projects                        | 2,825,966                             | -                                  | 2,825,966           | 2,611,033           |
| Personnel support  | 685,223                               | -                                  | 685,223             | 622,093             |
| Teaching and education                                     | 715,930                               | -                                  | 715,930             | 639,043             |
| Contributions to others                                    | 6,582                                 | -                                  | 6,582               | 8,055               |
| <b>Total program services</b>                              | <b>4,233,701</b>                      | <b>-</b>                           | <b>4,233,701</b>    | <b>3,880,224</b>    |
| <i>Support services</i>                                    |                                       |                                    |                     |                     |
| Management and general                                     | 268,169                               | -                                  | 268,169             | 226,679             |
| Fundraising  | 328,806                               | -                                  | 328,806             | 271,996             |
| <b>Total supporting expenses</b>                           | <b>596,975</b>                        | <b>-</b>                           | <b>596,975</b>      | <b>498,675</b>      |
| <b>Total expenses</b>                                      | <b>4,830,676</b>                      | <b>-</b>                           | <b>4,830,676</b>    | <b>4,378,899</b>    |
| Change in net assets                                       | (20,843)                              | 55,112                             | 34,269              | 328,941             |
| Net assets at beginning of year                            | 1,083,055                             | 320,187                            | 1,403,242           | 1,074,301           |
| <b>Net assets at end of year</b>                           | <b>\$ 1,062,212</b>                   | <b>\$ 375,299</b>                  | <b>\$ 1,437,511</b> | <b>\$ 1,403,242</b> |

*The accompanying notes are an integral part of these financial statements.*

**Bridges for Peace, Inc.**  
**Statements of Functional Expenses**

For the year ended December 31,

**2022**

|   | Program Services                          |                      |                           |                            | Support Services          |                   | Total               |
|---|---|----------------------|---------------------------|----------------------------|---------------------------|-------------------|---------------------|
|   | Operation Ezra<br>and related<br>projects | Personnel<br>support | Teaching and<br>education | Contributions<br>to others | Management<br>and general | Fundraising       |                     |
| Salaries and benefits                     | \$ 173,769                                | \$ -                 | \$ 278,433                | \$ 2,967                   | \$ 130,204                | \$ 178,055        | \$ 763,428          |
| Israel projects and volunteers            | 2,495,638                                 | 685,223              | -                         | -                          | -                         | -                 | 3,180,861           |
| Building costs                            | 9,134                                     | -                    | 14,636                    | 156                        | 6,844                     | 9,359             | 40,129              |
| Depreciation and amortization             | 3,723                                     | -                    | 5,967                     | 64                         | 2,790                     | 3,816             | 16,360              |
| Printing and supplies                     | 6,756                                     | -                    | 15,873                    | 30                         | 4,788                     | 9,118             | 36,565              |
| Telecommunications                        | 7,334                                     | -                    | 11,751                    | 125                        | 5,495                     | 7,514             | 32,219              |
| Publications and web                      | -   | -                    | 69,148                    | -                          | -                         | 12,203            | 81,351              |
| Postage and receipting                    | 57,250                                    | -                    | 3,817                     | -                          | 7,633                     | 7,633             | 76,333              |
| Regional field team costs                 | 1,800                                     | -                    | 134,729                   | -                          | 2,700                     | 33,682            | 172,911             |
| Professional fees                         | -   | -                    | -                         | -                          | 27,000                    | -                 | 27,000              |
| Insurance expense                         | 2,263                                     | -                    | 3,625                     | 39                         | 1,696                     | 2,319             | 9,942               |
| Travel                                    | 8,011                                     | -                    | 11,707                    | 115                        | 6,409                     | 7,382             | 33,624              |
| Outside contractors                       | 13,730                                    | -                    | 26,910                    | 113                        | 7,768                     | 6,654             | 55,175              |
| Tours                                     | -   | -                    | 9,750                     | -                          | -                         | -                 | 9,750               |
| Development costs                         | -   | -                    | -                         | -                          | -                         | 20,000            | 20,000              |
| Board meeting expenses                    | -   | -                    | -                         | -                          | 25,389                    | -                 | 25,389              |
| Software and related expenses             | 11,682                                    | -                    | -                         | -                          | 11,681                    | -                 | 23,363              |
| Non-profit license fees and registrations | -   | -                    | -                         | -                          | -                         | 3,342             | 3,342               |
| Subscriptions and memberships             | 517                                       | -                    | 764                       | 8                          | 381                       | 305               | 1,975               |
| Other expenses                            | 34,359                                    | -                    | 128,820                   | 2,965                      | 27,391                    | 27,424            | 220,959             |
| <b>Total</b>                              | <b>\$ 2,825,966</b>                       | <b>\$ 685,223</b>    | <b>\$ 715,930</b>         | <b>\$ 6,582</b>            | <b>\$ 268,169</b>         | <b>\$ 328,806</b> | <b>\$ 4,830,676</b> |
| Percentage of total expenses              | 58.5%                                     | 14.2%                | 14.8%                     | 0.1%                       | 5.6%                      | 6.8%              | 100.0%              |

