

VETERANS BRIDGE HOME, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2023 and 2022

And Report of Independent Auditor

VETERANS BRIDGE HOME, INC.
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Report of Independent Auditor

To the Board of Directors
Veterans Bridge Home, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Veterans Bridge Home, Inc. (the “Organization”), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024, on our consideration of the Organization's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Charlotte, North Carolina
July 30, 2024

VETERANS BRIDGE HOME, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,198,444	\$ 1,611,762
Investments	54,189	35,214
Grants and other receivables	344,386	10,850
Contributions receivable	37,514	168,950
Other assets	81,233	10,825
Total Current Assets	<u>1,715,766</u>	<u>1,837,601</u>
Noncurrent Assets:		
Operating lease right-of-use asset, net	1,664,603	1,868,395
Property and equipment, net	100,707	127,325
Total Noncurrent Assets	<u>1,765,310</u>	<u>1,995,720</u>
Total Assets	<u><u>\$ 3,481,076</u></u>	<u><u>\$ 3,833,321</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 76,920	\$ 35,200
Deferred revenue	-	5,761
Operating lease liability, current portion	190,727	168,404
Total Current Liabilities	<u>267,647</u>	<u>209,365</u>
Noncurrent Liabilities:		
Operating lease liability, less current portion	1,587,974	1,777,634
Total Liabilities	<u>1,855,621</u>	<u>1,986,999</u>
Net Assets:		
Without Donor Restrictions	1,587,941	1,677,372
With Donor Restrictions:		
Subject to the passage of time	37,514	168,950
Total Net Assets	<u>1,625,455</u>	<u>1,846,322</u>
Total Liabilities and Net Assets	<u><u>\$ 3,481,076</u></u>	<u><u>\$ 3,833,321</u></u>

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

VETERANS BRIDGE HOME, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions	\$ 1,384,839	\$ 32,514	\$ 1,417,353
Events	944,709	-	944,709
Grants	2,074,528	-	2,074,528
Contributed nonfinancial assets	217,818	-	217,818
Investment return, net	47,112	-	47,112
Net assets released from restrictions	163,950	(163,950)	-
Total Revenue	<u>4,832,956</u>	<u>(131,436)</u>	<u>4,701,520</u>
Expenses:			
Program Services	<u>3,302,711</u>	-	<u>3,302,711</u>
Supporting Services:			
Events and fundraising	753,183	-	753,183
Management and general	<u>866,493</u>	-	<u>866,493</u>
Total Supporting Services	<u>1,619,676</u>	-	<u>1,619,676</u>
Total Expenses	<u>4,922,387</u>	-	<u>4,922,387</u>
Change in net assets	(89,431)	(131,436)	(220,867)
Net assets, beginning of year	<u>1,677,372</u>	<u>168,950</u>	<u>1,846,322</u>
Net assets, end of year	<u>\$ 1,587,941</u>	<u>\$ 37,514</u>	<u>\$ 1,625,455</u>

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

VETERANS BRIDGE HOME, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 1,012,102	\$ 168,950	\$ 1,181,052
Events	565,278	-	565,278
Grants	736,082	-	736,082
Investment return	(5,651)	-	(5,651)
Net assets released from restrictions	185,355	(185,355)	-
Total Revenue	<u>2,493,166</u>	<u>(16,405)</u>	<u>2,476,761</u>
Expenses:			
Program Services	1,840,963	-	1,840,963
Supporting Services:			
Events and fundraising	479,357	-	479,357
Management and general	486,044	-	486,044
Total Supporting Services	<u>965,401</u>	<u>-</u>	<u>965,401</u>
Total Expenses	<u>2,806,364</u>	<u>-</u>	<u>2,806,364</u>
Change in net assets	(313,198)	(16,405)	(329,603)
Net assets, beginning of year	1,990,570	185,355	2,175,925
Net assets, end of year	<u>\$ 1,677,372</u>	<u>\$ 168,950</u>	<u>\$ 1,846,322</u>

