

# **THE BRIDGE OVER TROUBLED WATERS, INC. AND THE BRIDGE FOUNDATION, INC.**

Report of Independent Auditor and Combined  
Financial Statements with Supplemental  
Information and Federal Compliance with the  
*Uniform Guidance*

December 31, 2018 and 2017



**THE BRIDGE OVER TROUBLED WATERS, INC.  
AND THE BRIDGE FOUNDATION, INC.**

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December 31, 2018 and 2017

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## REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of  
The Bridge Over Troubled Waters, Inc. and  
The Bridge Foundation, Inc.  
Pasadena, Texas

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of The Bridge Over Troubled Waters, Inc. and The Bridge Foundation, Inc., both nonprofit organizations (the “Organization”), which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the combined financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Bridge Over Troubled Waters, Inc. and The Bridge Foundation, Inc. as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report June 28, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

June 28, 2019  
Austin, Texas

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Combined Statements of Financial Position

As of December 31, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 494,234	\$ 262,041
Short-term investments - certificates of deposit	158,969	158,001
Accounts receivable		
Government grants	780,284	528,163
United Way contract	82,226	77,133
Contributions	91,650	11,069
Other	38,632	61,302
Prepaid expenses and other current assets	92,185	81,293
Current assets	<u>1,738,180</u>	<u>1,179,002</u>
Property and equipment, net	<u>4,356,557</u>	<u>4,548,533</u>
<b>Total assets</b>	<u><u>\$ 6,094,737</u></u>	<u><u>\$ 5,727,535</u></u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 342,785	\$ 246,107
Note payable - current portion	40,819	36,801
Current liabilities	<u>383,604</u>	<u>282,908</u>
Note payable - non current portion	<u>436,216</u>	<u>478,192</u>
<b>Total liabilities</b>	<u>819,820</u>	<u>761,100</u>
<b>Net Assets</b>		
Without donor restrictions	5,211,643	4,889,302
With donor restrictions	63,274	77,133
<b>Total net assets</b>	<u>5,274,917</u>	<u>4,966,435</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 6,094,737</u></u>	<u><u>\$ 5,727,535</u></u>

See report of independent auditor and accompanying notes.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Combined Statements of Activities  
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>						
Government grants	\$ 5,167,142	\$ -	\$ 5,167,142	\$ 4,399,179	\$ -	\$ 4,399,179
Non-governmental grants and contributions	760,304	247,236	1,007,540	566,565	251,920	818,485
In-kind contributions	644,741	-	644,741	669,366	-	669,366
Fees	88,052	-	88,052	83,295	-	83,295
Auxiliary activities, net of direct costs	124,458	-	124,458	48,753	-	48,753
Interest and dividend income	16,129	-	16,129	16,056	-	16,056
Other income	-	-	-	5,928	-	5,928
Net assets released from restrictions	261,095	(261,095)	-	243,918	(243,918)	-
Total revenue	<u>7,061,921</u>	<u>(13,859)</u>	<u>7,048,062</u>	<u>6,033,060</u>	<u>8,002</u>	<u>6,041,062</u>
<b>Expenses</b>						
<b>Program Expenses</b>						
Emergency shelter	1,741,274	-	1,741,274	1,560,548	-	1,560,548
Emergency shelter - childcare	611,811	-	611,811	636,251	-	636,251
Long-term housing	514,963	-	514,963	625,917	-	625,917
Long-term housing - childcare	724,664	-	724,664	679,516	-	679,516
Advocacy services	2,205,556	-	2,205,556	1,818,049	-	1,818,049
Education	187,207	-	187,207	177,871	-	177,871
Auxiliary cost of sales, indirect	3,520	-	3,520	6,114	-	6,114
Total program expenses	<u>5,988,996</u>	<u>-</u>	<u>5,988,996</u>	<u>5,504,266</u>	<u>-</u>	<u>5,504,266</u>
<b>Support Services</b>						
Management and general	481,512	-	481,512	417,853	-	417,853
Fundraising	269,072	-	269,072	244,787	-	244,787
Total support expenses	<u>750,584</u>	<u>-</u>	<u>750,584</u>	<u>662,640</u>	<u>-</u>	<u>662,640</u>
Total expenses	<u>6,739,580</u>	<u>-</u>	<u>6,739,580</u>	<u>6,166,906</u>	<u>-</u>	<u>6,166,906</u>
Change in net assets	<u>322,341</u>	<u>(13,859)</u>	<u>308,482</u>	<u>(133,846)</u>	<u>8,002</u>	<u>(125,844)</u>
Net assets, beginning of year	<u>4,889,302</u>	<u>77,133</u>	<u>4,966,435</u>	<u>5,023,148</u>	<u>69,131</u>	<u>5,092,279</u>
Net assets, end of year	<u>\$ 5,211,643</u>	<u>\$ 63,274</u>	<u>\$ 5,274,917</u>	<u>\$ 4,889,302</u>	<u>\$ 77,133</u>	<u>\$ 4,966,435</u>