*The accompanying notes are an integral part of these financial statements.*

**Bridges for Peace, Inc.**  
**Statements of Functional Expenses (Continued)**

For the year ended December 31,

2021

|   | Program Services                    |                   |                        |                         | Support Services       |                   | Total               |
|---|-------------------------------------|-------------------|------------------------|-------------------------|------------------------|-------------------|---------------------|
|   | Operation Ezra and related projects | Personnel support | Teaching and education | Contributions to others | Management and general | Fundraising       |                     |
| Salaries and benefits                     | \$ 163,144                          | \$ -              | \$ 311,339             | \$ 2,790                | \$ 123,966             | \$ 170,085        | \$ 771,324          |
| Israel projects and volunteers            | 2,310,896                           | 622,093           | -                      | -                       | -                      | -                 | 2,932,989           |
| Building costs                            | 7,727                               | -                 | 14,746                 | 132                     | 5,872                  | 8,056             | 36,533              |
| Depreciation and amortization             | 3,690                               | -                 | 7,040                  | 63                      | 2,804                  | 3,847             | 17,444              |
| Printing and supplies                     | 5,577                               | -                 | 13,671                 | 22                      | 4,214                  | 8,749             | 32,233              |
| Telecommunications                        | 5,074                               | -                 | 9,682                  | 87                      | 3,855                  | 5,289             | 23,987              |
| Publications and web                      | -                                   | -                 | 65,515                 | -                       | -                      | 11,561            | 77,076              |
| Postage and receipting                    | 54,854                              | -                 | 3,657                  | -                       | 7,314                  | 7,314             | 73,139              |
| Regional field team costs                 | 2,782                               | -                 | 83,245                 | -                       | 4,172                  | 20,811            | 111,010             |
| Professional fees                         | -                                   | -                 | -                      | -                       | 26,500                 | -                 | 26,500              |
| Insurance expense                         | 2,024                               | -                 | 3,863                  | 35                      | 1,538                  | 2,111             | 9,571               |
| Travel                                    | 3,760                               | -                 | 2,785                  | 72                      | 2,982                  | 3,218             | 12,817              |
| Outside contractors                       | 12,304                              | -                 | 27,355                 | 88                      | 6,991                  | 6,414             | 53,152              |
| Tours                                     | -                                   | -                 | 9,700                  | -                       | -                      | -                 | 9,700               |
| Development costs                         | 700                                 | -                 | 1,050                  | -                       | 1,050                  | 4,200             | 7,000               |
| Board meeting expenses                    | -                                   | -                 | -                      | -                       | 4,448                  | -                 | 4,448               |
| Software and related expenses             | 12,933                              | -                 | -                      | -                       | 12,933                 | -                 | 25,866              |
| Non-profit license fees and registrations | -                                   | -                 | -                      | -                       | -                      | 2,842             | 2,842               |
| Subscriptions and memberships             | 776                                 | -                 | 1,059                  | 13                      | 624                    | 493               | 2,965               |
| Other expenses                            | 24,792                              | -                 | 84,336                 | 4,753                   | 17,416                 | 17,006            | 148,303             |
| <b>Total</b>                              | <b>\$ 2,611,033</b>                 | <b>\$ 622,093</b> | <b>\$ 639,043</b>      | <b>\$ 8,055</b>         | <b>\$ 226,679</b>      | <b>\$ 271,996</b> | <b>\$ 4,378,899</b> |
| Percentage of total expenses              | 59.6%                               | 14.2%             | 14.6%                  | 0.2%                    | 5.2%                   | 6.2%              | 100.0%              |