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

VETERANS BRIDGE HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Events and Fundraising</u>	<u>Management and General</u>		
Salaries and related	\$ 2,196,607	\$ 232,496	\$ 444,198	\$ 676,694	\$ 2,873,301
Professional fees	35,675	25,368	206,467	231,835	267,510
Events	509,891	369,347	33,541	402,888	912,779
Other	35,571	20,739	40,751	61,490	97,061
Rent	170,813	21,278	21,499	42,777	213,590
Advertising	41,744	35,445	3,172	38,617	80,361
Travel and meetings	246,707	24,585	49,122	73,707	320,414
Depreciation	-	-	38,857	38,857	38,857
Insurance	7,495	953	16,173	17,126	24,621
Dues and subscriptions	16,995	18,843	6,991	25,834	42,829
Utilities	19,863	2,435	3,268	5,703	25,566
Computers	19,700	1,666	1,920	3,586	23,286
Print and postage	1,650	28	534	562	2,212
Total Expenses	<u>\$ 3,302,711</u>	<u>\$ 753,183</u>	<u>\$ 866,493</u>	<u>\$ 1,619,676</u>	<u>\$ 4,922,387</u>

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

VETERANS BRIDGE HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Events and Fundraising</u>	<u>Management and General</u>		
Salaries and related	\$ 1,261,594	\$ 153,778	\$ 318,623	\$ 472,401	\$ 1,733,995
Professional fees	45,183	35,430	51,967	87,397	132,580
Events	139,014	200,849	-	200,849	339,863
Other	36,273	22,672	10,634	33,306	69,579
Rent	171,591	21,355	21,355	42,710	214,301
Advertising	73,421	12,225	2,819	15,044	88,465
Travel and meetings	75,171	11,740	28,678	40,418	115,589
Depreciation	-	-	38,857	38,857	38,857
Insurance	4,198	525	8,363	8,888	13,086
Dues and subscriptions	9,458	17,672	2,678	20,350	29,808
Utilities	13,601	1,677	1,664	3,341	16,942
Computers	10,019	-	191	191	10,210
Print and postage	1,440	1,434	215	1,649	3,089
Total Expenses	<u>\$ 1,840,963</u>	<u>\$ 479,357</u>	<u>\$ 486,044</u>	<u>\$ 965,401</u>	<u>\$ 2,806,364</u>

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

VETERANS BRIDGE HOME, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (220,867)	\$ (329,603)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	38,857	38,857
Unrealized and realized (gains) losses	(18,975)	13,744
Noncash lease expense	36,455	77,643
Changes in operating assets and liabilities:		
Grants receivable	(333,536)	7,569
Contributions receivable	131,436	16,405
Other assets	(70,408)	4,657
Accounts payable	41,720	8,426
Deferred revenue	<u>(5,761)</u>	<u>5,761</u>
Net cash flows from operating activities	(401,079)	(156,541)
Cash flows from investing activities:		
Purchases of property and equipment	<u>(12,239)</u>	<u>-</u>
Net change in cash and cash equivalents	(413,318)	(156,541)
Cash and cash equivalents, beginning of year	<u>1,611,762</u>	<u>1,768,303</u>
Cash and cash equivalents, end of year	<u>\$ 1,198,444</u>	<u>\$ 1,611,762</u>

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

VETERANS BRIDGE HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Organization and summary of significant accounting policies

Organization and Nature of Activities – Veterans Bridge Home, Inc. (the “Organization”) was incorporated in 2011 as a North Carolina nonprofit corporation. The Organization helps military and veteran families successfully navigate transition by identifying their unique goals and needs and then connecting them to available community, state, and federal resources. The Organization’s mission statement is: “A stronger community. One Veteran at a time.”

Basis of Presentation – 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”) has established the Accounting Standards Codification (“ASC”) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with U.S. GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. The Organization has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The sub-classifications are as follows:

Board-Designated – Represents resources set aside by the Board of Directors to be used for specific activities within guidelines established by the board. There were no board-designated net assets at December 31, 2023 and 2022.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no amounts restricted in perpetuity at December 31, 2023 and 2022.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are recorded at the present value of their estimated cash flows using risk-adjusted rates applicable to the years in which they are to be received. The Organization has elected to apply the fair value option for valuing all contributions receivable to improve the clarity and consistency of the valuations of these contributions receivable.

Unconditional promises to give are stated at unpaid balances, less an allowance for uncollectible contributions receivable. It is the Organization’s policy to charge-off uncollectible pledges when management determines the receivable will not be collected. An allowance for uncollectible contributions receivable is based on the Organization’s historical collection experience, general economic conditions, and other circumstances that may affect the ability of donors to meet their obligations. Management has determined an allowance for uncollectible contributions receivable was not necessary as of December 31, 2023 and 2022.

