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

DECEMBER 31, 2021 AND 2020

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**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 carryover 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.

U.S. 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, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined 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 and accounts receivable. At various times during the years ended December 31, 2021 and 2020, balances in these cash accounts may have exceeded Federal Deposit Insurance Corporation 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 February 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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, 2021 but is currently assessing the impact of the new standard on its financial reporting.

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**Note 2—Summary of significant accounting policies (continued)**

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, 2021 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, 2021, this date was October 17, 2022.

**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	\$ 2,254,740
Short-term investments	164,258
Accounts receivable	<u>1,150,883</u>
	<u>\$ 3,569,881</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. The Organization also has experienced recurring surpluses and positive cash flows from operations for the past several years.

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**Note 4—Fair value of financial instruments**

In accordance with U.S. 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). U.S. 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. There have been no changes in the methodologies used during the year ended December 31, 2021 and 2020

The following table presents the Organization’s fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 164,258	\$ -	\$ 164,258
Total at fair value	<u>\$ -</u>	<u>\$ 164,258</u>	<u>\$ -</u>	<u>\$ 164,258</u>

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>

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.

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**Note 5—Property and equipment**

Property and equipment consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 307,505	\$ 307,505
Buildings and improvements	8,715,333	6,356,398
Furnishings and fixtures	126,941	119,753
Vehicles	321,345	321,345
Computers, equipment, and software	<u>187,495</u>	<u>169,564</u>
Total property and equipment	9,658,619	7,274,565
Less accumulated depreciation	<u>(2,888,236)</u>	<u>(2,665,037)</u>
Total property and equipment, net	<u>\$ 6,770,383</u>	<u>\$ 4,609,528</u>

Depreciation expense was \$223,198 and \$216,175 for the years ended December 31, 2021 and 2020, 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 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 2020 was 4.67%. 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.

In July 2021, the note was paid off at the time of closing a \$7 million construction loan with a local bank. The amount due on the new note was \$1,724,101 as of December 31, 2021. The note has a variable interest rate, based on the Wall Street Journal prime lending rate. The interest rate has a floor of 3.25% and a ceiling of 7.25%. The effective rate at December 31, 2021 was 3.25%. The note requires 24-monthly payments of interest only through July 2023, followed by monthly payments of principal and interest in the amount of \$39,872, with a maturity date of July 13, 2043. The loan will re-price every five years at the Wall Street Journal prime lending rate. The note is secured by a deed of trust on both the property and improvements. As of September 30, 2022, the Organization had made additional draws on the construction loan totaling \$2,513,271.



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**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, 2021 and 2020, the Organization had incurred \$879,969 and \$1,030,354, 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:

	Percentage of Revenue		Percentage of Accounts Receivable	
	2021	2020	2021	2020
Grantor A	25%	19%	9%	6%
Grantor B	21%	17%	59%	21%
Grantor C	15%	12%	11%	14%

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.

**Note 8—In-kind contributions**

For the years ended December 31, 2021 and 2020, professional services valued at \$44,871 and \$60,434, respectively, which met the criteria for recognition under U.S. 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 \$280,494 and \$213,900 have been included as in-kind contributions in the combined statements of activities for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, estimated volunteer hours not reflected in the combined financial statements were 7,411 and 2,059, 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, 2021 and 2020, total management fees charged during the year were \$148,640 and \$65,397, respectively. At December 31, 2021 and 2020, WAHLP owed \$8,434 and \$15,157, respectively, for management fees to The Bridge under this agreement, and is included in accounts receivable – other.

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**Note 10—Net assets with donor restrictions**

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 2,734,943	\$ 1,318,348
Family services	54,530	56,742
Net assets with donor restriction	<u>\$ 2,789,473</u>	<u>\$ 1,375,090</u>

Amounts released from restriction during 2021 and 2020 were \$770,242 and \$559,833, 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 \$44,954 and \$43,118 for 2021 and 2020, respectively, which are included in employee benefits expense.