*The accompanying notes are an integral part of these financial statements.*



**Bridges for Peace, Inc.**  
**Statements of Cash Flows**

| <i>For the years ended December 31,</i>   | <b>2022</b>         | 2021              |
|---|---------------------|-------------------|
| <b>Operating Activities</b>   |                     |                   |
| Changes in net assets   | \$ 34,269           | \$ 328,941        |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities |                     |                   |
| Depreciation and amortization   | 16,360              | 17,444            |
| Loss on asset disposal  | 676                 | 1,436             |
| Net amortization of lease asset and liability   | 7,712               | 7,712             |
| Investment income   | (13,587)            | (15,433)          |
| Unrealized loss (gain) on investments   | 60,424              | (26,080)          |
| Realized loss on investments  | -                   | 60                |
| Change in operating assets and liabilities  |                     |                   |
| Pledges receivable, net   | (6,543)             | 18,016            |
| Inventory   | 111                 | 1,470             |
| Prepaid expenses and other current assets   | 11,269              | (14,876)          |
| Deposits  | 202                 | (2,237)           |
| Accounts payable  | 11,707              | (12,907)          |
| Due to related organizations  | 21,744              | (17,568)          |
| Accrued expenses  | (35,849)            | 30,089            |
| Operating lease liability   | (6,332)             | (6,332)           |
| Charitable gift annuities   | (14,882)            | 8,744             |
| <b>Net cash provided by operating activities</b>  | <b>87,281</b>       | <b>318,479</b>    |
| <b>Investing Activities</b>   |                     |                   |
| Distribution from interest in limited liability company                                     | 50,000              | 5,000             |
| Distribution from (investment in) investments held for long term purposes                   | 10,468              | (10,270)          |
| Proceeds from sale of investments   | 40,000              | 40,000            |
| Purchases of property, equipment and improvements   | (20,920)            | (9,221)           |
| <b>Net cash provided by investing activities</b>  | <b>79,548</b>       | <b>25,509</b>     |
| <b>Net change in cash and cash equivalents</b>  | <b>166,829</b>      | <b>343,988</b>    |
| <b>Cash and cash equivalents at beginning of year</b>                                       | <b>966,326</b>      | <b>622,338</b>    |
| <b>Cash and cash equivalents at end of year</b>   | <b>\$ 1,133,155</b> | <b>\$ 966,326</b> |

*The accompanying notes are an integral part of these financial statements.*

**Note 1: DESCRIPTION OF THE ORGANIZATION**

Bridges for Peace, Inc. (Bridges USA) or (the Organization) is a Florida based, not-for-profit corporation incorporated in Texas, which provides assistance to Jews and other needy people in Israel, especially including new immigrants and children, as well as supporting and assisting those Jews who desire to return to Israel through its Project Rescue. In addition, Bridges USA provides food and small necessary personal items for Jews in the Ukraine through Project Tikvah (Hope).

Bridges USA also publishes and distributes prayer and teaching letters, magazines, and other periodicals to educate individuals on biblical and current events in Israel and the Hebraic roots of the Bible.

These financial statements reflect only the accounts of Bridges USA. Bridges USA is affiliated with Bridges for Peace International, Inc. (BFP International) and other Bridges for Peace entities located in Israel, Australia, Canada, Japan, New Zealand, South Africa, South Korea, and United Kingdom. BFP International was formed for the purposes of handling international projects in Israel and other countries. The primary activity of the other Bridges for Peace entities is to support programs in Israel through fundraising, education, and ministry.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosure 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. Estimates that are particularly susceptible to significant change in the near term are related to determining the allowance for uncollectible pledges, life expectancies used to calculate charitable gift annuity liabilities, and the functional expense allocation.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Comparative Financial Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting. Accordingly, such information should be read in conjunction with the Bridges USA's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash and highly-liquid investments with an original maturity of 90 days or less.

***Pledges Receivable, Net of Allowance for Uncollectible Pledges***

Pledges receivable consist of unconditional promises to give net of an allowance for uncollectible pledges, and are due in less than one year. Bridges USA's estimate of the allowance for uncollectible pledges is calculated at twenty percent of the pledges receivable balance, based on prior history. Pledges are written off when management determines the amounts are uncollectible. Allowances as of December 31, 2022 and 2021, were \$20,475 and \$18,839, respectively.

***Investments***

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in reporting period in which the income and gains are recognized.

Investments in privately held companies in which the Organization has less than a 20% interest are carried at cost. Dividends received from those companies are included in investment income.

