

**BRIDGE OVER TROUBLED WATERS, INC.
AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021
AND SUPPLEMENTARY INFORMATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND
REPORTS ON COMPLIANCE AND INTERNAL CONTROL
YEAR ENDED JUNE 30, 2022**

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bridge Over Troubled Waters, Inc. and Affiliate
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bridge Over Troubled Waters, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridge Over Troubled Waters, Inc. and Affiliate as of June 30, 2022 and 2021, and the results of their operations and their 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 of the consolidated financial statements as of and for the years ended June 30, 2022 and 2021 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 of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Bridge Over Troubled Waters, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge Over Troubled Waters, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Bridge Over Troubled Waters, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge Over Troubled Waters, Inc. and Affiliate'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.


Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated 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 for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 November 14, 2022 on our consideration of Bridge Over Troubled Waters, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bridge Over Troubled Waters, Inc. and Affiliate's 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 Bridge Over Troubled Waters, Inc. and Affiliate's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 14, 2022

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**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 3,204,371	\$ 2,448,769
Accounts receivable	1,126,154	1,373,525
Contributions receivable, current	2,056,908	1,274,268
Prepaid expenses	<u>334,235</u>	<u>330,852</u>
Total current assets	<u>6,721,668</u>	<u>5,427,414</u>
Property and equipment, net	<u>6,053,855</u>	<u>6,237,919</u>
Other assets:		
Investments	8,550,740	6,685,669
Deposits	112,235	157,273
Investments - deferred compensation plan	15,615	-
Contributions receivable, net of current portion and discount	<u>3,776,990</u>	<u>4,445,763</u>
Total other assets	<u>12,455,580</u>	<u>11,288,705</u>
TOTAL ASSETS	<u>\$ 25,231,103</u>	<u>\$ 22,954,038</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 545,105	\$ 686,481
Accrued expenses	626,924	431,362
Refundable advances	<u>245,448</u>	<u>285,421</u>
Total current liabilities	1,417,477	1,403,264
Long-term liabilities:		
Long-term debt	2,772,860	2,772,860
Deferred compensation plan	15,615	-
Other long-term liabilities	<u>33,665</u>	<u>22,045</u>
Total liabilities	<u>4,239,617</u>	<u>4,198,169</u>
Net assets:		
Without donor restrictions:		
Available for operations	4,381,747	5,348,853
Board designated	<u>8,240,272</u>	<u>6,376,766</u>
Total net assets without donor restrictions	12,622,019	11,725,619
With donor restrictions	<u>8,369,467</u>	<u>7,030,250</u>
Total net assets	<u>20,991,486</u>	<u>18,755,869</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,231,103</u>	<u>\$ 22,954,038</u>

See accompanying notes to consolidated financial statements.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions and grants:						
Individuals and foundations	\$ 3,509,766	\$ 3,280,564	\$ 6,790,330	\$ 1,960,838	\$ 7,321,878	\$ 9,282,716
Donated goods and services	443,195	-	443,195	379,926	-	379,926
Special events, net of direct benefits to donors (\$- and \$46,043 for the years ended June 30, 2022 and 2021, respectively)	-	10,000	10,000	168,957	-	168,957
Contract revenue	5,217,002	-	5,217,002	5,771,089	-	5,771,089
Rental revenue	166,363	-	166,363	184,075	-	184,075
Other revenue	20,522	-	20,522	379,404	-	379,404
Interest and dividends, net	63,113	-	63,113	68,443	-	68,443
Net realized and unrealized gains (losses)	(12,864)	-	(12,864)	1,262,810	-	1,262,810
Net assets released from donor restrictions	<u>1,952,912</u>	<u>(1,952,912)</u>	<u>-</u>	<u>1,496,878</u>	<u>(1,496,878)</u>	<u>-</u>
Total revenues and other support	<u>11,360,009</u>	<u>1,337,652</u>	<u>12,697,661</u>	<u>11,672,420</u>	<u>5,825,000</u>	<u>17,497,420</u>
Expenses:						
Program	8,076,500	-	8,076,500	7,917,163	-	7,917,163
Management and general	1,421,506	-	1,421,506	1,129,746	-	1,129,746
Fundraising	<u>965,603</u>	<u>-</u>	<u>965,603</u>	<u>889,516</u>	<u>-</u>	<u>889,516</u>
Total expenses	<u>10,463,609</u>	<u>-</u>	<u>10,463,609</u>	<u>9,936,425</u>	<u>-</u>	<u>9,936,425</u>
Changes in net assets from operations:	<u>896,400</u>	<u>1,337,652</u>	<u>2,234,052</u>	<u>1,735,995</u>	<u>5,825,000</u>	<u>7,560,995</u>
Non-operating activities:						
Net realized and unrealized gains	-	1,565	1,565	-	41,172	41,172
Forgiveness of Paycheck Protection Program loan	-	-	-	695,590	-	695,590
Net assets released for capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,500</u>	<u>(227,500)</u>	<u>-</u>
Total non-operating activities	<u>-</u>	<u>1,565</u>	<u>1,565</u>	<u>923,090</u>	<u>(186,328)</u>	<u>736,762</u>
Changes in net assets	896,400	1,339,217	2,235,617	2,659,085	5,638,672	8,297,757
Net assets - beginning	<u>11,725,619</u>	<u>7,030,250</u>	<u>18,755,869</u>	<u>9,066,534</u>	<u>1,391,578</u>	<u>10,458,112</u>
NET ASSETS - ENDING	<u>\$ 12,622,019</u>	<u>\$ 8,369,467</u>	<u>\$ 20,991,486</u>	<u>\$ 11,725,619</u>	<u>\$ 7,030,250</u>	<u>\$ 18,755,869</u>

