

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

COMBINED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION AND FEDERAL
COMPLIANCE WITH UNIFORM GUIDANCE

As of and for the Years Ended December 31, 2020 and 2019

And Reports of Independent Auditor

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
TABLE OF CONTENTS**

REPORT OF INDEPENDENT AUDITOR 1-2

COMBINED FINANCIAL STATEMENTS

Combined Statements of Financial Position3
Combined Statements of Activities4
Combined Statements of Functional Expenses 5-6
Combined Statements of Cash Flows.....7
Notes to the Combined Financial Statements 8-17

COMPLIANCE SECTION

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* 18-19

Report of Independent Auditor on Compliance for Each Major Federal Program and
on Internal Control over Compliance in Accordance with the Uniform Guidance 20-21
Schedule of Expenditures of Federal Awards..... 22-23
Notes to Schedule of Expenditures of Federal Awards 24
Schedule of Findings and Questioned Costs..... 25-26
Management Corrective Action Plan27

Report of Independent Auditor

To the Board of Directors
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. (collectively, the “Organization”), which comprise the combined statement of financial position as of December 31, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined 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 audit. We conducted our audit 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 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 financial position of the Organization as of December 31, 2020, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements to Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis 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 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.

As part of our audit of the 2020 combined financial statements, we also audited the adjustments described in Note 14 that were applied to restate the 2019 combined financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2019 combined financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 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 dated June 15, 2021, 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 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 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.

Adjustments to Prior Year Financial Statements

The combined financial statements of the Organization as of, and for the year ended, December 31, 2019, were audited by other auditors whose report dated July 31, 2020, expressed an unmodified opinion on those statements. As discussed in Note 14, the Organization has restated its 2019 combined financial statements to reclassify restricted contribution revenue, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the December 31, 2019 combined financial statements before the restatement.



Austin, Texas
June 15, 2021

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,624,771	\$ 1,041,306
Short-term investments - certificates of deposit	163,712	161,794
Accounts Receivable:		
Government grants	1,030,354	586,886
United Way contract	81,570	75,446
Contributions	56,162	109,489
Other	21,008	25,705
Prepaid expenses and other current assets	111,829	66,281
Current Assets	<u>3,089,406</u>	<u>2,066,907</u>
Property and equipment, net	<u>4,609,528</u>	<u>4,376,683</u>
Total Assets	<u><u>\$ 7,698,934</u></u>	<u><u>\$ 6,443,590</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 432,736	\$ 222,359
Note payable - current portion	<u>45,514</u>	<u>43,122</u>
Current Liabilities	478,250	265,481
Note payable - noncurrent portion	<u>347,652</u>	<u>393,094</u>
Total Liabilities	<u>825,902</u>	<u>658,575</u>
Net Assets:		
Without donor restrictions	5,497,942	5,225,182
With donor restrictions	<u>1,375,090</u>	<u>559,833</u>
Total Net Assets	<u>6,873,032</u>	<u>5,785,015</u>
Total Liabilities and Net Assets	<u><u>\$ 7,698,934</u></u>	<u><u>\$ 6,443,590</u></u>

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
COMBINED STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Government grants	\$ 6,158,665	\$ -	\$ 6,158,665	\$ 4,768,542	\$ -	\$ 4,768,542
Non-governmental grants and contributions (2019 restatement - Note 14)	773,913	1,375,090	2,149,003	1,133,429	559,833	1,693,262
In-kind contributions	274,334	-	274,334	448,018	-	448,018
Fees	72,939	-	72,939	49,282	-	49,282
Auxiliary activities, net of direct costs	13,133	-	13,133	53,146	-	53,146
Interest and dividend income	19,758	-	19,758	11,279	-	11,279
Net assets released from restrictions	559,833	(559,833)	-	63,274	(63,274)	-
Total Revenues	7,872,575	815,257	8,687,832	6,526,970	496,559	7,023,529
Expenses:						
Program Expenses:						
Emergency shelter	2,182,598	-	2,182,598	2,274,104	-	2,274,104
Long-term housing	1,337,320	-	1,337,320	1,235,084	-	1,235,084
Advocacy services	2,819,697	-	2,819,697	1,826,975	-	1,826,975
Education services	248,085	-	248,085	234,207	-	234,207
Total Program Expenses	6,587,700	-	6,587,700	5,570,370	-	5,570,370
Support Services:						
Management and general	592,551	-	592,551	560,471	-	560,471
Fundraising	419,564	-	419,564	382,590	-	382,590
Total Support Expenses	1,012,115	-	1,012,115	943,061	-	943,061
Total Expenses	7,599,815	-	7,599,815	6,513,431	-	6,513,431
Change in net assets	272,760	815,257	1,088,017	13,539	496,559	510,098
Net assets, beginning of year	5,225,182	559,833	5,785,015	5,211,643	63,274	5,274,917
Net assets, end of year	\$ 5,497,942	\$ 1,375,090	\$ 6,873,032	\$ 5,225,182	\$ 559,833	\$ 5,785,015

