



Bridges for Peace, Inc.

FINANCIAL STATEMENTS

December 31, 2023 and 2022



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INDEPENDENT AUDITOR'S 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, 2023 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, 2023, 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.

Auditor's 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 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 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 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 7, 2024

Bridges for Peace, Inc.
Statements of Financial Position

<i>December 31,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,341,701	\$ 1,133,155
Pledges receivable, net of allowance for uncollectible pledges	73,513	81,901
Investments	166,475	112,454
Inventory	2,115	3,546
Prepaid expenses and other current assets	22,541	23,203
Total current assets	1,606,345	1,354,259
Non-current assets		
Deposits	2,035	2,035
Operating lease right-of-use asset	-	2,546
Finance lease right-of-use asset	10,247	-
Property, equipment and improvements, net	62,421	50,268
Interest in limited liability company	149,341	154,341
Investments held for long term purposes	109,736	164,988
Total non-current assets	333,780	374,178
Total assets	\$ 1,940,125	\$ 1,728,437

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

Bridges for Peace, Inc.
Statements of Financial Position (Continued)

<i>December 31,</i>	2023	2022
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 38,435	\$ 34,859
Due to related organizations	48,549	57,632
Accrued expenses	32,822	31,363
Current portion of operating lease liability, net of interest	-	2,085
Current portion of finance lease liability, net of interest	2,216	-
Charitable gift annuities, current portion	12,539	19,189
Total current liabilities	134,561	145,128
Long-term liabilities		
Finance lease liability, net of interest and current portion	8,375	-
Charitable gift annuities, long term portion	97,197	145,798
Total long-term liabilities	105,572	145,798
Net assets		
Net assets without donor restrictions	1,200,947	1,062,212
Net assets with donor restrictions	499,045	375,299
Total net assets	1,699,992	1,437,511
Total liabilities and net assets	\$ 1,940,125	\$ 1,728,437

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>	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Revenue and Other Support				
Contributions	\$ 1,450,050	\$ 64,668	\$ 1,514,718	\$ 1,311,118
Operation Ezra and related projects	3,138,707	130,744	3,269,451	2,877,535
Support income	621,259	-	621,259	711,975
Other	2,948	-	2,948	4,254
Product sales, net cost of sales of \$7,390 and \$4,684	(1,078)	-	(1,078)	1,308
Investment income (loss)	51,753	-	51,753	(41,245)
Net assets released from restrictions	71,666	(71,666)	-	-
Total revenue and other support	5,335,305	123,746	5,459,051	4,864,945
Expenses				
<i>Program services</i>				
Operation Ezra and related projects	3,138,707	-	3,138,707	2,818,978
Personnel support	603,590	-	603,590	685,223
Teaching and education	727,415	-	727,415	674,002
Contributions to others	56,709	-	56,709	6,582
Total program services	4,526,421	-	4,526,421	4,184,785
<i>Support services</i>				
Management and general	268,226	-	268,226	257,720
Fundraising	401,923	-	401,923	388,171
Total supporting expenses	670,149	-	670,149	645,891
Total expenses	5,196,570	-	5,196,570	4,830,676
Change in net assets	138,735	123,746	262,481	34,269
Net assets at beginning of year	1,062,212	375,299	1,437,511	1,403,242
Net assets at end of year	\$ 1,200,947	\$ 499,045	\$ 1,699,992	\$ 1,437,511

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,

2023

	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	\$ 177,948	\$ -	\$ 355,563	\$ 2,860	\$ 132,270	\$ 194,999	\$ 863,640
Israel projects and volunteers	2,814,842	603,590	-	-	-	-	3,418,432
Building costs	6,828	-	13,643	110	5,076	7,483	33,140
Depreciation and amortization	5,333	-	10,654	86	3,964	5,844	25,881
Printing and supplies	6,358	-	17,281	11	4,930	11,188	39,768
Telecommunications	7,384	-	14,754	119	5,489	8,092	35,838
Publications and web	-	-	69,184	-	-	12,209	81,393
Marketing campaigns	-	-	-	-	-	57,808	57,808
Postage and receipting	57,687	-	3,846	-	7,691	7,692	76,916
Regional field team costs	1,800	-	97,526	-	2,700	24,381	126,407
Professional fees	-	-	-	-	28,500	-	28,500
Insurance expense	2,120	-	4,236	34	1,575	2,323	10,288
Travel	8,221	-	11,952	129	7,583	10,136	38,021
Outside contractors	9,701	-	22,436	53	5,270	4,746	42,206
Tours	334	-	10,753	-	167	167	11,421
Development costs	-	-	-	-	-	32,800	32,800
Board meeting expenses	-	-	-	-	32,234	-	32,234
Software and related expenses	12,494	-	-	-	12,494	-	24,988
Non-profit license fees and registrations	-	-	-	-	-	3,920	3,920
Subscriptions and memberships	781	-	1,182	12	618	495	3,088
Other expenses	26,876	-	94,405	53,295	17,665	17,640	209,881
Total	\$ 3,138,707	\$ 603,590	\$ 727,415	\$ 56,709	\$ 268,226	\$ 401,923	\$ 5,196,570
Percentage of total expenses	60.4%	11.6%	14.0%	1.1%	5.2%	7.7%	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,