VETERANS BRIDGE HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Organization and summary of significant accounting policies (continued)

Grants Receivable – Amounts due from the federal government and state and local governments in connection with reimbursement of allowable expenses made pursuant to contracts and grants.

Investments – Investments in marketable securities with readily determinable fair values are valued in the statements of financial position at fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Changes in the fair value of securities are reflected as investment return in the accompanying statements of activities. The investments consist of domestic stocks, which are considered Level 1 on the fair value hierarchy.

Fair value is defined as the price the Organization would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The fair value guidance establishes a three-tier hierarchy to distinguish between: (1) inputs that reflect the assumptions that market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs), and (2) inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the fair value of the Organization's financial instruments. The inputs are summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical securities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Money market funds are valued using \$1 for the unit value using the market approach. Fixed income securities are valued on the basis of valuations provided by pricing services, which determines valuations using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. If market quotations are not readily available for valuations, assets may be valued by a method the trustee of the fund believes accurately reflects fair value.

Level 3 – Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager. The investment manager uses either the market approach, which generally consists of using comparable market transactions, or the income approach which generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Property and Equipment – Property and equipment are stated at cost for purchased items and at estimated fair value at the date received for donated items. Depreciation of property and equipment is computed on the straight-line method over the assets' estimated useful life, typically ranging from three to seven years. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. The Organization capitalizes assets that have a value or cost of \$2,000 or greater at the date of acquisition and an estimated useful life of more than one year. The cost and accumulated depreciation of property and equipment are eliminated from the accounts upon disposal, and any resulting gain or loss is included in revenue. Long-lived assets held and used by the Organization are reviewed for impairment whenever changes in circumstances indicate the carrying value of the asset may not be recoverable.

VETERANS BRIDGE HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Organization and summary of significant accounting policies (continued)

Revenue Recognition – Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as support with donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Event revenue consists of sponsorships, fees, and contributions and is recognized when the event occurs.

Contributions and grants are recognized when cash, securities or other assets, an unconditional contribution or grant receivable, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

The Organization received contributions from board members and other related parties totaling \$66,906 and \$31,409 during the years ended December 31, 2023 and 2022, respectively.

Advertising Costs – Advertising costs are expensed as incurred. These costs totaled \$80,361 and \$88,465 for the years ended December 31, 2023 and 2022, respectively.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Direct, identifiable expenses are charged to programs and supporting services. The Organization's major operating costs are salaries and related expenses as allocated on the statements of functional expenses based on time and effort of personnel.

Income Taxes – The Organization is exempt from federal and state income taxes on income related to its tax-exempt purpose under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is not subject to federal income tax except for income from any unrelated business income, as defined in the IRC. Management believes the Organization continues to satisfy the requirements of a tax-exempt organization and is not subject to tax. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for tax uncertainties based on a more likely than not recognition threshold whereby tax benefits are only recognized when the Organization believes they have a greater than 50% likelihood of being sustained upon examination by taxing authorities. The Organization has evaluated all its tax positions and determined it had no material uncertain income tax positions as of December 31, 2023 and 2022.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit and Other Risks – The Organization places its cash and cash equivalents on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. During the year, the Organization from time to time may have had amounts on deposit in excess of the insured limits.

VETERANS BRIDGE HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,198,444	\$ 1,611,762
Investments	54,189	35,214
Grants and other receivables	344,386	10,850
Contributions receivable	37,514	168,950
	<u>\$ 1,634,533</u>	<u>\$ 1,826,776</u>

The Organization manages liquidity by monitoring cash balances on a daily, weekly, and monthly basis in comparison to the ongoing expenses of the Organization. Currently all financial assets of the Organization are available for general expenditures within the 12 months of the Organization's year-end. The Organization considers general expenditures to include program expense, supporting services expense, and current commitments or liabilities to be paid in the subsequent year. There are established restricted funds that the Organization does not intend to spend, however, these amounts could be made available if necessary.

Note 3—Property and equipment, net

Property and equipment are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 37,904	\$ 37,625
Leasehold improvements	11,959	-
Furniture and fixtures	231,185	231,185
Total property and equipment	281,048	268,810
Less accumulated depreciation	(180,341)	(141,485)
	<u>\$ 100,707</u>	<u>\$ 127,325</u>

Depreciation expense totaled \$38,857 for both the years ended December 31, 2023 and 2022.