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

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2020

	Emergency Shelter	Long-Term Housing	Advocacy Services	Education Services	Total Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 1,265,125	\$ 566,298	\$ 1,126,244	\$ 189,603	\$ 3,147,270	\$ 389,161	\$ 188,611	\$ 3,725,042
Employee benefits	93,332	59,748	113,982	16,491	283,553	38,405	15,264	337,222
Payroll taxes	93,226	41,257	82,037	14,181	230,701	27,837	13,546	272,084
Assistance to individuals	183,444	454,214	1,254,848	3,122	1,895,628	5,199	119	1,900,946
Travel and transportation	11,454	5,568	11,931	698	29,651	18,751	3,825	52,227
Conferences and meetings	375	-	1,145	(599)	921	591	130	1,642
Interest, financing, and credit card fees	-	9	-	-	9	5,786	23,139	28,934
Insurance	50,485	17,399	5,355	1,668	74,907	9,080	3,376	87,363
Staff development	416	80	22,231	170	22,897	483	241	23,621
Telephone	28,092	8,271	32,076	3,967	72,406	10,384	2,191	84,981
Postage and delivery	93	7	127	-	227	952	615	1,794
Professional and contract services	136,042	76,475	52,879	9,055	274,451	27,562	156,523	458,536
Occupancy	87,724	6,921	36,273	3,231	134,149	5,001	1,931	141,081
Equipment and furniture costs	30,698	7,329	39,051	1,843	78,921	19,432	4,555	102,908
Supplies	48,232	71,929	21,695	569	142,425	6,573	1,012	150,010
Printing and publications	77	-	1,162	363	1,602	1,792	772	4,166
Depreciation	153,783	21,815	18,661	3,723	197,982	14,479	3,714	216,175
Bad debt expense	-	-	-	-	-	11,083	-	11,083
	<u>\$ 2,182,598</u>	<u>\$ 1,337,320</u>	<u>\$ 2,819,697</u>	<u>\$ 248,085</u>	<u>\$ 6,587,700</u>	<u>\$ 592,551</u>	<u>\$ 419,564</u>	<u>\$ 7,599,815</u>

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

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

	Emergency Shelter	Long-Term Housing	Advocacy Services	Education Services	Total Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 1,262,654	\$ 584,827	\$ 972,075	\$ 152,826	\$ 2,972,382	\$ 346,942	\$ 145,659	\$ 3,464,983
Employee benefits	93,045	42,410	71,414	11,430	218,299	25,189	10,713	254,201
Payroll taxes	92,298	64,172	93,336	12,735	262,541	35,786	13,220	311,547
Assistance to individuals	298,968	410,931	505,166	17,465	1,232,530	1,365	6,246	1,240,141
Travel and transportation	15,731	7,339	25,073	6,128	54,271	34,616	4,403	93,290
Conferences and meetings	553	-	2,291	490	3,334	495	109	3,938
Interest, financing, and credit card fees	-	125	-	1,358	1,483	3,122	25,395	30,000
Insurance	46,217	11,364	4,987	1,545	64,113	7,462	3,139	74,714
Staff development	836	504	9,706	309	11,355	2,425	1,438	15,218
Telephone	19,029	8,968	28,247	4,469	60,713	11,430	2,285	74,428
Postage and delivery	63	86	68	6	223	1,112	1,014	2,349
Professional and contract services	103,592	46,245	49,486	11,659	210,982	52,025	161,258	424,265
Occupancy	96,693	15,190	28,852	2,991	143,726	8,820	1,863	154,409
Equipment and furniture costs	48,639	8,726	9,453	1,909	68,727	6,562	849	76,138
Supplies	33,457	20,500	8,276	4,492	66,725	7,279	697	74,701
Printing and publications	-	-	-	714	714	1,531	635	2,880
Depreciation	162,329	13,697	18,545	3,681	198,252	14,310	3,667	216,229
	<u>\$ 2,274,104</u>	<u>\$ 1,235,084</u>	<u>\$ 1,826,975</u>	<u>\$ 234,207</u>	<u>\$ 5,570,370</u>	<u>\$ 560,471</u>	<u>\$ 382,590</u>	<u>\$ 6,513,431</u>