See accompanying notes to consolidated financial statements.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022								
	Outreach & Support	Emergency Services	Residential Services	Rental Property	Total Program	Management and General	Fundraising	Direct Benefits to Donors	Total Expenses
Salaries	\$ 869,257	\$ 716,808	\$ 1,829,672	\$ -	\$ 3,415,737	\$ 678,315	\$ 417,993	\$ -	\$ 4,512,045
Payroll taxes	78,132	68,286	173,955	-	320,373	133,426	43,191	-	496,990
Benefits	<u>70,092</u>	<u>56,747</u>	<u>148,258</u>	<u>-</u>	<u>275,097</u>	<u>60,019</u>	<u>34,845</u>	<u>-</u>	<u>369,961</u>
Total employee compensation	1,017,481	841,841	2,151,885	-	4,011,207	871,760	496,029	-	5,378,996
Rental assistance	-	111,537	1,634,897	-	1,746,434	-	-	-	1,746,434
Occupancy	135,952	191,471	266,517	43,537	637,477	79,400	72,318	-	789,195
Professional fees	72,642	90,944	71,325	6,726	241,637	317,340	75,284	-	634,261
Supplies, insurance and office	89,724	66,622	182,928	2,343	341,617	118,246	134,171	-	594,034
Donated services	249,240	-	17,205	-	266,445	-	176,750	-	443,195
Grant expense	-	437,923	-	-	437,923	-	2,200	-	440,123
Depreciation and amortization	51,756	14,568	260,571	-	326,895	9,201	1,656	-	337,752
Travel and transportation	36,556	1,325	28,911	73	66,865	3,854	66	-	70,785
Bank and credit card charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,705</u>	<u>7,129</u>	<u>-</u>	<u>28,834</u>
TOTAL EXPENSES	<u>\$ 1,653,351</u>	<u>\$ 1,756,231</u>	<u>\$ 4,614,239</u>	<u>\$ 52,679</u>	<u>\$ 8,076,500</u>	<u>\$ 1,421,506</u>	<u>\$ 965,603</u>	<u>\$ -</u>	<u>\$ 10,463,609</u>
	2021								
	Outreach & Support	Emergency Services	Residential Services	Rental Property	Total Program	Management and general	Fundraising	Direct Benefits to Donors	Total Expenses
Salaries	\$ 751,443	\$ 742,672	\$ 1,509,808	\$ -	\$ 3,003,923	\$ 528,824	\$ 392,944	\$ -	\$ 3,925,691
Payroll taxes	70,233	67,524	138,601	-	276,358	47,905	36,449	-	360,712
Benefits	<u>79,901</u>	<u>57,675</u>	<u>135,051</u>	<u>-</u>	<u>272,627</u>	<u>51,869</u>	<u>29,416</u>	<u>-</u>	<u>353,912</u>
Total employee compensation	901,577	867,871	1,783,460	-	3,552,908	628,598	458,809	-	4,640,315
Rental assistance	-	91,304	1,609,659	-	1,700,963	-	-	-	1,700,963
Professional fees	94,869	243,151	106,098	6,726	450,844	293,623	241,431	46,043	1,031,941
Occupancy	112,051	398,686	259,735	40,811	811,283	97,914	79,489	-	988,686
Supplies, insurance and office	60,647	74,059	188,817	5,393	328,916	69,666	90,056	-	488,638
Donated services	353,300	-	14,626	-	367,926	-	12,000	-	379,926
Depreciation and amortization	45,685	12,866	256,035	-	314,586	7,871	1,299	-	323,756
Grant expense	-	315,366	-	-	315,366	-	-	-	315,366
Travel and transportation	43,401	845	27,684	-	71,930	3,840	-	-	75,770
Bank and credit card charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,234</u>	<u>6,082</u>	<u>-</u>	<u>34,316</u>
Bad debt	<u>-</u>	<u>-</u>	<u>2,441</u>	<u>-</u>	<u>2,441</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>2,791</u>
	1,611,530	2,004,148	4,248,555	52,930	7,917,163	1,129,746	889,516	46,043	9,982,468
Less expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,043)</u>	<u>(46,043)</u>
TOTAL EXPENSES	<u>\$ 1,611,530</u>	<u>\$ 2,004,148</u>	<u>\$ 4,248,555</u>	<u>\$ 52,930</u>	<u>\$ 7,917,163</u>	<u>\$ 1,129,746</u>	<u>\$ 889,516</u>	<u>\$ -</u>	<u>\$ 9,936,425</u>

See accompanying notes to consolidated financial statements.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating activities:		
Changes in net assets	\$ 2,235,617	\$ 8,297,757
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	337,752	323,756
Forgiveness of Paycheck Protection Program loan	-	(695,590)
Realized and unrealized (gains) losses	11,299	(1,303,982)
Reinvested interest and dividends	(63,113)	(68,443)
Discount on contributions receivable	34,653	341,692
Changes in assets and liabilities:		
Accounts receivable	247,371	(138,158)
Contributions receivable, net	(148,520)	(5,284,443)
Prepaid expenses	(3,383)	(195,070)
Deposits	45,038	(122,586)
Accounts payable	(141,376)	129,184
Accrued expenses	195,562	19,363
Refundable advance	(39,973)	253,376
Deferred compensation plan	15,615	(432,845)
Other long-term liabilities	<u>11,620</u>	<u>10,820</u>
Net cash provided by operating activities	<u>2,738,162</u>	<u>1,134,831</u>
Investing activities:		
Purchases of investments	(1,813,257)	(338,911)
Purchases of investments for deferred compensation plan	(15,615)	-
Acquisition of property and equipment	<u>(153,688)</u>	<u>(256,285)</u>
Net cash used in investing activities	<u>(1,982,560)</u>	<u>(595,196)</u>
Net increase in cash and cash equivalents	755,602	539,635
Cash and cash equivalents - beginning	<u>2,448,769</u>	<u>1,909,134</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 3,204,371</u>	<u>\$ 2,448,769</u>

See accompanying notes to consolidated financial statements.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1. ORGANIZATION

Bridge Over Troubled Waters, Inc. ("BOTW"), was incorporated as a not-for-profit corporation in 1970 and is located in Boston, Massachusetts. BOTW provides a wide range of services to runaways, homeless youth and other alienated adolescents in order to stimulate their own resources to survive and succeed. BOTW provides services in three areas, including:

Outreach and Support Program - Outreach and support includes counseling services, medical and dental services, a GED program, college and career counseling, and medical van outreach services.