2022

	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	\$ 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
Marketing campaigns	-	-	-	-	-	69,881	69,881
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	27,371	-	86,892	2,965	16,942	16,908	151,078
Total	\$ 2,818,978	\$ 685,223	\$ 674,002	\$ 6,582	\$ 257,720	\$ 388,171	\$ 4,830,676
Percentage of total expenses	58.4%	14.2%	14.0%	0.1%	5.3%	8.0%	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>	2023	2022
Operating Activities		
Changes in net assets	\$ 262,481	\$ 34,269
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	25,881	16,360
Loss on disposal of equipment	538	676
Net amortization of lease asset and liability	-	7,712
Investment income	(9,870)	(13,587)
Unrealized loss (gain) on investments	(30,548)	60,424
Realized loss on investments	3,004	-
Change in operating assets and liabilities		
(Increase) decrease in		
Pledges receivable, net	8,388	(6,543)
Inventory	1,431	111
Prepaid expenses and other current assets	662	11,269
Deposits	-	202
Increase (decrease) in		
Accounts payable	3,576	11,707
Due to related organizations	(9,083)	21,744
Accrued expenses	1,459	(35,849)
Operating lease liability	(2,085)	(6,332)
Charitable gift annuities	(55,251)	(14,882)
Net cash provided by operating activities	200,583	87,281
Investing Activities		
Distribution from interest in limited liability company	5,000	50,000
Distribution from investments held for long-term purposes	38,645	10,468
Proceeds from sale of investments	-	40,000
Purchases of property, equipment and improvements	(34,449)	(20,920)
Net cash provided by investing activities	9,196	79,548

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

Bridges for Peace, Inc.
Statements of Cash Flows (Continued)

<i>For the years ended December 31,</i>	2023	2022
Financing Activities		
Principal payments made on finance lease	(1,233)	-
Net cash used in financing activities	(1,233)	-
Net change in cash and cash equivalents	208,546	166,829
Cash and cash equivalents at beginning of year	1,133,155	966,326
Cash and cash equivalents at end of year	\$ 1,341,701	\$ 1,133,155

SUPPLEMENTAL CASH FLOW INFORMATION

<i>For the years ended December 31,</i>	2023	2022
Cash paid for interest	\$ 381	\$ -

NON-CASH INVESTING AND FINANCING TRANSACTIONS

During 2023, the Organization entered into a new finance lease for a copier valued at \$11,824.

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, 2022, 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, 2023 and 2022, were \$18,379 and \$20,475, 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 office equipment in 2023 and a vehicle in 2022. 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 non-current assets, current liabilities, and 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. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 (see Note 8). 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended December 2023 and 2022, advertising costs totaled \$57,808 and \$69,881, respectively.

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, 2023 and 2022, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Bridges for Peace, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 7, 2024, 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.

Reclassifications

Certain reclassifications were made to prior year balances to conform with the current year presentation.

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>	2023	2022
Cash and cash equivalents	\$ 1,341,701	\$ 1,133,155
Pledges receivable - net of allowance for uncollectible pledges	73,513	81,901
Investments	166,475	112,454
 Total financial assets	 1,581,689	 1,327,510
 Less amounts not available for general expenditure within one year due to contractual or donor-imposed restrictions		
Restricted by donors with purpose restrictions (Note 9)	(425,532)	(293,398)
 Financial assets available to meet cash needs for general expenditures	 \$ 1,156,157	 \$ 1,034,112

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.

Bridges for Peace, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Liquidity Management (Continued)

Management has budgeted approximately \$1,688,469 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.

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

Investments and investments held for long-term purposes consists of the following:

<i>December 31,</i>	2023	2022
Mutual funds	\$ 276,211	\$ 277,442
Total	\$ 276,211	\$ 277,442

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

<i>December 31,</i>	2023	2022
Investments	\$ 166,475	\$ 112,454
Investments held for long-term purposes	109,736	164,988
Total	\$ 276,211	\$ 277,442

Investment income (loss) is as follows:

<i>For the years ended December 31,</i>	2023	2022
Realized loss	\$ (3,004)	\$ -
Unrealized gain	30,548	(60,424)
Dividends and interest	24,249	19,179
Commission paid	(40)	-
Net investment income (loss)	\$ 51,753	\$ (41,245)

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>	2023	2022
Equipment	\$ 95,217	\$ 84,722
Vehicle	17,157	-
Building improvements	95,049	95,049
Total property and equipment	207,423	179,771
Less accumulated depreciation	(145,002)	(129,503)
Property, equipment and improvements, net	\$ 62,421	\$ 50,268

Depreciation expense for the years ended December 31, 2023 and 2022, was \$21,758 and \$16,360, 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, 2023 or 2022.