See report of independent auditor and accompanying notes.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Combined Statement of Functional Expenses

Year Ended December 31, 2018

	<b>Emergency Shelter</b>		<b>Long-term Housing</b>		<b>Advocacy</b>		<b>Auxiliary Cost of Sales</b>	<b>Total Program Expenses</b>
	<b>Shelter</b>	<b>Childcare</b>	<b>Housing</b>	<b>Childcare</b>	<b>Services</b>	<b>Education</b>		
Salaries	\$ 940,934	\$ 347,103	\$ 116,804	\$ 511,956	\$ 1,023,695	\$ 129,856	\$ -	\$ 3,070,347
Employee benefits	70,852	39,262	10,149	42,236	94,087	10,362	-	266,948
Payroll taxes	4,075	1,870	523	2,178	4,569	773	-	13,988
Assistance to individuals	256,136	121,573	346,281	94,611	687,711	12,544	-	1,518,856
Travel and transportation	13,810	1,005	579	6,729	20,575	9,435	-	52,134
Conferences and meetings	175	51	-	61	2,729	2,622	-	5,638
Interest, financing, and credit card fees	-	-	-	14	-	-	1,270	1,284
Insurance	38,368	10,747	1,413	9,415	5,806	1,818	-	67,567
Staff development	383	580	-	1,248	2,878	-	-	5,089
Telephone	11,379	3,959	2,315	6,760	27,224	4,024	-	55,662
Postage and delivery	36	-	27	6	128	-	-	197
Professional and contract services	102,736	12,289	18,238	17,292	260,589	5,414	2,250	418,809
Occupancy	77,814	15,413	11,559	7,110	29,672	3,176	-	144,744
Equipment and furniture costs	66,459	3,217	6,142	5,277	18,394	1,762	-	101,252
Supplies	18,720	21,100	452	6,627	9,342	632	-	56,873
Printing and publications	-	-	-	-	-	1,120	-	1,120
Depreciation	139,396	33,642	481	13,143	18,155	3,670	-	208,488
	<u>\$ 1,741,274</u>	<u>\$ 611,811</u>	<u>\$ 514,963</u>	<u>\$ 724,664</u>	<u>\$ 2,205,556</u>	<u>\$ 187,207</u>	<u>\$ 3,520</u>	<u>\$ 5,988,996</u>

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Support Expenses</b>	<b>Total</b>
	Salaries	\$ 345,695	\$ 166,082	\$ 511,777
Employee benefits	33,892	14,413	48,305	315,252
Payroll taxes	1,420	588	2,008	15,996
Assistance to individuals	-	27,572	27,572	1,546,428
Travel and transportation	4,966	1,450	6,416	58,550
Conferences and meetings	390	100	490	6,128
Interest, financing, and credit card fees	4,690	28,470	33,160	34,444
Insurance	7,794	3,301	11,095	78,663
Staff development	15,135	772	15,907	20,996
Telephone	5,661	2,127	7,788	63,450
Postage and delivery	1,378	789	2,168	2,365
Professional and contract services	25,338	16,285	41,622	460,431
Occupancy	5,050	1,906	6,955	151,700
Equipment and furniture costs	5,886	1,149	7,035	108,287
Supplies	8,368	354	8,722	65,595
Printing and publications	1,757	70	1,827	2,947
Depreciation	14,092	3,644	17,736	226,224
	<u>\$ 481,512</u>	<u>\$ 269,072</u>	<u>\$ 750,584</u>	<u>\$ 6,739,580</u>

See report of independent auditor and accompanying notes.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Combined Statement of Functional Expenses