Counseling Services - The counseling services provided by BOTW's licensed counselors specialize in dealing with homelessness, substance abuse, sexual abuse, trauma, post-traumatic stress disorder, attachment disorder, and other disorders, including depression and anxiety. Youth who are interested in counseling must meet with an intake specialist before being assigned to a counselor. Counseling is free and confidential.

Medical Services - The medical and dental services are provided through partnerships with the Sydney Borum Health Center, the Justice Resource Institute, and the Multicultural AIDS Coalition. BOTW provides weekly medical clinics, and HIV/STD testing and counseling to youth ages 14 to 24. All services are provided at the main facility located at 47 West Street and are free and confidential.

GED Program - The GED program helps students earn their GED. Students may enter the program at any time and work at their own pace to build academic skills to help them reach their long-term educational and career goals. Students also develop job and computer skills necessary for both college and the workplace.

College and Career Counseling - The college and career counseling program through the Organization's college and career counselor, assists youth with job searches, college applications, interview preparation, resumes and cover letters, finding professional clothing for interviews, and provides counseling and referrals to address barriers to employment.

Medical Van and Outreach - The mobile medical van and the outreach mini-van travel through Boston, Cambridge, and surrounding areas on weekday evenings, offering free and confidential services at locations where young people gather. Volunteer medical staff offer homeless and street youth free basic first aid, referrals, and health advice, as well as access to services, including crisis intervention, emergency shelter, survival items (food, blankets, clothes), assessment, counseling, and education. The vans offer youth a place to connect with a supportive adult. The vans make more than 3,000 contacts a year with street youth.

Emergency Services Program - Emergency services programs include the transitional day program, welcome center and emergency youth shelter.

Transitional Day Program ("TDP") - The TDP is a drop-in center where homeless young people can enjoy a hot meal, take a shower, access lockers, do laundry, connect with case managers, and participate in workshops. The TDP offers breakfast and lunch, as well as a safe and comfortable space to relax, read, use computers, and connect with friends or staff.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1. ORGANIZATION (CONTINUED)

Welcome Center - The welcome center is open every night from 7 PM to 7 AM. The center offers homeless youth warmth, safety, and supportive adults who can help.

Emergency Youth Shelter - The emergency youth shelter provides homeless young adults with shelter, food, clothing, meals, and safety, along with access to a wide range of support and services, all designed to help young people overcome difficult circumstances, become self-sufficient, and obtain transitional or permanent housing. Beds are available both on an emergency basis and for longer periods of time as a “contract bed” for youth who are actively working toward independence.

Residential Services Program - Residential services programs include the transitional living program, maternal group home and runaway services bridge.

Rapid Rehousing Program - The rapid rehousing programs are scattered site housing programs, based on a housing first model, which provides short-term rental assistance and support homeless youth in gaining stability and permanent housing within the private rental market, while working to ensure long-term stability for each participant.

Transitional Living Program - The transitional living program provides housing, life-skills training, and support to homeless youth ages 18 to 21. Young people live among their peers while they learn the life skills necessary to successfully manage and sustain their own households. Through groups and individual counseling, residents learn how to set goals and work toward them while focusing on daily routines that may include work, school, homemaking, shared meals, and a regular calendar of traditional holidays and events. All residents have access to all the services available at BOTW.

Maternal Group Home - The maternal group home provides housing, life-skills training, and support to homeless pregnant or parenting girls ages 18 to 21 and their children. Young women live among their peers while they learn the life skills needed to successfully manage and sustain their own households and raise healthy children. Through groups and individual counseling, residents learn how to set goals and work toward them, while focusing on daily routines that may include work, school, child care, and homemaking and shared meals. Mothers participate in parenting education and groups on health, nutrition, and nurturing care. All residents have access to services available at BOTW.

Runaway Services Bridge - The runaway services bridge is the local respondent for the national runaway hotline (1-800-RUNAWAY), offering 24-hour access to a counselor and a safe bed off the streets for youth 14 to 17 years old who have run away from home and find themselves in crisis. BOTW staff will contact cab services to pick up youth 24 hours a day, 7 days a week, within a 30-mile radius of Boston at no cost to the youth and safely transport them to our transitional living program in Brighton for shelter and services.

WSK House, Inc. ("WSK") was incorporated as a not-for-profit corporation in August 2016 and is located in Boston, Massachusetts. WSK was organized for the purpose of purchasing and renovating a 28-unit congregate house located in Brighton, Massachusetts ("the property"). WSK owns a residential and commercial property from which income is collected.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of BOTW and WSK, (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation. WSK is related to BOTW through common board of directors membership.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor had stipulated the funds be maintained in perpetuity.

Measurement of Operations

The Organization's operating revenue and expenses consist of those items attributable to the Organization's ongoing services and activities. Non-operating activity includes net realized and unrealized gains or losses related to the endowment, release of net assets for capital expenditures, and forgiveness of debt income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with an original maturity date of three months or less. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federal insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management reviews outstanding balances and provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. At June 30, 2022 and 2021, management believes all receivables are collectible in full and therefore no allowance has been recorded. Accounts receivable totaled \$1,126,154, \$1,373,525 and \$1,235,367 as of June 30, 2022, 2021 and 2020, respectively.

Property and Equipment

Property and equipment are recorded at cost or fair value, if received by donation. Expenditures for major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which are as follows:

	<u>Years</u>
Buildings and improvements	3 - 40
Furniture and equipment	3 - 20
Software	3 - 5
Vehicles	3 - 5

Expenditures for major renewals and improvements over \$5,000 are capitalized while expenditures for maintenance are expensed as incurred. Construction in progress is recorded on the cost method and is not depreciated until it is placed into service.

Construction in Progress

Costs associated with construction of major projects are accumulated until completion of the project. The completed asset is then depreciated over its useful life after being placed in service.

Impairment of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with the FASB ASC Topic *Property, Plant and Equipment*. This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2022 and 2021, management has determined that no long-lived assets are impaired.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the statements of financial position. Investment income, and investment gains and losses are reported as increases in net assets without donor restrictions or net assets with donor restrictions if restricted by the donor.