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

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,088,017	\$ 510,098
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	216,175	216,229
Change in operating assets and liabilities:		
Accounts receivable	(391,568)	195,266
Accrued interest income	(1,918)	(2,825)
Prepaid expenses and other current assets	(45,548)	25,904
Accounts payable and accrued expenses	34,377	(120,426)
Net cash flows from operating activities	<u>899,535</u>	<u>824,246</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(273,020)</u>	<u>(236,355)</u>
Net cash flows from investing activities	<u>(273,020)</u>	<u>(236,355)</u>
Cash flows from financing activities:		
Payments on note payable	<u>(43,050)</u>	<u>(40,819)</u>
Net cash flows from financing activities	<u>(43,050)</u>	<u>(40,819)</u>
Net change in cash and cash equivalents	583,465	547,072
Cash and cash equivalents, beginning of year	<u>1,041,306</u>	<u>494,234</u>
Cash and cash equivalents, end of year	<u>\$ 1,624,771</u>	<u>\$ 1,041,306</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 22,933</u>	<u>\$ 25,183</u>
Fixed assets in accounts payable	<u>\$ 176,000</u>	<u>\$ -</u>

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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 noncash 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 five program categories. Each category and the level of services provided during the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 1,381 and 1,698 women and children, respectively, were assisted for an average of 21 and 22 days, respectively. For the years ended December 31, 2020 and 2019, total shelter days were 27,664 and 37,166, 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 3,017 and 2,382 adults and children during 2020 and 2019, 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 4,239 and 4,745 children during 2020 and 2019, respectively.

Advocacy Services – Advocacy services are provided to residential and nonresidential clients. Services include casework; a 24-hour hotline; information and referrals; safety planning; counseling; employment services; advocacy, legal and 24-hour medical accompaniment; support groups; and life skills programs. This program served 19,511 and 19,007 individuals during 2020 and 2019, respectively.

Education Services – 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 2,001 and 5,879 people in 2020 and 2019, respectively.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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 two classes of net assets: net assets without donor restrictions and net assets 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 of the Organization. As of December 31, 2020 and 2019, 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, 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 three months or less.

Investments – The Organization holds certificates of deposit at two local banks which earn interest at rates between 0.25% and 1.25%. Two certificates mature in July 2021, and the third matures in November 2021. 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. Accounts receivable at December 31, 2020 and 2019 consist primarily of amounts due on grants from state and federal agencies. At December 31, 2020 and 2019, 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.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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, 2020 and 2019.

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.

Grants – Funding in the form of grant contracts is received from governmental and non-governmental sources. Certain contracts are classified as exchange transactions and are considered to be net assets without donor restrictions as the entity providing the grant funding receives a benefit for the service provided. Revenue under such contracts is recognized as services are rendered or the related expenses are incurred. Receipts of grant payments in advance are reported as deferred revenue.

Other grant contracts are classified as contributions as, under such contracts, the funding source receives no direct benefit from the program services provided by the Organization. Under these contracts, revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Revenue associated with contracts that include donor conditions is recognized as the conditions are met.

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.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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.

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 combined 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 (“IRC”). 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 has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. 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, 2020 and 2019, 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.