Year Ended December 31, 2017

	<b>Emergency Shelter</b>		<b>Long-term Housing</b>		<b>Advocacy</b>		<b>Auxiliary Cost of Sales</b>	<b>Total Program Expenses</b>
	<b>Shelter</b>	<b>Childcare</b>	<b>Housing</b>	<b>Childcare</b>	<b>Services</b>	<b>Education</b>		
Salaries	\$ 836,249	\$ 352,423	\$ 113,053	\$ 476,153	\$ 862,678	\$ 136,074	\$ 2,121	\$ 2,778,751
Employee benefits	60,992	40,321	10,907	30,380	70,963	7,811	64	221,438
Payroll taxes	2,952	1,291	395	1,575	2,109	530	154	9,006
Assistance to individuals	274,408	150,109	461,917	100,343	363,826	76	-	1,350,679
Travel and transportation	10,934	803	1,860	2,152	15,196	10,824	7	41,776
Conferences and meetings	-	619	-	619	4,657	2,825	-	8,720
Interest, financing, and credit card fees	-	-	1,096	-	-	-	1,513	2,609
Insurance	33,835	11,720	785	10,571	5,582	963	-	63,456
Staff development	520	1,615	304	844	1,996	12	-	5,291
Telephone	9,266	2,383	1,544	3,604	16,931	2,254	5	35,987
Postage and delivery	41	-	37	28	176	3	-	285
Professional and contract services	71,115	12,761	18,092	17,965	379,605	5,372	2,250	507,160
Occupancy	79,118	18,525	11,074	7,956	31,415	1,917	-	150,005
Equipment and furniture costs	24,040	4,334	2,615	5,084	32,994	1,031	-	70,098
Supplies	19,377	5,825	1,793	10,584	10,739	3,677	-	51,995
Printing and publications	-	-	-	-	1,415	901	-	2,316
Depreciation	137,701	33,522	445	11,658	17,767	3,601	-	204,694
	<u>\$ 1,560,548</u>	<u>\$ 636,251</u>	<u>\$ 625,917</u>	<u>\$ 679,516</u>	<u>\$ 1,818,049</u>	<u>\$ 177,871</u>	<u>\$ 6,114</u>	<u>\$ 5,504,266</u>

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Support Expenses</b>	<b>Total</b>
Salaries	\$ 269,211	\$ 159,604	\$ 428,815	\$ 3,207,566
Employee benefits	26,226	10,871	37,097	258,535
Payroll taxes	850	372	1,222	10,228
Assistance to individuals	2,538	15,553	18,091	1,368,770
Travel and transportation	2,586	1,415	4,001	45,777
Conferences and meetings	370	45	415	9,135
Interest, financing, and credit card fees	15,912	25,191	41,103	43,712
Insurance	8,293	3,179	11,472	74,928
Staff development	5,148	992	6,140	11,431
Telephone	7,666	3,276	10,942	46,929
Postage and delivery	1,420	593	2,013	2,298
Professional and contract services	34,101	14,434	48,535	555,695
Occupancy	7,616	1,868	9,484	159,489
Equipment and furniture costs	12,259	1,748	14,007	84,105
Supplies	9,302	813	10,115	62,110
Printing and publications	1,401	1,278	2,679	4,995
Depreciation	12,954	3,555	16,509	221,203
	<u>\$ 417,853</u>	<u>\$ 244,787</u>	<u>\$ 662,640</u>	<u>\$ 6,166,906</u>

See report of independent auditor and accompanying notes.



**THE BRIDGE OVER TROUBLED WATERS, INC.**Combined Statements of Cash Flows  
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 308,482	\$ (125,844)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	226,224	221,203
Loss on disposal of property and equipment	-	211
(Increase) decrease in operating assets:		
Accounts receivable	(315,125)	218,735
Accrued interest income	(969)	(1,630)
Prepaid expenses and other current assets	(10,892)	46,083
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	96,678	(28,764)
Net cash provided by operating activities	<u>304,399</u>	<u>329,994</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(34,248)	(28,285)
Proceeds from sale of property and equipment	-	64,245
Net cash (used in) provided by investing activities	<u>(34,248)</u>	<u>35,960</u>
<b>Cash flows from financing activities:</b>		
Note repayments	(37,958)	(185,570)
Net cash used in financing activities	<u>(37,958)</u>	<u>(185,570)</u>
Net increase in cash and cash equivalents	232,193	180,384
<b>Cash and cash equivalents at beginning of year</b>	<u>262,041</u>	<u>81,657</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 494,234</u>	<u>\$ 262,041</u>
<b>Supplemental Disclosure:</b>		
Cash paid for interest	<u>\$ 28,042</u>	<u>\$ 24,930</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditor and accompanying notes.

## THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2018 and 2017

### NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Bridge Over Troubled Waters, Inc. (“The Bridge”) and its affiliate, The Bridge Foundation, Inc. (“The Foundation”) (collectively, “the Organization”) are tax exempt, non-profit corporations incorporated under the State of Texas Non-Profit Corporations Act. The Bridge was organized in 1978 for the purpose of providing safe housing for victims of domestic violence and sexual assault in Harris County. The Foundation was organized to receive cash and non-cash donations and to manage contributed assets for the direct benefit of The Bridge. The Bridge receives its support from government grants, the United Way and the general public in the form of cash donations, property, goods and services.

#### *Program Services*

The Bridge operates programs under six program categories. Each category and the level of services provided during the years ended December 31, 2018 and 2017, are summarized as follows:

**Emergency Shelter** - Emergency Shelter services increase the health, safety and stability of any victims of domestic violence, sexual assault or homelessness. This is accomplished by providing safe shelter; on-site childcare; nutrition; crisis intervention; and access to all Advocacy and Educational Services (described below), including legal advocacy and case management. During the years ended December 31, 2018 and 2017, 1,647 and 1,671 women and children, respectively, were assisted for an average of 21 days. For the years ended December 31, 2018 and 2017 total shelter days were 35,422 and 35,523, respectively.