Fair Value Measurement

The Organization follows the provisions of the *Fair Value Measurements* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The *Fair Value Measurements* Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

Level 1 – Quoted prices that are available in active markets for identical assets or liabilities.

Level 2 – Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2022.

- *Money market, mutual funds, common stock, preferred stock, real estate investment trusts and exchange traded funds* have been reported in the consolidated financial statements at fair value. The fair value of these securities are based upon quoted prices from an active market. These securities are categorized in level 1 as they are actively traded and no valuation adjustments have been applied.
- *Bonds* have been reported in the financial statements at fair value. The fair value of these securities are estimated using recently executed transactions or market price quotations. These securities are categorized in level 2 as significant inputs are observable.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market

participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Endowment

The Organization's Executive Board oversees the establishment and revision of goals, spending plans and asset allocations for endowment. The Organization accepts endowment gifts under the stipulation that the funds are invested in perpetuity. The endowment assets include board designated funds as well as the items invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's endowment spending policy. The goals of the endowment fund are to utilize the growth in assets to fund various actions as approved by the board. The Organization's Executive Board oversees the establishment and revision of goals, spending plans and asset allocations for endowment.

Interpretation of relevant law - The Organization manages its endowment consistent with the Massachusetts Act, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

Return objectives and risk parameters - The Organization has adopted investment and spending policies for endowment assets that invest in a thoughtful and prudent manner to preserve and/or enhance the Organization's ability to help provide services for runaways and homeless youths. The oversight of the endowment funds is the responsibility of the Finance Committee, a committee of the Organization's Executive Board. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as the board designated funds. Under this policy, as approved by the Executive Board, the endowment assets are invested in a manner that is intended to preserve the endowment funds' principal, considering inflation and to regulate the long term ability and short term needs to distribute income.

Strategies employed for achieving objectives - To satisfy its objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation by investing a prudently determinable portion of the endowment funds in equity investments and a portion to fixed income investments (to produce a consistent level of income and reduce overall volatility). Guidelines have been set forth in the policy for prudent investment options.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment (continued)

Spending policy and how the investment objectives relate to spending policy - The spending rate will be determined by the Executive Board on an annual basis and will be set as a percentage of the total endowment value. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment.

Revenue Recognition

Grants and Contracts

The Organization's grants and contracts revenue are earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. Contracts consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency. Private fees and other third party revenue are generated through billing units of service delivered to pre-approved and covered individuals.

Rental Revenue

Rental revenue is attributable to a combination of residential leases and a commercial lease. The residential leases are recorded when due, generally upon the first day of each month. Rental payments received in advance are deferred until earned. Leases are for periods of up to one year, with rental payments due monthly. All leases between the Organization and its tenants are operating leases. The commercial lease is for a period of ten years and is recorded when due, generally upon the first day of each month.

Special Event Revenue

Special event revenue is presented net of direct benefits to donors and is recognized as events occur. The portion of special event revenue related to direct benefits to donors is nominal and therefore the impact of applying guidance under ASC 606, *Revenue from Contracts with Customers*, is negligible.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Contributions (continued)

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues with donor restrictions and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributions of services are reported as revenues and expenses without donor restrictions at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods to be used in program operations are reported as revenues and expenses without donor restrictions at the time the goods are received.

In-kind Donations

The Organization receives donated goods and services from organizations in support of various aspects of its programs. Donated services are recognized as contributions at fair value if the services create or enhance non-financial assets or require specialized skills, which would otherwise be purchased. These goods and services are reflected in the accompanying consolidated financial statements based upon the estimated value assigned to them by the donating agencies or by management.

Refundable Advances

Refundable Advances include advances on contracts received by the Organization before year end for the next fiscal year. Refundable advances were \$245,448 and \$285,421 at June 30, 2022 and 2021, respectively.

Advertising

The Organization expenses advertising costs when they are incurred. Advertising expense was \$4,049 and \$25,257, for the years ended June 30, 2022 and 2021, respectively.

Income Taxes

Both BOTW and WSK are qualified under Section 501(c)(3) of the Internal Revenue Code ("IRC") and are exempt from Federal and state income taxes.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2022 and 2021, management believes that the Organization has no material uncertain tax positions.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Functional expenses are allocated to the various programs based on direct expenses, which can be identified to the program, and indirect expenses, which are beneficial to more than one program. The indirect expenses, such as salaries, payroll taxes, and benefits, are allocated on the basis of time and effort. Expenses such as occupancy, depreciation and amortization, and travel and transportation are allocated based on square footage and mileage.

Recently Issued But Not Yet Effective Accounting Pronouncements

Leases - In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements* which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period consolidated financial statements and recognizing any cumulative effect adjustment to the opening balance sheet. In June 2020, the FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

Recently Implemented Accounting Pronouncements

In-kind Contributions - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Organization has determined that the application of the amendments of ASU 2020-07 did not have a material impact on the Organization's consolidated financial statements and related disclosures.

Subsequent Events

The Organization has evaluated all events subsequent to the consolidated statement of financial position date of June 30, 2022, through the date which the consolidated financial statements were available to be issued, November 14, 2022, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets as of June 30, 2022:

Cash and cash equivalents	\$ 3,204,371
Accounts receivable	1,126,154
Contributions receivable	5,833,898
Investments	8,550,740
Investments - deferred compensation plan	<u>15,615</u>
Total financial assets	18,730,778
Less net assets unavailable for general expenditure without board approval	(8,240,272)
Less net assets with donor restrictions that will not be satisfied in the next year	(6,312,559)
Less deferred compensation plan	<u>(15,615)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,162,332</u>

As part of its liquidity management plan, the Organization manages its operations within a balanced budget, keeping liquid assets available, and investing excess cash in various investments. The Organization has board designated funds that function as an endowment which, upon board approval, can be used for general expenditures. In addition, the Organization has a line of credit available from a bank in the amount of \$1,500,000, that can be used for cash needs for general expenditures (Note 9).