***Inventory***

Inventory are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property, Equipment and Improvements, Net***

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives range from 5 to 15 years.

***Leases***

The Organization leases a vehicle. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

***Impairment of Long-Lived Assets***

In the event that facts and circumstances indicate that long-lived assets or other assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down is required. If a write-down is required, the Organization would prepare a discounted cash flow analysis to determine the amount of the write-down.

***Interest in Limited Liability Company***

In 2014, Bridges USA recorded the contribution of a 5% interest in a limited liability company (LLC). The interest was originally received in the form of an interest in a trust in 2007, but was not recorded due to a lack of creditable information about the value. The assets were subsequently appraised, and in 2014 it was changed to an interest in an LLC and was recorded as contribution income and an interest in LLC. The interest is accounted for on the cost method.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Investments Held for Long Term Purposes***

Investments held for long term purposes are investments designated by Bridges USA to be utilized to satisfy the liability for future charitable gift annuity payments. They are carried at fair market value.

***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Revenue Recognition***

Product sales, including sales of books, calendars, and miscellaneous items available for sale online, are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied, which would be the point of time when the goods are shipped to the customer.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Functional Expense Allocation***

Directly identifiable expenses are charged to programs and supporting services. A portion of the management and general costs that benefit multiple functional areas (indirect costs) have been allocated across program expenses and other supporting expenses based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Therefore, no provision for federal or state income tax is necessary.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 8, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Bridges for Peace, Inc.**  
**Notes to Financial Statements**

**Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

| <i>December 31,</i>  | <b>2022</b>             | 2021           |
|--|-------------------------|----------------|
| Cash and cash equivalents  | \$ 1,133,155            | \$ 966,326     |
| Pledges receivable - net of allowance<br>for uncollectible pledges   | <b>81,901</b>           | 75,358         |
| Investments  | <b>112,454</b>          | 194,877        |
| <br>Total financial assets   | <br><b>1,327,510</b>    | <br>1,236,561  |
| <br>Less amounts not available for general expenditure within one year<br>due to contractual or donor-imposed restrictions |                         |                |
| Restricted by donors with purpose restrictions (Note 9)  | <b>(293,398)</b>        | (244,829)      |
| <br>Financial assets available to meet cash needs for general expenditures   | <br><b>\$ 1,034,112</b> | <br>\$ 991,732 |

***Liquidity Management***

The Organization monitors its liquidity so that it is able to provide continuing education and various support through its missions. Assets without donor restrictions are available to cover operating expenses.

Management has budgeted approximately \$1,650,000 in operating expenses to be paid within one year of the statement of financial position date. The expenses are budgeted in anticipation of contribution income and program income, and those expenses which are marginal or variable may be reduced or eliminated by the Board should that anticipated income not be realized. In addition, the Organization has the ability to obtain financing as needed in the event of an unanticipated liquidity need.

**Bridges for Peace, Inc.**  
**Notes to Financial Statements**

**Note 4: INVESTMENTS AND INVESTMENTS HELD FOR LONG-TERM PURPOSES**

Investments are comprised of mutual funds and a state of Israel bond. Investments and investments held for long-term purposes consists of the following:

| <i>December 31,</i>  | <b>2022</b>       | 2021              |
|----------------------|-------------------|-------------------|
| Mutual funds         | \$ 277,442        | \$ 334,747        |
| State of Israel bond | -                 | 40,000            |
| <b>Total</b>         | <b>\$ 277,442</b> | <b>\$ 374,747</b> |

These amounts are included in the accompanying statements of financial position as the following:

| <i>December 31,</i>                     | <b>2022</b>       | 2021              |
|---|-------------------|-------------------|
| Investments                             | \$ 112,454        | \$ 194,877        |
| Investments held for long-term purposes | 164,988           | 179,870           |
| <b>Total</b>                            | <b>\$ 277,442</b> | <b>\$ 374,747</b> |

Investment income (loss) is as follows:

| <i>For the years ended December 31,</i> | <b>2022</b>        | 2021             |
|---|--------------------|------------------|
| Realized loss                           | \$ -               | \$ (60)          |
| Unrealized gain                         | (60,424)           | 26,080           |
| Dividends and interest                  | 19,179             | 15,433           |
| <b>Net investment income (loss)</b>     | <b>\$ (41,245)</b> | <b>\$ 41,453</b> |