**Long-Term Housing** - The Transitional and Permanent Housing programs assist individuals and families in achieving self-sufficiency by subsidizing rent; subsidizing childcare; providing assistance in developing a long-term plan; and providing access to all Advocacy and Educational Services (described below). The Long-Term Housing program served 2,774 and 1,987 adults and children during 2018 and 2017, respectively.

**Childcare Services** - Childcare services are offered to clients of the Emergency Shelter and Long-Term Housing programs. Individualized, age-appropriate services help children to heal from crisis and overcome developmental gaps. Services include support groups; counseling; enrichment trips; tutoring; mentoring; and public-school advocacy. This program served 4,951 and 4,320 children during 2018 and 2017, respectively.

**Advocacy Services** - Advocacy services are provided to residential and nonresidential clients. Services include casework; a twenty-four-hour hotline; information and referrals; safety planning; counseling; employment services; advocacy, legal and twenty-four-hour medical accompaniment; support groups; and life skills programs. This program served 17,149 and 14,181 individuals during 2018 and 2017, respectively.

**Education and Prevention** - The goals of this program are to prevent abuse by educating the community, including youth and children, about the myths, realities, and root causes of family violence and sexual assault; train professionals to identify and effectively serve victims of abuse; provide a safe atmosphere for victims of abuse to seek help; and provide awareness of agency services. This program was attended by 4,850 and 4,570 people in 2018 and 2017, respectively.

**Auxiliary Activities** - The operation of other activities is to generate revenues for program services, and to provide clothing and other necessities for women and children in need.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Notes to the Combined Financial Statements

December 31, 2018 and 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation*** - The Organization's combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP"). All intercompany transactions between The Bridge and The Foundation have been eliminated in consolidation. For combined financial statement purposes, the Organization distinguishes between contributions of net assets without and with donor restrictions as follows:

*Net Assets without Donor Restrictions* – Net assets that are not subject to stipulations. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Directors. As of December 31, 2018 and 2017, there were no board designated net assets.

*Net Assets with Donor Restrictions* - Net assets representing resources currently available for use, but expendable only for those operating purposes specified by the donor.

***Use of Estimates*** - The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates for the Organization include the depreciable life of property and equipment, potential impairment of long-lived assets, the fair value of donated materials or services and the allocation of expenses by function. Actual results could differ from those estimated.

***Cash and Cash Equivalents*** - For purposes of the combined statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

***Investments*** - The Organization holds three, 365 day, certificates of deposit at two local banks which earn interest at rates between .20% and .60%. Two certificates mature in July 2019, and the third matures in November 2019. The certificates are stated at cost, plus accrued interest, which approximates fair value.

***Accounts Receivable and Allowance for Doubtful Accounts*** - Accounts receivable are stated at cost, less an allowance for doubtful accounts, established when management determines that receivables exceed net realizable value. At December 31, 2018 and 2017, there was no allowance for doubtful accounts since management considers all receivables to be fully collectible.

***Property and Equipment*** - Purchased property and equipment is recorded at cost while contributed property is recorded at fair value at the date of contribution. Property and equipment are depreciated using the straight-line method over the useful lives of the assets which range from three to thirty years. Absent donor stipulations, donated property and equipment is recorded as unrestricted support when placed in service.

Expenditures for maintenance and repairs of fixed assets are charged to operations as incurred. Additions, improvements and major renewals are capitalized. The cost of assets retired or sold, together with the related accumulated depreciation, are removed from the accounts, and any profit or loss on disposition is credited or charged to operations.

## THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2018 and 2017

***Impairment of Long-lived Assets*** - GAAP requires an entity to review long-lived tangible and intangible assets with definite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of its carrying amount to future undiscounted cash flows the assets are expected to generate. The Organization considers historical performance and future estimated results in their evaluation of impairment. No impairment has been recorded for the years ended December 31, 2018 and 2017.

***Contributions*** - Contributions received (including unconditional promises to give) are recorded as net assets without donor restrictions in the period received depending on the existence and/or nature of any donor restrictions. Conditional promises to give (pledges and grants) are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received.

The Organization reports contributions as net assets with donor restrictions if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions in the reporting period in which the support is recognized.

***In-Kind Contributions*** - Donated assets or contributed services are recorded at their estimated fair values at the date of receipt or occurrence. The value of contributed services meeting the requirements for recognition is based upon the comparative cost of acquiring such services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services and have not been recorded in the accompanying combined financial statements.