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional gifts to be received in future periods and are discounted to their present value based on anticipated timing of payment. The discount rates on contributions receivable are 2% to 5% as of June 30, 2022 and 2021. Contributions receivable at June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Contributions receivable	\$ 6,242,808	\$ 6,094,288
Less unamortized discount	<u>(408,910)</u>	<u>(374,257)</u>
Net contributions receivable	<u>\$ 5,833,898</u>	<u>\$ 5,720,031</u>
Receivable in less than one year	\$ 2,056,908	\$ 1,274,268
Receivable in one to five years	4,185,900	4,810,020
Receivable in more than five years	<u>-</u>	<u>10,000</u>
Gross contributions receivable	<u>\$ 6,242,808</u>	<u>\$ 6,094,288</u>

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 9,069,650	\$ 9,025,970
Land	441,500	441,500
Furniture and equipment	453,589	417,015
Vehicles	165,933	155,000
Software	26,500	26,500
Construction in progress	<u>27,500</u>	<u>-</u>
	10,184,672	10,065,985
Less accumulated depreciation	<u>(4,130,817)</u>	<u>(3,828,066)</u>
	<u>\$ 6,053,855</u>	<u>\$ 6,237,919</u>

Construction in process at June 30, 2022 is related to renovations at 47 West Street and a new website. The projects are expected to be completed and put into service during the year ended June 30, 2023.

NOTE 6. INVESTMENTS

The following schedule summarizes the investment return in the statement of activities for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 98,209	\$ 104,324
Net realized and unrealized gains (losses)	(11,299)	1,303,982
Investment fees and expenses	<u>(35,096)</u>	<u>(35,881)</u>
Total	<u>\$ 51,814</u>	<u>\$ 1,372,425</u>

At June 30, 2022 and 2021 unrealized losses of \$257,356 and unrealized gains of \$976,925, respectively, are attributable to investments held at year end.

NOTE 7. FAIR VALUE MEASUREMENTS

The following fair value hierarchy table presents information about the Organization's investments measured at fair value on a recurring basis as of June 30, 2022:

	<u>Quoted Prices (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>	<u>Total</u>
Mutual funds:				
Equity	\$ 11,595	\$ -	\$ -	\$ 11,595
Cash equivalents	5,784,762	-	-	5,784,762
Exchange traded funds	2,754,383	-	-	2,754,383
Investments - deferred compensation plan (mutual fund)	<u>15,615</u>	<u>-</u>	<u>-</u>	<u>15,615</u>
	<u>\$ 8,566,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,566,355</u>

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

The following fair value hierarchy table presents information about the Organization's investments measured at fair value on a recurring basis as of June 30, 2021:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual funds:				
Equity	\$ 913,850	\$ -	\$ -	\$ 913,850
Bond	<u>158,956</u>	<u>-</u>	<u>-</u>	<u>158,956</u>
	<u>1,072,806</u>	<u>-</u>	<u>-</u>	<u>1,072,806</u>
Common stock:				
Technology	710,628	-	-	710,628
Financial services	686,900	-	-	686,900
Consumer	684,710	-	-	684,710
Healthcare	613,516	-	-	613,516
Industrials	440,852	-	-	440,852
Communication	176,283	-	-	176,283
Materials	120,306	-	-	120,306
Utilities	119,019	-	-	119,019
Energy	<u>81,816</u>	<u>-</u>	<u>-</u>	<u>81,816</u>
	<u>3,634,030</u>	<u>-</u>	<u>-</u>	<u>3,634,030</u>
Bonds:				
Treasury	-	641,561	-	641,561
Corporate	-	498,124	-	498,124
Municipal	<u>-</u>	<u>41,934</u>	<u>-</u>	<u>41,934</u>
	-	1,181,619	-	1,181,619
Real estate trusts	<u>345,734</u>	<u>-</u>	<u>-</u>	<u>345,734</u>
Cash equivalents	<u>209,442</u>	<u>-</u>	<u>-</u>	<u>209,442</u>
Preferred stock	<u>234,062</u>	<u>-</u>	<u>-</u>	<u>234,062</u>
Accrued interest	<u>7,976</u>	<u>-</u>	<u>-</u>	<u>7,976</u>
	<u>\$ 5,504,050</u>	<u>\$ 1,181,619</u>	<u>\$ -</u>	<u>\$ 6,685,669</u>

NOTE 8. ENDOWMENT

Endowment Net Asset Composition by Type of Fund as of June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 8,240,272	\$ -	\$ 8,240,272
Donor restricted endowment funds	<u>-</u>	<u>310,468</u>	<u>310,468</u>
	<u>\$ 8,240,272</u>	<u>\$ 310,468</u>	<u>\$ 8,550,740</u>

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8. ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Year Ended June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Endowment, beginning of year	\$ 6,376,766	\$ 308,903	\$ 6,685,669
Contributions	1,813,257	-	1,813,257
Net investment gain	<u>50,249</u>	<u>1,565</u>	<u>51,814</u>
Endowment net assets, end of year	<u>\$ 8,240,272</u>	<u>\$ 310,468</u>	<u>\$ 8,550,740</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 6,376,766	\$ -	\$ 6,376,766
Donor restricted endowment funds	<u>-</u>	<u>308,903</u>	<u>308,903</u>
	<u>\$ 6,376,766</u>	<u>\$ 308,903</u>	<u>\$ 6,685,669</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Endowment, beginning of year	\$ 4,706,602	\$ 267,731	\$ 4,974,333
Contributions	338,911	-	338,911
Net investment gain	<u>1,331,253</u>	<u>41,172</u>	<u>1,372,425</u>
Endowment net assets, end of year	<u>\$ 6,376,766</u>	<u>\$ 308,903</u>	<u>6,685,669</u>

NOTE 9. LINE OF CREDIT

BOTW has a demand line of credit with a bank that provides for maximum borrowings of \$1,500,000. The line of credit is secured by a first security interest in all business assets of BOTW. Interest is payable at the bank's prime rate plus 0.50% (4.25% and 3.75% at June 30, 2022 and 2021, respectively). There was no outstanding balance on the line of credit as of June 30, 2022 and 2021.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10. PAYCHECK PROTECTION PROGRAM

On April 22, 2020, the Organization received loan proceeds of \$695,590 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks if the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP, for the loan to be eligible for forgiveness.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a not-for-profit entity. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Organization recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Organization has been legally released from its obligation by the lender. The Organization deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Organization, mainly related to the third-party approval process for forgiveness.