**Bridges for Peace, Inc.**  
**Notes to Financial Statements**

**Note 5: PROPERTY, EQUIPMENT AND IMPROVEMENTS, NET**

Property, equipment and improvements, net consist of the following:

| <i>December 31,</i>                       | <b>2022</b>      | 2021      |
|---|------------------|-----------|
| Equipment                                 | \$ 84,722        | \$ 71,244 |
| Building improvements                     | 95,049           | 95,049    |
| Total property and equipment              | <b>179,771</b>   | 166,293   |
| Less accumulated depreciation             | <b>(129,503)</b> | (119,909) |
| Property, equipment and improvements, net | <b>\$ 50,268</b> | \$ 46,384 |

Depreciation and amortization expense for the years ended December 31, 2022 and 2021, was \$16,360 and \$17,444, respectively.

**Note 6: LINE OF CREDIT**

Bridges USA maintains an open revolving bank line of credit for \$400,000, which is collateralized by the pledges receivable, inventory, and equipment of the Organization, interest at a variable rate with a floor of 5.5%, and is due on demand. There were no draws made on the line of credit for the years ended December 31, 2022 or 2021.

**Note 7: OPERATING LEASE LIABILITY**

In May 2020, the Organization entered into a 36 month lease agreement for a van. Required monthly payments on the lease are \$528 through April 2023.

The Organization has evaluated the van lease to be an operating lease, and thus recorded a ROU asset and lease liability on the statement of financial position upon early adoption of ASC 842 in 2020. The Organization elected to adopt the new standard using a modified retrospective approach and concluded there was no cumulative effect to the opening balance of net assets. The initial recognition and measurement of a ROU asset and lease liability of \$20,990 was based on the present value of the Organization's remaining operating lease payments. The present value was calculated utilizing an inputted interest rate of 5.75% based on the terms of the lease.

**Bridges for Peace, Inc.**  
**Notes to Financial Statements**

**Note 7: OPERATING LEASE LIABILITY (Continued)**

Future minimum payments are as follows:

| <i>For the years ending December 31,</i> | <i>Amount</i> |
|--|---------------|
| 2023                                     | \$ 2,110      |
| Less interest                            | (25)          |
| Total                                    | \$ 2,085      |

The operating lease cost related to the lease for the years ended December 31, 2022 and 2021 was \$7,712.

**Note 8: CHARITABLE GIFT ANNUITIES**

The amount due under the charitable gift annuities represents gifts received under agreements which guarantee to pay a fixed amount to the donors for a specified period of time. The gift portion of the agreements has been recorded in contributions without donor restrictions. The liability for future annuity payments is determined and adjusted annually based on the ages and life expectancies of the designated beneficiaries using IRS life expectancy tables and a discount rate from 4% to 7.1%.

**Note 9: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following programs at December 31:

|  | <b>2022</b> | <b>2021</b> |
|--|-------------|-------------|
| Time restrictions                      |             |             |
| Operation Ezra pledges receivable, net | \$ 81,901   | \$ 75,358   |
| Purpose restrictions                   |             |             |
| Designated project giving              | 283,398     | 231,829     |
| To develop educational program         | 10,000      | 10,000      |
| Development                            | -           | 3,000       |
|  | \$ 375,299  | \$ 320,187  |

Net assets were released from donor restrictions by the passage of time and by incurring expenses satisfying the restricted purposes.

**Bridges for Peace, Inc.**  
**Notes to Financial Statements**

**Note 9: NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets released from restrictions during the years ended December 31, 2022 and 2021 are as follows:

|  | <b>2022</b>      | <b>2021</b> |
|--|------------------|-------------|
| Time restrictions                      |                  |             |
| Operation Ezra pledges receivable, net | \$ <b>63,338</b> | \$ 89,713   |
| Purpose restrictions                   |                  |             |
| Development                            | <b>13,000</b>    | 7,000       |
|  | <b>\$ 76,338</b> | \$ 96,713   |

**Note 10: ALLOCATION OF JOINT COSTS**

Bridges USA incurred joint costs of approximately \$990,000 and \$886,000, in 2022 and 2021, respectively, for program services and management and general expenses that included a component of fundraising appeals. The joint costs were allocated as follows:

| <i>For the years ended December 31,</i> | <b>2022</b>       | <b>2021</b> |
|---|-------------------|-------------|
| Teaching and education                  | \$ <b>715,930</b> | \$ 639,043  |
| Management and general                  | <b>101,314</b>    | 94,992      |
| Fundraising                             | <b>171,506</b>    | 151,735     |
|   | <b>\$ 988,750</b> | \$ 885,770  |