***Functional Expenses*** - The expense information contained in the combined statements of activities and functional expenses is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management's estimates. Indirect costs, such as office space, utilities, and certain payroll costs are allocated to the programs by management based on factors such as square footage of space used and time devoted to each program.

With the adoption of Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, management has allocated 100% of financial and accounting personnel salaries, payroll taxes and benefits to the general and administrative function, which has been applied retrospectively. As a result, the functional expense allocations for the year ended December 31, 2017 were reclassified to conform to the current year's presentation. Prior to the adoption of ASU 2016-14, management allocated these costs based on Uniform Grant Management Standards.

***Fundraising Expenses*** - Fundraising costs include direct costs of carrying out the fundraising activities, an allocation of payroll costs for staff members involved in the fundraising activities, and an allocation of indirect overhead costs. Costs of products or services that directly benefit the donors are recorded as an offset to fundraising revenues.

## THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2018 and 2017

**Compensated Absences** - Employees are allowed to carry-over one-half of the current year vacation accrual to the following year. Sick leave is accrued up to 30 days but is not payable in cash to the employee. Therefore, unused vacation time is accrued as an expense in the financial statements based on amounts accumulated within the past year. Unused sick time is not recorded as an expense until such time it is used.

**Income Taxes** - The Bridge and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Both are also exempt from state and local taxes. Accordingly, there is no provision or liability for federal or state income taxes in the accompanying combined financial statements.

GAAP requires recognition and disclosure of uncertain tax positions in the combined financial statements and footnotes. Management of the Organization believes it has no material uncertain tax positions as of December 31, 2018 and 2017. The Organization is subject to examination for their prior three years of information returns but have not received any such notice from the Internal Revenue Service.

**Concentration of Credit Risk** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit (CDs) and accounts receivable. At various times during the years ended December 31, 2018 and 2017, balances in these accounts may have exceeded Federal Deposit Insurance Corporation (FDIC) insured limits, however the Organization has not experienced and does not anticipate any credit losses on these deposits.

For grants and other receivables, the Organization performs ongoing credit evaluations of the donor's financial condition. Grants receivable are typically due from state and federal governmental agencies, and the risk of loss is considered remote.

**Recently Issued Accounting Principles** - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, *Revenue Recognition* (Topic 606). This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018 and early adoption is permitted. The new standard allows for two alternative implementation methods: the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The Organization is currently assessing the impact of this new standard on its future financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For private companies, the ASU is effective for years beginning after December 15, 2019. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2018 but is currently assessing the impact of the new standard on its financial reporting.

Other recently issued ASU's were assessed and determined to be either not applicable or are expected to have minimal impact on its combined financial position and results of operations.

## THE BRIDGE OVER TROUBLED WATERS, INC.

Notes to the Combined Financial Statements

December 31, 2018 and 2017

**Management's Review** - The Organization evaluates events that occur subsequent to the combined statement of financial position date of periodic reports, but before the combined financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's combined financial statements are available for issue. For the combined financial statements, as of and for the year ending December 31, 2018, this date was June 28, 2019.

### NOTE 3 – LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$	494,234
Short-term investments		158,969
Accounts receivable		992,792
Prepaid expenses and other assets		92,185
Total current assets	\$	<u>1,738,180</u>

None of the above financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Receivable balances are expected to be collected within one year. The Bridge has policies on managing funds to meet day-to-day cash needs and has ample liquid resources for general expenditures within one year of the balance sheet date. To help manage unanticipated liquidity needs, \$5.2million of grants have been renewed which will assist in funding operations during the following twelve months. Additionally, the Bridge has a committed line of credit with Capital Bank in the amount of \$50,000, in addition to \$158,969 in certificate of deposits.

### NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date (exit price). GAAP characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs other-than-quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.
- Level 3 - Pricing inputs which are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The 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.

The investments are valued using Level 2 inputs, as follows:

*Certificates of deposit:* Valued at cost plus accrued interest, which approximates market.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Notes to the Combined Financial Statements

December 31, 2018 and 2017

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the 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 presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	\$ -	\$ 158,969	\$ -	\$ 158,969

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	\$ -	\$ 158,001	\$ -	\$ 158,001

Other financial instruments that are not valued on a recurring basis are cash, receivables and payables. Management believes the carrying amounts of these financial instruments approximate their fair values, based upon their short-term nature.