Reclassifications – Certain net assets released from restrictions have been reclassified to conform to classifications presented in 2020. The reclassifications did not have a material effect on the accompanying combined financial statements.

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, 2020 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 adopted this ASU on January 1, 2020 using the full retrospective method and the implementation of this ASU did not have a significant impact on the Organization’s combined financial statements or disclosures.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

In February 2016, 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, 2021. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2020 but is currently assessing the impact of the new standard on its financial reporting.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization adopted this ASU on January 1, 2020 using the full retrospective method and the implementation of this ASU did not have a significant impact on the Organization's combined financial statements or disclosures.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosures. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in programs and other activities. ASU 2020-07 is effective for all entities for fiscal years, beginning after June 15, 2021. The Organization has not adopted this ASU as of December 31, 2020 but is currently assessing the impact of the new standard on its financial reporting.

Other recently issued ASUs 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.

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, 2020, this date was June 15, 2021.

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	\$ 1,624,771
Short-term investments	163,712
Accounts receivable	1,189,094
	<u>\$ 2,977,577</u>

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3—Liquidity (continued)

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. The Organization also has experienced recurring surpluses and positive cash flows from operations for the past several years. \$5.5 million of grants have been renewed which will assist in funding operations during the following 12 months.

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 method 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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 163,712	\$ -	\$ 163,712
Total at fair value	<u>\$ -</u>	<u>\$ 163,712</u>	<u>\$ -</u>	<u>\$ 163,712</u>

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 4—Fair value of financial instruments (continued)

The following table presents the Organization’s fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 161,794	\$ -	\$ 161,794
Total at fair value	<u>\$ -</u>	<u>\$ 161,794</u>	<u>\$ -</u>	<u>\$ 161,794</u>

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 307,505	\$ 307,505
Buildngs and improvements	6,356,398	6,011,721
Furnishings and fixtures	119,753	119,753
Vehicles	321,345	220,001
Computers, equipment, and software	169,564	166,565
Total property and equipment	7,274,565	6,825,545
Less accumulated depreciation	(2,665,037)	(2,448,862)
Total property and equipment, net	<u>\$ 4,609,528</u>	<u>\$ 4,376,683</u>

Depreciation expense was \$216,175 and \$216,229 for the years ended December 31, 2020 and 2019, respectively.

Note 6—Debt

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 housing facility and administrative offices. The amount due on this note was \$393,166 and \$436,216 at December 31, 2020 and 2019, 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, 2020 and 2019 was 4.67% and 5.50%, respectively. The note requires 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 loan will re-price every five years at the Wall Street Journal Floating Prime + 1% minimum rate equal to WSJP +1% ceiling at a three point spread over minimum. The next re-price date is set for July 13, 2023. The note is secured by a deed of trust on both the property and improvements.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 6—Debt (continued)

The portion of the note payable maturing in the next five years consists of:

Years Ending December 31,

2021	\$ 45,514
2022	48,081
2023	50,793
2024	53,658
2025	56,685
Thereafter	<u>138,435</u>
Total balance	393,166
Less current portion	<u>45,514</u>
Long-term portion	<u><u>\$ 347,652</u></u>

Note 7—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, 2020 and 2019, the Organization had incurred \$1,030,354 and \$586,886, 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.

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

	<u>Percentage of Revenue</u>		<u>Percentage of Accounts Receivable</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Grantor A	19%	15%	6%	8%
Grantor B	17%	27%	21%	36%
Grantor C	12%	11%	14%	5%

The Organization also receives substantial support from the United Way and received 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.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 8—In-kind contributions

For the years ended December 31, 2020 and 2019, professional services valued at \$60,434 and \$167,094, 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 \$213,900 and \$280,918 have been included as in-kind contributions in the combined statements of activities for the years ended December 31, 2020 and 2019, respectively.

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, 2020 and 2019, estimated volunteer hours not reflected in the combined financial statements were 2,059 and 10,944, respectively.

Note 9—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 for managing the operations of a permanent housing 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, 2020 and 2019, total management fees charged during the year were \$65,397 and \$53,050, respectively. At December 31, 2020 and 2019, WAHLP owed \$15,157 and \$25,422, respectively, for management fees to The Bridge under this agreement, and is included in accounts receivable – other.