The Organization applied for PPP loan forgiveness and received approval from the Small Business Administration ("SBA") in February 2021. For the year ended June 30, 2021, the Organization recorded \$695,590 of forgiveness of debt income, which is included in forgiveness of PPP loan on the consolidated statements of activities. If it is determined that the Organization was not eligible to receive the PPP Loans or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

NOTE 11. LONG-TERM DEBT

WSK was formed to purchase and renovate a 28-unit congregate house located in Brighton, Massachusetts. In order to finance this acquisition, as well as the renovation of the WSK property, WSK entered into several non-interest bearing note payable agreements with the Department of Housing and Community Development ("DHCD"), Community Economic Development Assistance Corporation ("CEDAC") and Massachusetts Housing Partnership Fund Board ("MHP"). No payments on these loans will be due provided the Organization maintains the property in accordance with the original agreement.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11. LONG TERM DEBT (CONTINUED)

The details of long-term debt are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Non-interest bearing note payable to the Commonwealth of Massachusetts, acting by and through the DHCD under the Affordable Housing Trust Fund in an amount up to \$1,000,000. The note is payable on the earlier of an event of default or November 3, 2046. WSK may request to extend the maturity date for a period up to the original note term in order to maintain the affordability of the property.	\$ 1,000,000	\$ 1,000,000
Non-interest bearing note payable to CEDAC, acting by and through DHCD under the Housing Innovations Fund in an amount up to \$1,000,000. The note is payable on the earlier of an event of default or November 3, 2046. WSK may request to extend the maturity date for a period up to the original note term in order to maintain the affordability of the property.	1,000,000	1,000,000
Non-interest bearing note payable to the MHP, acting by and through DHCD under the Housing Stabilization and Investment Trust Fund in an amount up to \$772,860. The note is payable on the earlier of an event of default or November 3, 2066. WSK may request to extend the maturity date for a period up to the original note term in order to maintain the affordability of the property.	<u>772,860</u>	<u>772,860</u>
Total long-term debt	<u>\$ 2,772,860</u>	<u>\$ 2,772,860</u>

NOTE 12. DEFERRED COMPENSATION PLAN

During the year ended June 30, 2022, the Organization established a deferred compensation plan subject to Internal Revenue Code 457(b) for the Chief Executive Officer. The Organization is funding the plan through an investment in a mutual fund. Total employer contributions for the years ended June 30, 2022 totaled \$18,400. At June 30, 2022, the deferred compensation liability was \$15,615.

The Organization established an investment fund to accumulate assets to fund the future deferred compensation payments. The investment is part of the general assets of the Organization and the Chief Executive Officer does not have a secured interest in them. However, since the Organization's intention is to use the investment only to fund future deferred compensation payments, the investment is reflected in the accompanying consolidated statements of financial position as investment - deferred compensation plan. The market value of the investment at June 30, 2022 was \$15,615.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Time restrictions	\$ 5,833,898	\$ 5,720,031
Purpose restrictions:		
Campaign	1,708,165	572,972
Transitional day	273,917	33,333
Medical van	183,986	182,421
Education	177,999	175,000
Emergency shelter	30,000	72,996
Capital improvements	17,700	-
Gala	10,000	-
Counseling	7,364	59,219
Outreach	-	54,507
Rapid rehousing	-	33,333
Total purpose restrictions	<u>2,409,131</u>	<u>1,183,781</u>
Perpetual in nature - medical van replacement	<u>126,438</u>	<u>126,438</u>
Total net assets with donor restrictions	<u>\$ 8,369,467</u>	<u>\$ 7,030,250</u>

Net assets were released from donor restrictions by incurring expenses or costs satisfying the restricted purpose or by occurrence of events specified by the donors, as follows, for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Time restrictions	\$ 583,940	\$ 802,704
Purpose restrictions:		
Campaign	449,015	114,294
Counseling	261,855	154,114
Emergency shelter	180,496	136,304
Education	170,000	34,000
Transitional day	136,916	-
Outreach	67,107	81,862
Single parent program	45,000	47,500
Rapid rehousing	38,333	18,500
Transitional living program	18,250	12,500
Healthcare	2,000	-
Capital improvements	-	227,500
Gala	-	95,000
Liberty House	-	100
Total purpose releases	<u>1,368,972</u>	<u>921,674</u>
Total net assets released from restrictions	<u>\$ 1,952,912</u>	<u>\$ 1,724,378</u>

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 14. LEASE AGREEMENTS

The Organization owns a property and rents certain commercial space to a for-profit company. The original term of the lease is ten years with monthly rental payments of \$10,931. For the years ended June 30, 2022 and 2021, rental income was \$127,130 and \$124,642, respectively. Future minimum lease payments under the agreement is approximately \$131,000 per year through 2028.

In April 2020, the Organization entered into a five year and 3 month lease agreement for office space in Boston, Massachusetts. The space requires varying monthly rent payments, escalating annually, through June 2025.

Total minimum future lease payments under the operating lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2023	\$ 129,304
2024	131,827
2025	<u>133,719</u>
	<u>\$ 394,850</u>

Rent expense for the years ended June 30, 2022 and 2021 was \$123,026.

NOTE 15. DONATED GOODS AND SERVICES

The Organization received donated goods and services for the years ended June 30 as follows:

	<u>2022</u>	<u>2021</u>
Medical/dental supplies and services	\$ 249,240	\$ 353,300
Marketing services	176,750	-
Social workers	17,205	14,626
Professional work	<u>-</u>	<u>12,000</u>
Total	<u>\$ 443,195</u>	<u>\$ 379,926</u>

Donations of services are valued based on the number of hours of service received and hourly billable rates if the individuals were employees of the Organization or are recorded based on valuations directly from third parties providing the service. Donations of supplies are valued at the estimated price of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of contribution.

The recorded amounts are classified as donated goods and services revenue and donated services expense in the accompanying consolidated financial statements.