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2018 and 2017:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Land	\$ 307,505	\$ 307,505
Buildings and improvements	5,778,147	5,749,567
Furnishings and fixtures	119,753	119,753
Vehicles	218,380	218,380
Computers, equipment and software	165,405	159,737
Total property and equipment	6,589,190	6,554,942
Less: accumulated depreciation	(2,232,633)	(2,006,409)
Total property and equipment, net	<u>\$ 4,356,557</u>	<u>\$ 4,548,533</u>

Depreciation expense was \$226,224 and \$221,203 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 6 – BANK LINE OF CREDIT**

The Bridge has a \$50,000 unsecured business line of credit with a local bank. The line of credit has a fixed interest rate of 4.25%, matures on November 10, 2019, and is collateralized by one of the certificates of deposit which had a balance of \$51,297 and \$50,991 at December 31, 2018 and 2017, respectively. No balance was due on this line of credit at December 31, 2018 and 2017, respectively.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Notes to the Combined Financial Statements

December 31, 2018 and 2017

**NOTE 7 – NOTE PAYABLE**

On November 13, 2009, The Bridge secured a real estate loan from a local bank in the amount of \$3 million to finance the construction of its new housing facility and administrative offices. The amount due on this note was \$477,035 and \$514,993 at December 31, 2018 and 2017, respectively. The note has a variable interest rate, based on the Wall Street Journal Prime Rate plus 1%. The interest rate has a floor of 4.25% and a ceiling of 7.25%. The effective rate at December 31, 2018 was 6.50% and at December 31, 2017 was 5.75%. The note requires twenty-four (24) monthly payments of interest only through October 2011, followed by monthly payments of principal and interest in the amount of \$5,500, with a maturity date of November 13, 2031. The note is secured by a deed of trust on both the property and improvements and a guarantee by The Foundation. The portion of the note payable maturing in the next five years consists of:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 40,819
2020	43,122
2021	45,554
2022	48,124
2023	50,839
Thereafter	<u>248,577</u>
Total balance	477,035
Less: current portion	<u>40,819</u>
Long-term portion	<u>\$ 436,216</u>

**NOTE 8 – GRANT AWARDS**

Grants received are generally renewable on an annual basis and the Organization is dependent on these grants for continued activity. The grants are usually received on a reimbursement basis. As of December 31, 2018, and 2017, the Organization had incurred \$780,284 and \$528,163, respectively, in expenses under these programs that had not been reimbursed and are recorded as accounts receivable – government grants in the accompanying combined financial statements.

The Bridge was granted a collaborative grant from the Texas Department of Housing and Community Affairs in October 2017. The grant was shared with two other Texas shelters, Bay Area Turning Point, Inc. and Houston Area Women’s Centers, Inc. with the Bridge as the leading agency. During the years ended December 31, 2018 and 2017, \$146,447 and \$231,231, respectively, was distributed to Bay Area Turning Point, Inc., and \$68,262 and \$109,268, respectively, was distributed to Houston Area Women’s Centers, Inc., under these collaborative grants. This amount is reflected in Advocacy Services in the accompanying statements of activities.

**NOTE 9 – IN-KIND CONTRIBUTIONS**

For the years ended December 31, 2018 and 2017, professional services valued at \$181,066 and \$215,767, respectively, which met the criteria for recognition under GAAP, have been reported as in-kind contributions in the combined statements of activities. Donated food, supplies, personal items, and furniture and equipment in the amount of \$463,675 and \$453,599 have been included as in-kind contributions in the combined statements of activities for the years ended December 31, 2018 and 2017, respectively.



## **THE BRIDGE OVER TROUBLED WATERS, INC.**

### Notes to the Combined Financial Statements

December 31, 2018 and 2017

In addition, the Organization receives contributed services through volunteering activities which do not meet the criteria for recognition as contributed services in the combined financial statements. For the years ended December 31, 2018 and 2017, estimated volunteer hours not reflected in the combined financial statements were 17,047 and 11,493, respectively.

#### **NOTE 10 – MANAGEMENT AGREEMENT**

The Bridge has a management agreement with the Women's Affordable Housing Limited Partnership (WAHLP), in which it receives management and administrative fees of \$3,010 per month for managing the operations of a transitional facility owned by WAHLP, known as Destiny Village. The Bridge also provides counseling and social services to clients at Destiny Village as part of the management services. For the years ended December 31, 2018 and 2017, total management fees charged during the year were \$50,330 and \$52,309, respectively. At December 31, 2018 and 2017, WAHLP owed \$14,485 and \$41,769, respectively, for management fees to The Bridge under this agreement.

#### **NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

For the years ended December 31, 2018 and 2017, the Organization received time restricted funds from donors in the amount of \$247,236 and \$251,920, respectively. Amounts released from restriction during 2018 and 2017 were \$261,095 and \$243,918, respectively. There was \$63,274 and \$77,133 remaining in net assets with donor restrictions as of December 31, 2018 and 2017, respectively, which was related to unexpended grant funds.

#### **NOTE 12 – COMMITMENTS**

Effective January 13, 2017, WAHLP obtained a loan from a local bank in the amount of \$989,824 maturing in January 2037, for which the Bridge is contingently liable for repayment as a guarantor of the debt. The Bridge's assets are used as collateral. The outstanding balance on this loan at December 31, 2018 was \$919,726.