Note 4—Net assets with donor restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Contributions receivable that are not restricted by donors, which are unavailable for expenditure until due	<u>\$ 37,514</u>	<u>\$ 168,950</u>

During the year, net assets with donor restrictions were appropriated for expenditure and/or released from donor restrictions by incurring expenses satisfying the restricted purposes or through the passage of time as follows:

	<u>2023</u>	<u>2022</u>
Time restriction expired	<u>\$ 163,950</u>	<u>\$ 185,355</u>

VETERANS BRIDGE HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 5—Employee retirement plan

In 2020, the Organization began to sponsor a defined contribution employee benefit plan to provide retirement benefits for all eligible employees, as defined. Matching contributions are at the discretion of the Organization’s Board of Directors. The Organization made contributions to the plan amounting to \$136,313 and \$69,685 for the years ended December 31, 2023 and 2022, respectively. These contributions are classified as salaries and related expenses in the statements of functional expenses.

Note 6—Leases

The Organization has operating leases for office space and equipment. ASC 842 requires the recognition of leasing arrangements on the statement of financial position as right-of-use (“ROU”) assets and liabilities pertaining to the rights and obligations created by the leased assets. The Organization determines whether an arrangement is a lease at inception and classify it as finance or operating. All of the Organization’s leases are classified as operating leases and do not contain any residual value guarantee. ROU lease assets and corresponding ROU lease liabilities are recognized at commencement date based on the present value of lease payments over the expected lease term. Since the interest rate implicit in the lease arrangement is not readily determinable, the Organization utilized a risk-free rate as of the lease commencement date to determine the present value of future lease payments. The Organization’s lease terms may include options to extend or terminate the lease.

The carrying value of the leased assets was \$1,664,603 and \$1,868,395, net of accumulated amortization at December 31, 2023 and 2022, respectively, and is included in the statements of financial position as an operating lease ROU asset. The amortization of the operating lease was \$212,940 and \$193,741 for the years ended December 31, 2023 and 2022, respectively. Total operating lease costs for the years ended December 31, 2023 and 2022 totaled \$213,590 and \$214,301, respectively, and included within rent on the statements of functional expenses. Cash paid for amounts included in measurement of operating lease liabilities totaled \$197,673 and \$148,591 for the years ended December 31, 2023 and 2022, respectively.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term for operating lease	7.8 years	8.8 years
Weighted-average discount rate for operating lease	1.63%	1.63%

Future minimum lease payments, by year and in the aggregate, under noncancelable operating lease with initial or remaining terms of one year or more at December 31, 2023 are as follows:

Years Ending December 31,

2024	\$ 218,038
2025	224,514
2026	231,189
2027	236,327
2028	241,663
Thereafter	<u>747,221</u>
Total undiscounted cash flows	1,898,952
Less present value discount	(120,251)
Less due within one year	<u>(190,727)</u>
Total noncurrent operating lease liabilities	<u><u>\$ 1,587,974</u></u>

VETERANS BRIDGE HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 7—Contributed nonfinancial goods and services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received: (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as donated goods and services are offset by like amounts included in expense or additions to property and equipment or other assets.

The Organization received the following in-kind contributions, estimated at their fair value on the date received during the year ended December 31:

	2023	2022	Utilization	Donor Restrictions	Valuation Techniques
Airline miles	\$ 43,857	\$ -	Air travel required for programs	No associated donor restrictions	Valuation was derived from statements from airlines.
Consulting services	83,000	-	Professional services supporting programs	No associated donor restrictions	Valuation was derived from engagement letters from vendors.
Food and beverages	49,600	-	Served during events	No associated donor restrictions	Valuation was provided by vendors.
Rental equipment	20,136	-	Rental equipment used to support programs	No associated donor restrictions	Valuation was provided by vendors.
Other	21,225	-	General support of programs	No associated donor restrictions	Valuation was derived from third party valuation sources.
	<u>\$ 217,818</u>	<u>\$ -</u>			

In addition, a number of volunteers, including members of the Board of Directors as well as various volunteer assistants, contribute significant amounts of time to further the Organization's programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

Note 8—Subsequent events

The Organization has evaluated subsequent events through July 30, 2024, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.