**Note 12—Related party**

Certain members of the Board of Directors of the Organization contributed \$126,374 and \$127,770 to the Organization during the years ended December 31, 2021 and 2020, respectively.

**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, 2021 and 2020 was \$765,077 and \$815,841, 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 10-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 \$2.9 million at December 31, 2021.

## **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, 2021, 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 October 17, 2022.

**Report on 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.

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.

**Report on 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.

Sugar Land, Texas  
October 17, 2022

## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by 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**

#### **Opinion on 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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2021. 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.

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, 2021.

#### **Basis for Opinion on Each Major Federal Program**

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Sugar Land, Texas  
October 17, 2022



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

YEAR ENDED DECEMBER 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Amounts Paid to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
<b>Pass-through programs from:</b>				
Texas Department of Agriculture - Food and Nutritional Division				
Child and Adult Care Food Program	10.558	2021-03369	\$ -	\$ 48,155
Child and Adult Care Food Program	10.558	2022-03369	-	19,809
<b>Total U.S. Department of Agriculture</b>			<b>-</b>	<b>67,964</b>
<b>U.S. Department of Housing &amp; Urban Development</b>				
Continuum of Care Program - Permanent Housing	14.267	TX0200L6E001912	56,545	1,205,706
Continuum of Care Program - Permanent Housing	14.267	TX0200L6E002013	12,799	407,670
<b>Pass-through programs from:</b>				
Harris County Domestic Violence Coordinating Council				
Continuum of Care Program - Rapid Re-Housing Grant	14.267	TX0429L6E001904	-	170,591
Continuum of Care Program - Rapid Re-Housing Grant	14.267	TX0429L6E002005	-	130,292
			<b>69,344</b>	<b>1,914,259</b>
Harris County, Texas				
Emergency Solutions Grants	14.231	C2020-0031h	-	16,942
Emergency Solutions Grants	14.231	C2021-0031h	-	63,382
Texas Department of Housing and Community Affairs				
Emergency Solutions Grants	14.231	42197000049	-	4,679
Emergency Solutions Grants	14.231	43207000049	-	85,787
Emergency Solutions Grants	14.231	42207000045	-	51,207
Emergency Solutions Grants	14.231	42217000044	-	12,613
Child Care Council of Greater Houston, Inc.				
Emergency Solutions Grant	14.231	460-001-3805	-	38,789
Emergency Solutions Grant: Rapid Re-Housing	14.231	460-001-3805	-	1,926
Emergency Solutions Grant	14.231	460-001-3805	-	78,413
City of Pasadena				
Emergency Solutions Grant	14.231	2021-182	-	4,783
Emergency Solutions Grant: Rapid Re-Housing	14.231	2021-181	-	493
			<b>-</b>	<b>359,015</b>
<b>CDBG - Entitlement Grants Cluster</b>				
City of Pasadena				
Community Development Block Grant	14.218	2020-079	-	826,786
Community Development Block Grant	14.218	2021-026	-	246,943
<b>Total CDBG - Entitlement Grants Cluster</b>			<b>-</b>	<b>1,073,729</b>
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>69,344</b>	<b>3,347,003</b>
<b>U.S. Department of Justice</b>				
<b>Pass-through programs from:</b>				
State of Texas Office of the Governor - Criminal Justice				
Victims of Crime Acts (VOCA)	16.575	1755814	-	1,111,739
Victims of Crime Acts (VOCA)	16.575	1755815	-	337,901
			<b>-</b>	<b>1,449,640</b>
Office of Violence Against Women				
Transitional Housing for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2016-WH-AX-0072	-	191,744
<b>Total U.S. Department of Justice</b>			<b>-</b>	<b>1,641,384</b>

