



*TO THE BRIDGE FOUNDATION*

*FINANCIAL REPORT  
DECEMBER 31, 2021*

## **C O N T E N T S**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
To The Bridge Foundation  
Chaska, Minnesota

### **Opinion**

We have audited the accompanying financial statements of To The Bridge Foundation (the "Organization") (A Minnesota Not-For-Profit Organization), which comprise the statement of financial position as of December 31, 2021, 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 To The Bridge Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

*Boyum & Barescheer PLLP*

Boyum & Barescheer PLLP  
Minneapolis, Minnesota  
November 13, 2024

**TO THE BRIDGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

**ASSETS**

Cash and cash equivalents	\$ 856,964
Investments	689,010
Pledges receivable	129,015

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<b><i>Total assets</i></b>	<b>\$ 1,674,989</b>
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**LIABILITIES AND NET ASSETS**

**NET ASSETS**

Without donor restrictions	\$ 202,704
With donor restrictions	1,472,285
<b><i>Total net assets</i></b>	<b>1,674,989</b>

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<b><i>Total liabilities and net assets</i></b>	<b>\$ 1,674,989</b>
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The Notes to Financial Statements are an integral part of these statements.

**TO THE BRIDGE FOUNDATION**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2021**

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>SUPPORT AND OTHER REVENUES</b>			
Contributions	\$ 7,824	\$ 929,015	\$ 936,839
Interest and dividends, net of fees	26,113	-	26,113
Realized gains on investments	20,947	-	20,947
Unrealized gains on investments	8,239	-	8,239
Releases from restrictions	15,000	(15,000)	-
<b><i>Total support and other revenues</i></b>	<b>78,123</b>	<b>914,015</b>	<b>992,138</b>
<b>EXPENSES</b>			
Program	15,200	-	15,200
Management and general	617	-	617
<b><i>Total expenses</i></b>	<b>15,817</b>	<b>-</b>	<b>15,817</b>
<b><i>Change in net assets</i></b>	<b>62,306</b>	<b>914,015</b>	<b>976,321</b>
Net assets, beginning of year	140,398	558,270	698,668
<b><i>Net assets, end of year</i></b>	<b>\$ 202,704</b>	<b>\$ 1,472,285</b>	<b>\$ 1,674,989</b>

The Notes to Financial Statements are an integral part of these statements.

*TO THE BRIDGE FOUNDATION*

*STATEMENT OF FUNCTIONAL EXPENSES*

**YEAR ENDED DECEMBER 31, 2021**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Grant expense	15,000	-	-	15,000
Professional fees	-	515	-	515
Office expense	19	-	-	19
Miscellaneous	181	102	-	283
<b><i>Total functional expenses</i></b>	<b>\$ 15,200</b>	<b>\$ 617</b>	<b>\$ -</b>	<b>\$ 15,817</b>
<i>Percent of total expenses</i>	96%	4%	0%	100%

The Notes to Financial Statements are an integral part of these statements.

*TO THE BRIDGE FOUNDATION*

*STATEMENT OF CASH FLOWS*

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**YEAR ENDED DECEMBER 31, 2021**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 976,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized/unrealized gains on investments	(29,186)
Net changes in assets and liabilities:	
Pledges receivable	(129,015)
<i>Net cash provided by operating activities</i>	<u>818,120</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	273,224
Purchase of investments	(298,117)
<i>Net cash used by investing activities</i>	<u>(24,893)</u>

*Net increase in cash and cash equivalents* 793,227

Cash and cash equivalents, beginning of year 63,737

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*Cash and cash equivalents, end of year* \$ 856,964

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The Notes to Financial Statements are an integral part of these statements.



**TO THE BRIDGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization description***

To the Bridge Foundation (the “Organization”) is dedicated to helping those with addictions build bridges to the next stages of their lives. We focus on four key ideas: educating communities about the reality of addiction; building a presence as a helping hand in surrounding communities; appreciating all those lost in personal battles; and offering creative support services.

***Basis of presentation***

The Organization’s financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statement presentation follows the recommendations of ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Cash and cash equivalents***

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At times, balances may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit; however, the Organization believes it is not exposed to any significant credit risk related to these cash balances.

***Pledges receivable***

Pledges receivable consist of amounts due on promises to give. Promises to give are reported at net realizable value, which approximates fair value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years’ experience and management’s analysis of the outstanding receivables. There was no provision for doubtful accounts as of December 31, 2021. Pledges are written off when deemed to be uncollectible.

***Revenue recognition for contributions received and contributions made***

The Organization follows Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this guidance is the determination on whether two parties receive and sacrifice commensurate value to distinguish which guidance should be applied. FASB 958-605, *Not-for-Profit Entities – Revenue Recognition* should be followed for contributions while FASB 606, *Revenue from Contracts with Customers* should be followed for exchange transactions.

**TO THE BRIDGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. (CONTINUED)**

*Contributions*

Contributions are recognized when the individual, foundation or corporation makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*In-kind contributions*

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of operations, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Contributed materials are recorded when received at their fair value. Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a non-financial asset or the service requires specialized skills that would need to be purchased if not provided by donation. There were no in-kind contributions received during 2021.

***Functional allocation of expenses***

The costs of providing the Organization's program and supporting activities have been presented on a functional basis. The management team determines the appropriate percentages for each class of expense; they determine what percentages should be modified each year based on changes in programs and other factors. All expenses were allocated based on management's estimates.

***Income taxes***

The Organization is exempt from federal and Minnesota taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and Section 290.05 of the Minnesota Statutes and is only subject to federal and state income taxes on net unrelated business income. Since the Organization had no unrelated business taxable income in 2021, the accompanying financial statements do not include any provision for federal or state income taxes.

The Organization has not been audited, and accordingly the information returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in Accounting Standards Codification Section 740 for Income Taxes.

**NOTE 2. FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets of liabilities (level 1 measurements) and the lowest priority to unobserved inputs (level 3 measurements).

**TO THE BRIDGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. (CONTINUED)**

The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements* are described as follows:

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

**Level 2:** Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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 used need to maximize the use of 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, 2021.

**Mutual funds:** Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.

**ETFs:** Valued at the daily closing price as reported by the fund. ETFs held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. ETFs 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

**Assets at fair value as of December 31, 2021**

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	\$ 573,054	\$ -	\$ -	\$ 573,054
ETFs	115,956	-	-	\$ 115,956
<b>Total assets at fair value</b>	<b>\$ 689,010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 689,010</b>

**TO THE BRIDGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3. LIQUIDITY AND AVAILABILITY**

The Organization receives contributions from individuals, foundations and corporations. As part of its liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at:

**DECEMBER 31, 2021**

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Total assets	\$ 1,674,989
Less: net assets with donor restrictions	(1,472,285)
<b><i>Total</i></b>	<b>\$ 202,704</b>

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**NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are intended to be used for grants to individuals beginning sober housing programs.

**NOTE 5. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through November 13, 2024, the date the financial statements were available to be issued.

During 2024, the Organization received notification from the Minnesota Attorney General's Office (MN AG) that an audit of the financial statements was required. It was initially thought that the audit was needed for 2022 since revenue as reported on the tax filing had exceeded the MN AG's audit threshold. In the early stages of the audit, it was determined that contributions from a large donor should have been recognized in 2021 rather than 2022, under accounting principles generally accepted in the United States of America, which shifted the audit from 2022 to 2021.