The Organization is occasionally subject to claims from employees and other third parties regarding various matters. Management has assessed the potential for loss from current and possible claims and has concluded that no losses are anticipated which would have a materially adverse effect on the combined financial position or results of operations of the Organization.

#### **NOTE 13 – KEY PERSON LIFE INSURANCE POLICY**

A \$500,000 key person term life insurance policy was purchased, effective June 5, 2015, on the life of the Executive Director. The new policy has a ten-year level term period, during which annual premiums are set at \$2,250.

#### **NOTE 14 – RETIREMENT PLAN**

The Organization maintains an Internal Revenue Code Section 403(b) retirement plan. Under this plan employees can make contributions from their salary. The Organization matches 50% of employee salary deferrals up to 3% of the employee's compensation. Matching contributions were \$29,236 and \$12,000 for 2018 and 2017, respectively, which are included in employee benefits expense.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Notes to the Combined Financial Statements

December 31, 2018 and 2017

**NOTE 15 – CONCENTRATIONS**

The Bridge receives a substantial portion of its support from two grantors, as listed below:

	<b><u>Percentage of Revenue 2018</u></b>	<b><u>Percentage of Revenue 2017</u></b>	<b><u>Percentage of Accounts Receivable 2018</u></b>	<b><u>Percentage of Accounts Receivable 2017</u></b>
Grantor A	15%	18%	29%	10%
Grantor B	31%	27%	40%	46%

The Organization also receives substantial support from the United Way and receive funding from the general public in the form of cash donations, property, goods and services. Due to the funding from various grants, the Organization operates in a heavily regulated environment and is dependent on grants and contributions to fund operations. Therefore, the operations of the Organization could be adversely affected by any regulatory changes imposed by granting agents or by reductions in public support.



**REPORT OF INDEPENDENT AUDITOR ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of:  
The Bridge Over Troubled Waters, Inc. and  
The Bridge Foundation, Inc.  
Pasadena, Texas

We have audited, in accordance with the 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, the combined financial statements of The Bridge Over Troubled Waters, Inc. and the Bridge Foundation, Inc. (the “Organization”), which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’s combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

June 28, 2019  
Austin, Texas



**REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

To the Board of Directors of  
The Bridge Over Troubled Waters, Inc. and  
The Bridge Foundation, Inc.  
Pasadena, Texas

**Report on Compliance for Each Major Program**

We have audited the compliance of The Bridge Over Troubled Waters, Inc. and the Bridge Foundation, Inc. (the “Organization”) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended December 31, 2018. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Organization’s major federal programs. However, our audit does not provide a legal determination of the Organization’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2018.



## Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

June 28, 2019  
Austin, Texas

**THE BRIDGE OVER TROUBLED WATERS, INC.**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Amount Paid To Subrecipients	Federal Expenditures
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>				
Supportive Housing Program - Permanent	14.235	TX0200L6E001609, TX0200L6E001710	\$ -	\$ 959,544
Supportive Housing Program - Transitional	14.235	TX0339L6E001504	-	-
<b>Pass-through programs from:</b>				
Harris County, Texas				
Emergency Solutions Grants Programs	14.231	2017-0035f, C2018-0031e	-	128,361
Texas Department of Housing and Community Affairs				
Emergency Solutions Grants Programs	14.231	42170002809, 42187000062	214,709	285,796
City of Houston				
Emergency Solutions Grants Programs	14.231	460-001-3805	-	83,273
Community Development Block Grant	14.231	460-001-3805	-	19,603
Rapid Re-Housing Grant	14.231	460-001-3805	-	72,090
City of Pasadena				
Emergency Solutions Grants Programs	14.231	2016-1772-D, 2017-1642-W	-	87,568
Rapid Re-Housing Grant	14.231	2016-1782-E, 2017-1632-V	-	45,070
				<u>721,761</u>
Harris County Domestic Violence Coordinating Council				
Continuum of Core Program	14.267	TX0476L6E001600	-	227,874
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<u>214,709</u>	<u>1,909,179</u>
<b><u>U.S. Department of Justice</u></b>				
<b>Pass-through programs from:</b>				
State of Texas Office of the Governor - Criminal Justice				
Crime Victim Assistance	16.575	1755812, 1755813	-	1,698,118
Crime Victim Assistance - Transitional Housing	16.575	3422501	-	274,099
				<u>1,972,217</u>
Office on Violence Against Women				
Transitional Housing for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2016-WH-AX-0072	-	147,720
<b>Total U.S. Department of Justice</b>			<u>-</u>	<u>2,119,937</u>
<b><u>Department of Health &amp; Human Services</u></b>				
<b>Pass-through programs from:</b>				
Texas Health and Human Services Commission				
Family Violence Prevention Services				
	93.671	529-15-0032-0036E, 529-15-0032-00036	-	176,344
Social Services Block Grant	93.667	529-15-0032-0036E, 529-15-0032-00036	-	317,145
Temporary Assistance of Needy Families	93.558	529-15-0032-00036	-	25,110
Texas Office of Attorney General				
Prevention and Control Research and State and Community Based Programs	93.136	1775907, 188405	-	46,717
Preventative and Health Services Block Grant	93.758	1883644	-	18,700
<b>Total Department of Health &amp; Human Services</b>			<u>-</u>	<u>584,016</u>
<b><u>Department of Homeland Security</u></b>				
<b>Pass-through programs from:</b>				
United Way				
Emergency Food and Shelter National Board Program	97.024	782800-064	-	27,000
Coalition for the Homeless				
Emergency Food and Shelter National Board Program	97.024	782800-064	-	-
<b>Total Department of Homeland Security</b>			<u>-</u>	<u>27,000</u>
<b><u>U.S. Department of Agriculture</u></b>				
<b>Pass-through programs from:</b>				
Texas Department of Agriculture - Food and Nutritional Division				
Child and Adult Care Food Program	10.558	03369	-	79,673
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>79,673</u>
<b>TOTAL EXPENDITURES</b>			<u>\$ 214,709</u>	<u>\$ 4,719,805</u>