NOTE 16. PURCHASE OPTION

WSK has an affordability housing restriction agreement with DHCD, the City of Boston through DND, CEDAC and MHP. After November 2066, DHCD will have the right to purchase WSK's interest in the property from WSK at a price equal to the then current appraised value of the property, less the total outstanding obligations. DHCD has the right to assign rights under the purchase option to a qualified developer. BOTW will have the right to match the best offer received by DHCH from a qualified developer to become DHCD's assignee.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 17. EMPLOYEE BENEFITS

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 401(k) of the IRC for the benefit of eligible employees. Salaried employees with 1,000 hours or more of service during any consecutive 12-month period commencing with date of employment, or anniversary date, are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the plan. The Organization's contributions under this plan amounted to \$25,000 per year for the years ended June 30, 2022 and 2021.

SUPPLEMENTAL INFORMATION

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

	BOTW	WSK	Consolidating and Eliminating Entries	Consolidated Totals
Current assets:				
Cash and cash equivalents	\$ 3,160,282	\$ 44,089	\$ -	\$ 3,204,371
Accounts receivable	1,141,999	-	(15,845)	1,126,154
Contributions receivable, current	2,056,908	-	-	2,056,908
Prepaid expenses	<u>334,235</u>	<u>-</u>	<u>-</u>	<u>334,235</u>
Total current assets	<u>6,693,424</u>	<u>44,089</u>	<u>(15,845)</u>	<u>6,721,668</u>
Property and equipment, net	<u>2,385,972</u>	<u>4,021,374</u>	<u>(353,491)</u>	<u>6,053,855</u>
Other assets				
Investments	8,550,740	-	-	8,550,740
Deposits	112,235	-	-	112,235
Investments - deferred compensation plan	15,615	-	-	15,615
Contributions receivable, net of current portion and discount	<u>3,776,990</u>	<u>-</u>	<u>-</u>	<u>3,776,990</u>
Total other assets	<u>12,455,580</u>	<u>-</u>	<u>-</u>	<u>12,455,580</u>
TOTAL ASSETS	<u>\$ 21,534,976</u>	<u>\$ 4,065,463</u>	<u>\$ (369,336)</u>	<u>\$ 25,231,103</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable	\$ 545,105	\$ 15,845	\$ (15,845)	\$ 545,105
Accrued expenses	626,924	-	-	626,924
Refundable advance	<u>245,448</u>	<u>-</u>	<u>-</u>	<u>245,448</u>
Total current liabilities	1,417,477	15,845	(15,845)	1,417,477
Long-term liabilities:				
Long-term debt	-	2,772,860	-	2,772,860
Deferred compensation plan	15,615	-	-	15,615
Other long-term liabilities	<u>33,665</u>	<u>-</u>	<u>-</u>	<u>33,665</u>
Total liabilities	<u>1,466,757</u>	<u>2,788,705</u>	<u>(15,845)</u>	<u>4,239,617</u>
Net assets:				
Without donor restrictions:				
Available for operations	3,458,480	1,276,758	(353,491)	4,381,747
Board designated	<u>8,240,272</u>	<u>-</u>	<u>-</u>	<u>8,240,272</u>
Total net assets without donor restrictions	11,698,752	1,276,758	(353,491)	12,622,019
With donor restrictions	<u>8,369,467</u>	<u>-</u>	<u>-</u>	<u>8,369,467</u>
Total net assets	<u>20,068,219</u>	<u>1,276,758</u>	<u>(353,491)</u>	<u>20,991,486</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,534,976</u>	<u>\$ 4,065,463</u>	<u>\$ (369,336)</u>	<u>\$ 25,231,103</u>

See independent auditor's report.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

	BOTW	WSK	Consolidating and Eliminating Entries	Consolidated Totals
Current assets:				
Cash and cash equivalents	\$ 2,404,680	\$ 44,089	\$ -	\$ 2,448,769
Accounts receivable	1,373,525	-	-	1,373,525
Contributions receivable, current	1,274,268	-	-	1,274,268
Prepaid expenses	<u>330,852</u>	<u>-</u>	<u>-</u>	<u>330,852</u>
Total current assets	<u>5,383,325</u>	<u>44,089</u>	<u>-</u>	<u>5,427,414</u>
Property and equipment, net	<u>2,372,103</u>	<u>4,229,407</u>	<u>(363,591)</u>	<u>6,237,919</u>
Other assets				
Investments	6,685,669	-	-	6,685,669
Deposits	157,273	-	-	157,273
Contributions receivable, net of current portion and discount	<u>4,445,763</u>	<u>-</u>	<u>-</u>	<u>4,445,763</u>
Total other assets	<u>11,288,705</u>	<u>-</u>	<u>-</u>	<u>11,288,705</u>
TOTAL ASSETS	<u>\$ 19,044,133</u>	<u>\$ 4,273,496</u>	<u>\$ (363,591)</u>	<u>\$ 22,954,038</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable	\$ 686,481	\$ -	\$ -	\$ 686,481
Accrued expenses	431,362	-	-	431,362
Refundable advance	<u>285,421</u>	<u>-</u>	<u>-</u>	<u>285,421</u>
Total current liabilities	1,403,264	-	-	1,403,264
Long-term liabilities:				
Long-term debt	-	2,772,860	-	2,772,860
Other long-term liabilities	<u>22,045</u>	<u>-</u>	<u>-</u>	<u>22,045</u>
Total liabilities	<u>1,425,309</u>	<u>2,772,860</u>	<u>-</u>	<u>4,198,169</u>
Net assets:				
Without donor restrictions:				
Available for operations	4,211,808	1,500,636	(363,591)	5,348,853
Board designated	<u>6,376,766</u>	<u>-</u>	<u>-</u>	<u>6,376,766</u>
Total net assets without donor restrictions	10,588,574	1,500,636	(363,591)	11,725,619
With donor restrictions	<u>7,030,250</u>	<u>-</u>	<u>-</u>	<u>7,030,250</u>
Total net assets	<u>17,618,824</u>	<u>1,500,636</u>	<u>(363,591)</u>	<u>18,755,869</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,044,133</u>	<u>\$ 4,273,496</u>	<u>\$ (363,591)</u>	<u>\$ 22,954,038</u>