Note 7: LEASES

In May 2020, the Organization entered into a 36 month lease agreement for a van. Required monthly payments on the lease were \$528 through April 2023. The van was purchased in 2023 and appropriately reported as property, equipment and improvements in the accompanying statements of financial position. In April 2023, the Organization entered into a 60 month lease agreement for a copier machine. Required monthly payments on the lease are \$231 through April 2028. As of December 31, 2023, assets recorded under the finance lease were \$11,824 and accumulated depreciation associated with the finance lease was \$1,577.

Bridges for Peace, Inc.
Notes to Financial Statements

Note 7: LEASES (Continued)

The components of lease expense consist of the following:

<i>For the years ended December 31,</i>	2023	2022
Operating lease cost	\$ 2,571	\$ 7,712
Finance lease cost		
Amortization of right-of-use asset	\$ 1,577	-
Interest on lease liabilities	381	-
Total finance lease cost	\$ 1,958	\$ -

Weighted average remaining lease term and discount rates consist of the following:

<i>For the years ended December 31,</i>	2023	2022
Right-of-use assets obtained in exchange for lease obligations		
Finance leases	\$ 11,824	-
Weighted average remaining lease term		
Operating leases	-	.3 years
Finance leases	4.7 years	-
Weighted average discount rate		
Operating leases	5.75%	5.75%
Finance leases	5.75%	-

Bridges for Peace, Inc.
Notes to Financial Statements

Note 7: LEASES (Continued)

Future minimum lease payments under non-cancellable leases as of December 31, 2023, were as follows:

<i>For the years ending December 31,</i>	Finance Leases
2024	\$ 2,767
2025	2,767
2026	2,767
2027	2,767
2028	922
Total future minimum lease payments	11,990
Less imputed interest	(1,399)
Present value of lease liabilities	\$ 10,591
<i>Reported as of December 31,</i>	2023
Current portion of finance lease liability, net of interest	\$ 2,216
Finance lease liability, net of interest and current portion	8,375
Total	\$ 10,591

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%.

Bridges for Peace, Inc.
Notes to Financial Statements

Note 9: NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Time restrictions		
Operation Ezra pledges receivable, net	\$ 73,513	\$ 81,901
Purpose restrictions		
Designated project giving	414,142	283,398
To develop educational program	10,000	10,000
Development	1,390	-
	\$ 499,045	\$ 375,299

Net assets were released from donor restrictions by the passage of time and by incurring expenses satisfying the restricted purposes. Net assets released from restrictions during the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Time restrictions		
Operation Ezra pledges receivable, net	\$ 68,056	\$ 63,338
Purpose restrictions		
Development	3,610	13,000
	\$ 71,666	\$ 76,338

Bridges for Peace, Inc.
Notes to Financial Statements

Note 10: ALLOCATION OF JOINT COSTS

Bridges USA incurred joint costs of approximately \$1,000,000 and \$990,000, in 2023 and 2022, 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>	2023	2022
Teaching and education	\$ 727,415	\$ 674,002
Management and general	100,413	94,054
Fundraising	175,262	164,202
	\$ 1,003,090	\$ 932,258

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 \$2,805,092 and \$2,485,871, to BFP International for the years ended December 31, 2023 and 2022, respectively.

Amounts due to BFP International were \$3,802 and \$17,159, at December 31, 2023 and 2022, respectively, and are included in the accompanying statements of financial position as due to related organizations. In addition, Bridges USA purchased a total of \$15,382 and \$103,906, of inventory and materials from BFP International for the years ended December 31, 2023 and 2022, 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 \$626,000 and \$602,000, for the years ended December 31, 2023 and 2022, respectively. Accounts payable due to this entity were \$44,747 and \$40,473, at December 31, 2023 and 2022, 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 \$37,553 and \$35,749, in 2023 and 2022, 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 \$2,096 through April 2023 and then increased to \$2,158. Total rent expense for the years ended December 31, 2023 and 2022, was \$25,152 and \$24,969, 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.

Note 14: FAIR VALUE MEASUREMENTS (Continued)

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, 2023 and 2022.

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.

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, 2023			Total
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Mutual funds	\$ 276,211	\$ -	\$ -	\$ 276,211
	\$ 276,211	\$ -	\$ -	\$ 276,211

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

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, 2023 and 2022, 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, 2023 and 2022, Bridges USA's contribution to the plan was \$26,737 and \$24,439, respectively.