**Note 11: RELATED ORGANIZATION AND RELATED PARTY TRANSACTIONS**

As indicated in Note 1, Bridges USA is affiliated with BFP International. Bridges USA's charitable work is carried out primarily with BFP International as the recipient of Bridges USA's donations through its Operation Ezra. Bridges USA contributed a total of \$2,485,871 and \$2,303,096, to BFP International for the years ended December 31, 2022 and 2021, respectively.

Amounts due to BFP International were \$17,159 and \$4,915, at December 31, 2022 and 2021, respectively, and are included in the accompanying statements of financial position as due to related organizations. In addition, Bridges USA purchased a total of \$103,906 and \$56,942, of inventory and materials from BFP International for the years ended December 31, 2022 and 2021, respectively.

Bridges USA outsources the administration of certain personnel costs and pastoral housing allowances. A Bridges USA board member is an officer of the entity that provides this service. In addition, all Bridges USA employees are members of this entity. The total personnel costs, housing allowances, and membership dues forwarded to this entity totaled approximately \$602,000 and \$265,000, for the years ended December 31, 2022 and 2021, respectively. Accounts payable due to this entity were \$40,473 and \$30,973, at December 31, 2022 and 2021, respectively, and is included in the accompanying statements of financial position as due to related organizations. Fees paid to the entity to administer this payroll service were \$35,749 and \$19,384, in 2022 and 2021, respectively.

One member of the Bridges USA Board of Directors also serves on the Board of Directors for BFP International.

**Note 12: COMMITMENTS**

Bridges USA leases a shared office with a local church under a verbal month-to-month agreement. The monthly payment was \$2,035 through April 2022 and then increased to \$2,096. Total rent expense for the years ended December 31, 2022 and 2021, was \$24,969 and \$24,420, respectively.

Bridges USA entered into an affiliation agreement with BFP International in January 2004. Under the agreement, Bridges USA is obligated to make monthly contributions to BFP International of 10% of all undesignated contributions and 75% of all contributions designated for Operation Ezra. See Note 11 for amounts sent to BFP International.

**Note 13: CONCENTRATION**

Bridges USA maintains its cash and cash equivalents in deposit accounts which may exceed federally insured limits, may not be federally insured, or may be insured by an entity other than an agency of the federal government. Bridges USA believes it is not exposed to any significant credit risk on cash and cash equivalents and has not experienced any losses in such accounts.

**Note 14: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*State of Israel bond:* Valued using a present value of expected future cash flow model.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

**Bridges for Peace, Inc.**  
**Notes to Financial Statements**

**Note 14: FAIR VALUE MEASUREMENTS (Continued)**

The related fair values of investments and investments held for long term purposes on the accompanying statements of financial position are determined as follows:

|              | December 31, 2022                                  |  |                                     |                   | Total |
|--------------|--|--|-------------------------------------|-------------------|-------|
|              | Quoted Prices<br>in Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |                   |       |
| Mutual funds | \$ 277,442   | \$ -                                       | \$ -                                | \$ 277,442        |       |
|              | <b>\$ 277,442</b>                                  | <b>\$ -</b>                                | <b>\$ -</b>                         | <b>\$ 277,442</b> |       |

  

|                      | December 31, 2021                                  |  |                                     |                   | Total |
|----------------------|--|--|-------------------------------------|-------------------|-------|
|                      | Quoted Prices<br>in Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |                   |       |
| Mutual funds         | \$ 334,747   | \$ -                                       | \$ -                                | \$ 334,747        |       |
| State of Israel Bond | -  | -  | 40,000                              | 40,000            |       |
|                      | <b>\$ 334,747</b>                                  | <b>\$ -</b>                                | <b>\$ 40,000</b>                    | <b>\$ 374,747</b> |       |

***Changes in Fair Value Levels***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

**Note 15: RETIREMENT PLAN**

Bridges USA employees participate in a defined contribution 401(k) plan that covers full time employees. Employee contributions to the plan, up to 6%, are matched by Bridges USA. For the years ended December 31, 2022 and 2021, Bridges USA's contribution to the plan was \$24,439 and \$21,175, respectively.