

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

COMBINED FINANCIAL STATEMENTS WITH
FEDERAL COMPLIANCE WITH UNIFORM GUIDANCE

As of and for the Years Ended December 31, 2021 and 2020

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 Position.....	3
Combined Statements of Activities.....	4
Combined Statements of Functional Expenses.....	5-6
Combined Statements of Cash Flows.....	7
Notes to the Combined Financial Statements.....	8-16
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 <i>Government Auditing Standards</i>	17-18
Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.....	19-21
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

Report of Independent Auditor

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

Report on Audit of the Financial Statements

Opinion

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 statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

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, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements to Federal Awards*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, 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.

Cherry Bekaert LLP

Sugar Land, Texas
October 17, 2022

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

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 2,254,740	\$ 1,624,771
Short-term investments - certificates of deposit	164,258	163,712
Accounts Receivable:		
Government grants	964,917	1,030,354
United Way contract	80,223	81,570
Contributions	87,972	56,162
Other	17,771	21,008
Prepaid expenses and other current assets	<u>51,077</u>	<u>111,829</u>
Current Assets	3,620,958	3,089,406
Property and equipment, net	<u>6,770,383</u>	<u>4,609,528</u>
Total Assets	<u><u>\$ 10,391,341</u></u>	<u><u>\$ 7,698,934</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 63,523	\$ 162,824
Accrued expenses	227,853	269,912
Note payable - current portion	<u>-</u>	<u>45,514</u>
Current Liabilities	291,376	478,250
Note payable - noncurrent portion	<u>1,724,101</u>	<u>347,652</u>
Total Liabilities	<u>2,015,477</u>	<u>825,902</u>
Net Assets:		
Without donor restrictions	5,586,391	5,497,942
With donor restrictions	<u>2,789,473</u>	<u>1,375,090</u>
Total Net Assets	<u>8,375,864</u>	<u>6,873,032</u>
Total Liabilities and Net Assets	<u><u>\$ 10,391,341</u></u>	<u><u>\$ 7,698,934</u></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 ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Government grants	\$ 5,593,187	\$ 826,786	\$ 6,419,973	\$ 6,158,665	\$ -	\$ 6,158,665
Non-governmental grants and contributions	637,282	1,357,839	1,995,121	773,913	1,375,090	2,149,003
In-kind contributions	325,365	-	325,365	274,334	-	274,334
Fees	148,640	-	148,640	72,939	-	72,939
Auxiliary activities, net of direct costs	111,727	-	111,727	13,133	-	13,133
Investment return, net	21,247	-	21,247	19,758	-	19,758
Net assets released from restrictions	770,242	(770,242)	-	559,833	(559,833)	-
Total Revenues	7,607,690	1,414,383	9,022,073	7,872,575	815,257	8,687,832
Expenses:						
Program Expenses:						
Emergency shelter	2,170,752	-	2,170,752	2,182,598	-	2,182,598
Long-term housing	1,432,613	-	1,432,613	1,337,320	-	1,337,320
Advocacy services	2,481,878	-	2,481,878	2,819,697	-	2,819,697
Education services	267,549	-	267,549	248,085	-	248,085
Total Program Expenses	6,352,792	-	6,352,792	6,587,700	-	6,587,700
Support Services:						
Management and general	774,926	-	774,926	592,551	-	592,551
Fundraising	391,523	-	391,523	419,564	-	419,564
Total Support Expenses	1,166,449	-	1,166,449	1,012,115	-	1,012,115
Total Expenses	7,519,241	-	7,519,241	7,599,815	-	7,599,815
Change in net assets	88,449	1,414,383	1,502,832	272,760	815,257	1,088,017
Net assets, beginning of year	5,497,942	1,375,090	6,873,032	5,225,182	559,833	5,785,015
Net assets, end of year	\$ 5,586,391	\$ 2,789,473	\$ 8,375,864	\$ 5,497,942	\$ 1,375,090	\$ 6,873,032