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, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Amounts Paid to Subrecipients	Federal Expenditures
<b><u>U.S. Department of the Treasury</u></b>				
<b>Pass-through programs from:</b>				
Harris County Domestic Violence Coordinating Council				
Harris County Domestic Violence Assistance Fund	21.019	N/A	\$ -	\$ 2,376
<b>Total U.S. Department of the Treasury</b>			<b>-</b>	<b>2,376</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
<b>Pass-through programs from:</b>				
Texas Office of Attorney General:				
Injury Prevention and Control Research and State and Community Based Programs	93.136	2005205	-	8,123
Injury Prevention and Control Research and State and Community Based Programs	93.136	2112878	-	93,222
			-	101,346
<b>Temporary Assistance of Needy Families Cluster</b>				
Texas Health and Human Services Commission:				
Temporary Assistance of Needy Families	93.558	HHS00038000069	-	394,184
Temporary Assistance of Needy Families	93.558	HHS00038000069	-	218,386
<b>Total Temporary Assistance of Needy Families Cluster</b>			<b>-</b>	<b>612,570</b>
Texas Health and Human Services Commission:				
Social Security Block Grant	93.667	HHS00038000069	-	20,895
Social Security Block Grant	93.667	HHS00038000069	-	11,576
			-	32,471
Texas Health and Human Services Commission:				
Family Violence Prevention Services	93.671	HHS00038000069	-	101,986
COVID-19 - CARES Act Supplemental Amendment	93.671	HHS00038000069	-	34,872
Family Violence Prevention Services	93.671	HHS00038000069	-	56,502
COVID-19 - American Rescue Plan Supplemental Amendment	93.671	HHS00038000069	-	12,069
Family Violence Prevention and Services - Special Nonresidential Project Services	93.671	HHS000679900011	-	19,430
Family Violence Prevention and Services - Special Nonresidential Project Services	93.671	HHS000365700011	-	91,719
			-	316,578
Texas Office of Attorney General:				
Preventive Health and Human Services Block Grant	93.991	2112282	-	35,189
Preventive Health and Human Services Block Grant	93.991	2220424	-	2,626
			-	37,815
<b>Total Department of Health &amp; Human Services</b>			<b>-</b>	<b>1,100,779</b>
<b><u>U.S. Department of Homeland Security</u></b>				
<b>Pass-through programs from:</b>				
United Way				
Emergency Food and Shelter Program (Phase 37)	97.024		-	15,830
Emergency Food and Shelter Program (Phase 38)	97.024		-	43,919
COVID-19 - Emergency Food and Shelter Program (CARES)	97.024		-	15,000
<b>Total Department of Homeland Security</b>			<b>-</b>	<b>74,749</b>
<b>Total Expenditures</b>			<b>\$ 69,344</b>	<b>\$ 6,234,254</b>

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

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

YEAR ENDED DECEMBER 31, 2021

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**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 *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”). Federal award program titles are presented as entitled in the Catalog of Federal Domestic Assistance (CFDA). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

*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—Subrecipients**

The Organization provided \$69,344 of federal awards to sub recipients for the year ended December 31, 2021.

**Note 3—Non-cash assistance**

No federal awards were expended in the form of non-cash assistance during the year ended December 31, 2021.

**Note 4—Outstanding loans**

There were no outstanding loans in relation to federal awards as of December 31, 2021.

**Note 5—Insurance**

Insurance costs totaling \$108,865 were expended through federal awards during the year ended December 31, 2021.

**Note 6—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.

**Note 7—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 8—Subsequent events**

The Organization’s management has evaluated and disclosed subsequent events through October 17, 2022, the date the combined financial statements and the Schedule 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, 2021

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**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 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:	

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
14.218	U.S. Department of Housing and Urban Development – CDGB Entitlement Grant Cluster
14.267	U.S. Department of Housing and Urban Development – Continuum of Care Program

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

**Section II—Financial Statement Findings**

None reported.

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

None reported.

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

*YEAR ENDED DECEMBER 31, 2021*

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

<u>Finding</u>	<u>Cause</u>	<u>Status</u>
2020-001	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.	Management modified control procedures to correct findings as of December 31, 2021.