See accompanying notes to the schedule of expenditures of federal awards.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the activity of all federal grant programs administered by The Bridge Over Troubled Waters, Inc. and The Bridge Foundation, Inc. (the “Organization”). The Organization’s activities are defined in Note 1 of their basic financial statements.

**(b) Basis of Presentation**

The Schedule presents total federal awards expended for each individual program in accordance with the Uniform Guidance.

**(c) Basis of Accounting**

The expenditures for each of the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 2 of the Organization’s basic financial statements.

**(2) Subrecipients**

Federal awards totaling \$214,709 were distributed to other organizations as part of a collaborative grant agreement with the Texas Department of Housing and Community Affairs as further discussed in Note 8 to the consolidated financial statements.

**(3) Non-cash assistance**

No federal awards were expended in the form of non-cash assistance for the year ended December 31, 2018.

**(4) Insurance**

Insurance costs totaling \$45,127 were expended through federal awards during the year ended December 31, 2018.

**(5) Outstanding Loans**

There were no loans outstanding in relation to federal awards as of December 31, 2018.

**(6) Relationship to Federal Financial Reports**

The amounts reported in the financial statements agree with the amounts reported in the accompanying Schedule of Expenditures of Federal Awards which is prepared on the basis explained in Note 2 of the financial statements. The reconciliation of the amounts reported on the Schedule to the financial statements is as follows:

Total federal expenditures per Schedule of Federal Awards	\$ 4,719,805
Plus non-federal funding sources	<u>447,337</u>
Total government grant expenditures per statement of activities	<u><u>\$ 5,167,142</u></u>



**THE BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

**(7) Indirect Cost Rate**

The Organization is subject to negotiated indirect cost rates and, therefore, is not eligible to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**(8) Subsequent Events**

The Organization management has evaluated and disclosed subsequent events through June 28, 2019, the date the combined financial statements were available to be issued.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Schedule of Findings and Questioned Costs

Year Ended December 31, 2018

**Section I - Summary of Auditor's Results**

**A Financial Statements**

Type of auditor's report issued: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **None reported**

Noncompliance material to financial statements noted? **No**

**B. Federal Awards**

Internal control over compliance:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **None reported**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a) of the Uniform Guidance? **No**

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal or State Program or Cluster</u>
16.575	U.S. Department of Justice – Victims of Crime Acts (VOCA) – Crime Victim Assistance
14.235	U.S. Department of Housing and Urban Development – Supportive Housing

Dollar threshold used to distinguish programs: **\$750,000**

Auditee qualified as low-risk auditee: **No**

**Section II - Financial Statement Findings**

None reported.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Schedule of Findings and Questioned Costs

Year Ended December 31, 2018

**Section III – Federal Award Findings and Questioned Costs**

None reported

**Section IV– Summary Schedule of Prior Audit Findings**

See Finding 2017-001 on page 26.

**THE BRIDGE OVER TROUBLED WATERS, INC.**

Schedule of Prior Year Findings and Questioned Costs

Year Ended December 31, 2018

**Findings**

Finding Reference Number: 2017-001  
Information on the Federal Program: CFDA - 14.231 U.S. Department of Housing and Urban  
Development  
Compliance Requirement: Reporting

Statement of Condition: The annual performance report was not submitted within 90  
days of the grant period end.

Status of Finding: Corrected - Management instituted safeguards to ensure  
reporting is completed timely going forward.