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, 2021

	Emergency Shelter	Long-Term Housing	Advocacy Services	Education Services	Total Program Expenses	Management and General	Fundraising	Total
Salaries	\$ 1,122,700	\$ 630,289	\$ 1,052,852	\$ 199,517	\$ 3,005,358	\$ 477,462	\$ 204,172	\$ 3,686,992
Employee benefits	94,682	59,378	124,108	17,720	295,888	45,953	17,090	358,931
Payroll taxes	83,047	46,179	75,887	14,862	219,975	33,836	14,811	268,622
Assistance to individuals	296,933	463,394	1,013,219	197	1,773,743	1,710	-	1,775,453
Travel & transportation	21,770	8,957	7,229	1,078	39,034	15,931	5,310	60,275
Conference & continuing education	-	419	1,000	4,779	6,198	310	105	6,613
Interest, financing, and credit card fees	-	-	-	-	-	103,241	20,270	123,511
Insurance	52,098	25,891	7,134	1,897	87,020	11,554	3,291	101,865
Staff development	1,019	1,111	24,157	208	26,495	9,251	1,940	37,686
Telephone	16,113	8,549	36,699	4,592	65,953	9,129	2,645	77,727
Postage	31	72	128	-	231	1,132	676	2,039
Professional fees & contract services	143,682	88,561	52,770	10,278	295,291	37,469	88,416	421,176
Occupancy	120,210	51,941	46,679	3,728	222,558	5,476	2,467	230,501
Equipment	22,305	5,211	6,731	3,000	37,247	9,186	1,132	47,565
Supplies	43,906	11,463	15,088	629	71,086	(1,329)	13,594	83,351
Printing & publications	-	-	-	1,274	1,274	542	11,920	13,736
Depreciation	152,256	31,198	18,197	3,790	205,441	14,073	3,684	223,198
Bad debt expense	-	-	-	-	-	-	-	-
	<u>\$ 2,170,752</u>	<u>\$ 1,432,613</u>	<u>\$ 2,481,878</u>	<u>\$ 267,549</u>	<u>\$ 6,352,792</u>	<u>\$ 774,926</u>	<u>\$ 391,523</u>	<u>\$ 7,519,241</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, 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 STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,502,832	\$ 1,088,017
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	223,198	216,175
Change in operating assets and liabilities:		
Accounts receivable	38,211	(391,568)
Accrued interest income	(546)	(1,918)
Prepaid expenses and other current assets	60,752	(45,548)
Accounts payable and accrued expenses	<u>(141,360)</u>	<u>34,377</u>
Net cash flows from operating activities	<u>1,683,087</u>	<u>899,535</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(2,384,053)</u>	<u>(273,020)</u>
Net cash flows from investing activities	<u>(2,384,053)</u>	<u>(273,020)</u>
Cash flows from financing activities:		
Payments on note payable	(393,166)	(43,050)
Proceeds from debt	<u>1,724,101</u>	<u>-</u>
Net cash flows from financing activities	<u>1,330,935</u>	<u>(43,050)</u>
Net change in cash and cash equivalents	629,969	583,465
Cash and cash equivalents, beginning of year	<u>1,624,771</u>	<u>1,041,306</u>
Cash and cash equivalents, end of year	<u>\$ 2,254,740</u>	<u>\$ 1,624,771</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 20,078</u>	<u>\$ 22,933</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.**
NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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, 2021 and 2020, 1,426 and 1,381 women and children, respectively, were assisted for an average of 24 and 21 days, respectively. For the years ended December 31, 2021 and 2020, total shelter days were 24,756 and 27,664, 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 3,166 and 3,017 adults and children during 2021 and 2020, respectively.

Childcare services are offered to clients of the Emergency Shelter and Long-Term Housing programs. Such costs are allocated to the programs noted above. 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 4,531 and 4,239 children during 2021 and 2020, 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 18,390 and 19,511 individuals during 2021 and 2020, 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 2,069 and 2,001 people in 2021 and 2020, respectively.

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

DECEMBER 31, 2021 AND 2020

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 (“U.S. 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 imposed by the donor. 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, 2021 and 2020, 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 U.S. 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 within the next 12 months and are considered short term. 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. Grants included in accounts receivable are individually analyzed for purposes of determining collectability at year-end and an allowance was not deemed necessary as of December 31, 2021 or 2020.

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 3 to 30 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, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Impairment of Long-Lived Assets – U.S. 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, 2021 or 2020.

Contributions – Contributions received (including unconditional promises to give) are recorded as net assets with or 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 revenue 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, a contribution 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. Expenses that are specifically identifiable to a function are allocated entirely to that function. 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, 2021 AND 2020

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.

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

DECEMBER 31, 2021 AND 2020

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.

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

DECEMBER 31, 2021 AND 2020

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.

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

DECEMBER 31, 2021 AND 2020

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.

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

DECEMBER 31, 2021 AND 2020

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.

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

DECEMBER 31, 2021 AND 2020

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.

Cherry Bekaert LLP

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.

Cherry Bekaert LLP

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
U.S. Department of Agriculture				
Pass-through programs from:				
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
Total U.S. Department of Agriculture			-	67,964
U.S. Department of Housing & Urban Development				
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
Pass-through programs from:				
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
			69,344	1,914,259
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
			-	359,015
CDBG - Entitlement Grants Cluster				
City of Pasadena				
Community Development Block Grant	14.218	2020-079	-	826,786
Community Development Block Grant	14.218	2021-026	-	246,943
Total CDBG - Entitlement Grants Cluster			-	1,073,729
Total U.S. Department of Housing & Urban Development			69,344	3,347,003
U.S. Department of Justice				
Pass-through programs from:				
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
			-	1,449,640
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
Total U.S. Department of Justice			-	1,641,384

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
<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	\$ -	\$ 2,376
Total U.S. Department of the Treasury			-	2,376
<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	2005205	-	8,123
Injury Prevention and Control Research and State and Community Based Programs	93.136	2112878	-	93,222
			-	101,346
Temporary Assistance of Needy Families Cluster				
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
Total Temporary Assistance of Needy Families Cluster			-	612,570
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
Total Department of Health & Human Services			-	1,100,779
<u>U.S. Department of Homeland Security</u>				
Pass-through programs from:				
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
Total Department of Homeland Security			-	74,749
Total Expenditures			\$ 69,344	\$ 6,234,254

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

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

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:	

CFDA Number	Name of Federal Program or Cluster
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

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.