Note 10—Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Capital	\$ 1,318,348	\$ 491,584
Family services	56,742	68,249
Net assets with donor restriction	<u>\$ 1,375,090</u>	<u>\$ 559,833</u>

Amounts released from restriction during 2020 and 2019 were \$559,833 and \$63,274, respectively.

Note 11—Retirement plan

The Organization maintains an IRC 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 \$43,118 and \$39,925 for 2020 and 2019, respectively, which are included in employee benefits expense.

Note 12—Related party

Certain members of the Board of Directors of the Organization contributed \$127,770 and \$94,205 to the Organization during the years ended December 31, 2020 and 2019, respectively.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 13—Commitments and contingencies

Guarantees – Effective January 13, 2018, 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, 2020 and 2019 was \$815,841 and \$864,022, respectively.

Litigation – 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.

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 policy has a ten-year level term period, during which annual premiums are set at \$2,250.

Construction Commitments – In September 2020, The Bridge entered into a contract for the construction of a children’s center. The remaining contract commitment totals approximately \$5.5 million at December 31, 2020.

COVID-19 – In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the declared outbreak, an economic downturn has had a significant negative impact on local and global economies. This pandemic could negatively impact its results of operations, cash flows and financial position, however, the related financial impact cannot be reasonably estimated at this time.

Note 14—Restatement

Management of the Organization determined that restricted contributions were not properly classified in the combined financial statements for the year ended December 30, 2019. The error resulted in an overstatement of contributions and net assets without donor restrictions and an understatement of contributions and net assets with donor restrictions totaling \$491,584 as of and for the year ended December 31, 2019. The effect on the Organization’s previously issued 2019 combined financial statements is summarized as follows:

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Net assets without donor restrictions	\$ 5,716,766	\$ (491,584)	\$ 5,225,182
Net assets with donor restrictions	\$ 68,249	\$ 491,584	\$ 559,833
Non-governmental grants and contributions without donor restrictions	\$ 1,625,013	\$ (491,584)	\$ 1,133,429
Non-governmental grants and contributions with donor restrictions	\$ 68,249	\$ 491,584	\$ 559,833

COMPLIANCE SECTION

**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
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. (collectively, the “Organization”), which comprise the combined statement of financial position as of December 31, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and we have issued our report thereon dated June 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) as a basis for designing 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a significant deficiency.

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 combined financial statements. 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.

A handwritten signature in blue ink, appearing to read "Cheng Zou", is positioned above the typed text.

Austin, Texas
June 15, 2021

**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
The Bridge Over Troubled Waters, Inc. and
The Bridge Foundation, Inc.
Pasadena, Texas

Report on Compliance for Each Major Federal Program

We have audited The Bridge Over Troubled Waters, Inc. and The Bridge Foundation, Inc.'s (collectively, the "Organization") compliance with the types of compliance requirements described in the *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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("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 a major federal program 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 our audit provides a reasonable basis for our opinion on compliance for each major federal program. 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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.



Austin, Texas
June 15, 2021

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Amounts Paid to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Pass-through programs from:				
Texas Department of Agriculture - Food and Nutritional Division				
Child and Adult Care Food Program	10.558	2019-03369	\$ -	\$ 44,908
Child and Adult Care Food Program	10.558	2020-03369	-	13,379
Total U.S. Department of Agriculture			-	58,287
<u>U.S. Department of Housing & Urban Development</u>				
Continuum of Care Program - Permanent Housing	14.267	TX0200L6E001811	-	1,277,940
Continuum of Care Program - Permanent Housing	14.267	TX0200L6E001912	-	394,765
Pass-through programs from:				
Harris County Domestic Violence Coordinating Council				
Continuum of Care Program - Rapid Re-Housing Grant	14.267	TX0476L6E001803	-	103,921
Continuum of Care Program - Rapid Re-Housing Grant	14.267	TX0429L6E001904	-	68,102
			-	1,844,728
Harris County, Texas				
Emergency Solutions Grants	14.231	C2019-0031h	-	11,058
Emergency Solutions Grants	14.231	C2020-0031h	-	49,091
Texas Department of Housing and Community Affairs				
Emergency Solutions Grants	14.231	42197000049	-	70,325
Emergency Solutions Grants	14.231	43207000049	-	77,603
Emergency Solutions Grants	14.231	42207000045	-	17,805
Child Care Council of Greater Houston, Inc.				
Emergency Solutions Grant	14.231	460-001-3805	-	21,206
Emergency Solutions Grant: Rapid Re-Housing	14.231	460-001-3805	-	11,559
Emergency Solutions Grant	14.231	460-001-3805	-	52,089
City of Pasadena				
Emergency Solutions Grant	14.231	2019-184	-	63,443
Emergency Solutions Grant: Rapid Re-Housing	14.231	2019-183	-	33,300
Houston Area Women's Center				
COVID-19 - Emergency Solutions Grant	14.231		-	26,093
			-	433,572
CDBG - Entitlement Grants Cluster				
Child Care Council of Greater Houston, Inc.				
Community Development Block Grant	14.218	460-001-3805	-	6,670
Community Development Block Grant	14.218	460-001-3805	-	8,128
City of Pasadena				
Community Development Block Grant	14.218	2020-079	-	77,623
Community Development Block Grant	14.218	2021-026	-	28,517
Total CDBG - Entitlement Grants Cluster			-	120,938
Total U.S. Department of Housing & Urban Development			-	2,399,238
<u>U.S. Department of Justice</u>				
Pass-through programs from:				
State of Texas Office of the Governor - Criminal Justice				
Victims of Crime Acts (VOCA)	16.575	1755813	-	1,137,180
Victims of Crime Acts (VOCA)	16.575	1755814	-	369,402
			-	1,506,582
Office of Violence Against Women				
Transitional Housing for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2016-WH-AX-0072	-	141,164
Total U.S. Department of Justice			-	1,647,746

The accompanying notes to the schedule are an integral part of this schedule.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Amounts Paid to Subrecipients	Federal Expenditures
<u>U.S. Department of the Treasury</u>				
Pass-through programs from:				
Harris County Domestic Violence Coordinating Council Harris County Domestic Violence Assistance Fund	21.019	N/A	\$ -	\$ 171,926
Houston Police Department COVID-19 - City of Houston: Coronavirus Relief Fund	21.019	1106 2020-018	-	100,000
Total U.S. Department of the Treasury			-	271,926
<u>U.S. Department of Health & Human Services</u>				
Pass-through programs from:				
Texas Office of Attorney General: Injury Prevention and Control Research and State and Community Based Programs	93.136	1993500	-	13,620
Injury Prevention and Control Research and State and Community Based Programs	93.136	2005205	-	90,031
			-	103,651
Temporary Assistance of Needy Families Cluster				
Texas Health and Human Services Commission: Temporary Assistance of Needy Families	93.558	HHS00038000069	-	114,633
Temporary Assistance of Needy Families	93.558	HHS00038000069	-	210,414
Total Temporary Assistance of Needy Families Cluster			-	325,047
Texas Health and Human Services Commission: Social Security Block Grant	93.667	HHS00038000069	-	22,311
Social Security Block Grant	93.667	HHS00038000069	-	12,155
			-	34,466
Texas Health and Human Services Commission: Family Violence Prevention Services	93.671	HHS00038000069	-	108,898
COVID-19 - CARES Act Supplemental Amendment	93.671	HHS00038000069	-	50,018
Family Violence Prevention Services	93.671	HHS00038000069	-	59,327
COVID-19 - CARES Act Supplemental Amendment	93.671	HHS00038000069	-	15,146
Family Violence Prevention and Services - Special Nonresidential Project Services	93.671	HHS000679900011	-	82,808
Family Violence Prevention and Services - Special Nonresidential Project Services	93.671	HHS000365700011	-	26,788
			-	342,985
Texas Office of Attorney General: Preventive Health and Human Services Block Grant	93.991	2006237	-	40,763
Preventive Health and Human Services Block Grant	93.991	2112282	-	12,534
			-	53,297
Total Department of Health & Human Services			-	859,446
<u>U.S. Department of Homeland Security</u>				
Pass-through programs from:				
United Way Emergency Food and Shelter Program (Phase 36)	97.024		-	17,531
Emergency Food and Shelter Program (Phase 37)	97.024		-	15,830
COVID-19 - Emergency Food and Shelter Program (CARES)	97.024		-	15,000
Total Department of Homeland Security			-	48,361
Total Expenditures			\$ -	\$ 5,285,004

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

Note 1—Summary of significant accounting policies

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 combined financial statements.

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

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 combined financial statements.

Note 2 – Non-cash assistance

No federal awards were expended in the form of non-cash assistance during the year ended December 31, 2020.

Note 3—Insurance

Insurance costs totaling \$39,734 were expended through federal awards during the year ended December 31, 2020.

Note 4—Relationship to federal financial reports

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

Total federal awards per schedule of expenditures	\$ 5,285,004
Plus non-federal awards	<u>873,661</u>
Total grant revenue per combined statements of activities	<u><u>\$ 6,158,665</u></u>

Note 5—Indirect cost rate

The Organization is subject to negotiated indirect costs rates and, therefore, is not eligible to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, Section 414.

Note 6—Subsequent events

The Organization management has evaluated and disclosed subsequent events through June 15, 2021, the date the combined financial statements were available to be issued.

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

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?	Yes
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 auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
16.575	U.S. Department of Justice – Victims of Crime Acts (VOCA) – Crime Victims Assistance

Dollar threshold used to distinguish programs:	\$750,000
Auditee qualified as low-risk auditee:	Yes

**THE BRIDGE OVER TROUBLED WATERS, INC.
AND THE BRIDGE FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED DECEMBER 31, 2020

Section II—Financial Statement Findings

Finding 2020-001 Reporting of Contributions with Donor Restrictions

Condition: The Organization did not appropriately present the nature of donor restrictions on contributions in the prior period, resulting in classification errors reported for contributions and net assets with donor restrictions and contributions and net assets without donor restrictions. This error resulted in an overstatement of contributions and net assets without donor restrictions and an understatement of contributions and net assets with donor restrictions totaling \$491,584 as of and for the year ended December 31, 2019.

Criteria: A well devised and documented financial reporting system for reporting of donor restriction contributions provides for their proper recording, identification of restrictions and nature of the restrictions and timely release of donor restrictions in the period the restrictions have been met.

Cause: The Organization began receiving contributions restricted for a capital campaign launched in 2019, resulting in the failure to appropriately report the restriction associated as with the donor restriction within the combined financial statements.

Effect: Inaccurate presentation of contributions and net asset restrictions.

Repeat Finding: N/A

Recommendation: We recommend the Organization management summarize and review donor contributions to determine if the underlying donor contribution has a purpose or time restriction and subsequently identify when the restrictions are satisfied to allow for the timely transfer of balances from net assets with donor restriction to net assets without donor restriction, to ensure appropriate reporting disclosures are presented in accordance with effective accounting pronouncements.

Management Response: The Organization concurs with this finding.

Corrective Action Plan: See attached management's corrective action plan.

Section III—Federal Award Findings and Questioned Costs

None reported.

Section IV—Summary Schedule of Prior Audit Findings

None reported.



June 15, 2021

Cherry Bekaert LLP
221 West Sixth Street, Suite 1900
Austin, TX 78701

Finding 2020-001 – The Organization did not appropriately present the nature of donor restrictions on contributions in the prior period, resulting in classification errors reported for net assets with donor restrictions and net assets without donor restrictions. This error resulted in an overstatement of net assets without donor restrictions and an understatement of net assets with donor restrictions totaling \$491,584 as of and for the year ended December 31, 2019.

Corrective Action Taken or Planned:

The Bridge Over Troubled Waters, Inc. concurs with this finding. The Organization is tracking donor restricted contributions in order to appropriately report donor restricted contribution. The Organization has set-up donor restricted accounts for accuracy in tracking and reporting these amounts.

Person responsible for corrective action:

Carmen Stevens


Olivia Rivers, Executive Director


Carmen Stevens, Finance Director