See independent auditor's report.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	BOTW			WSK			Eliminating Entries	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Consolidated Totals
Revenues and other support:										
Contributions and grants:										
Individuals and foundations	\$ 3,509,766	\$ 3,280,564	\$ 6,790,330	\$ -	\$ -	\$ -	\$ -	\$ 3,509,766	\$ 3,280,564	\$ 6,790,330
Donated goods and services	443,195	-	443,195	-	-	-	-	443,195	-	443,195
Special events, net of direct benefits to donors (\$- for the year ended June 30, 2022)	-	10,000	10,000	-	-	-	-	-	10,000	10,000
Contract revenue	5,217,002	-	5,217,002	-	-	-	-	5,217,002	-	5,217,002
Rental revenue	166,363	-	166,363	105,428	-	105,428	(105,428)	166,363	-	166,363
Other revenue	20,522	-	20,522	-	-	-	-	20,522	-	20,522
Interest and dividends, net	63,113	-	63,113	-	-	-	-	63,113	-	63,113
Net realized and unrealized gains (losses)	(12,864)	-	(12,864)	-	-	-	-	(12,864)	-	(12,864)
Net assets released from donor restrictions	<u>1,952,912</u>	<u>(1,952,912)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,952,912</u>	<u>(1,952,912)</u>	<u>-</u>
Total revenues and other support	<u>11,360,009</u>	<u>1,337,652</u>	<u>12,697,661</u>	<u>105,428</u>	<u>-</u>	<u>105,428</u>	<u>(105,428)</u>	<u>11,360,009</u>	<u>1,337,652</u>	<u>12,697,661</u>
Expenses:										
Program	7,862,722	-	7,862,722	329,306	-	329,306	(115,528)	8,076,500	-	8,076,500
Management and general	1,421,506	-	1,421,506	-	-	-	-	1,421,506	-	1,421,506
Fundraising	<u>965,603</u>	<u>-</u>	<u>965,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,603</u>	<u>-</u>	<u>965,603</u>
Total expenses	<u>10,249,831</u>	<u>-</u>	<u>10,249,831</u>	<u>329,306</u>	<u>-</u>	<u>329,306</u>	<u>(115,528)</u>	<u>10,463,609</u>	<u>-</u>	<u>10,463,609</u>
Changes in net assets from operations	<u>1,110,178</u>	<u>1,337,652</u>	<u>2,447,830</u>	<u>(223,878)</u>	<u>-</u>	<u>(223,878)</u>	<u>10,100</u>	<u>896,400</u>	<u>1,337,652</u>	<u>2,234,052</u>
Non-operating activities:										
Net realized and unrealized gains	<u>-</u>	<u>1,565</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,565</u>	<u>1,565</u>
Total non-operating activities	<u>-</u>	<u>1,565</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,565</u>	<u>1,565</u>
Changes in net assets	1,110,178	1,339,217	2,449,395	(223,878)	-	(223,878)	10,100	896,400	1,339,217	2,235,617
Net assets - beginning	<u>10,588,574</u>	<u>7,030,250</u>	<u>17,618,824</u>	<u>1,500,636</u>	<u>-</u>	<u>1,500,636</u>	<u>(363,591)</u>	<u>11,725,619</u>	<u>7,030,250</u>	<u>18,755,869</u>
NET ASSETS - ENDING	<u>\$ 11,698,752</u>	<u>\$ 8,369,467</u>	<u>\$ 20,068,219</u>	<u>\$ 1,276,758</u>	<u>\$ -</u>	<u>\$ 1,276,758</u>	<u>\$ (353,491)</u>	<u>\$ 12,622,019</u>	<u>\$ 8,369,467</u>	<u>\$ 20,991,486</u>

See independent auditor's report.

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	BOTW			WSK			Eliminating Entries	Consolidated Totals		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Consolidated Totals
Revenues and other support:										
Contributions and grants										
Individuals and foundations	\$ 1,960,838	\$ 7,321,878	\$ 9,282,716	\$ -	\$ -	\$ -	\$ -	\$ 1,960,838	\$ 7,321,878	\$ 9,282,716
Donated goods and services	379,926	-	379,926	-	-	-	-	379,926	-	379,926
Special events, net of direct benefits to donors (\$46,043 for the year ended June 30, 2021)	168,957	-	168,957	-	-	-	-	168,957	-	168,957
Contract revenue	5,771,089	-	5,771,089	-	-	-	-	5,771,089	-	5,771,089
Rental revenue	184,075	-	184,075	120,309	-	120,309	(120,309)	184,075	-	184,075
Other revenue	379,404	-	379,404	-	-	-	-	379,404	-	379,404
Interest and dividends, net	68,443	-	68,443	-	-	-	-	68,443	-	68,443
Net realized and unrealized gains	1,262,810	-	1,262,810	-	-	-	-	1,262,810	-	1,262,810
Net assets released from donor restrictions	<u>1,496,878</u>	<u>(1,496,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496,878</u>	<u>(1,496,878)</u>	<u>-</u>
Total revenues and other support	<u>11,672,420</u>	<u>5,825,000</u>	<u>17,497,420</u>	<u>120,309</u>	<u>-</u>	<u>120,309</u>	<u>(120,309)</u>	<u>11,672,420</u>	<u>5,825,000</u>	<u>17,497,420</u>
Expenses:										
Program	7,710,681	-	7,710,681	336,891	-	336,891	(130,409)	7,917,163	-	7,917,163
Management and general	1,129,746	-	1,129,746	-	-	-	-	1,129,746	-	1,129,746
Fundraising	<u>889,516</u>	<u>-</u>	<u>889,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889,516</u>	<u>-</u>	<u>889,516</u>
Total expenses	<u>9,729,943</u>	<u>-</u>	<u>9,729,943</u>	<u>336,891</u>	<u>-</u>	<u>336,891</u>	<u>(130,409)</u>	<u>9,936,425</u>	<u>-</u>	<u>9,936,425</u>
Changes in net assets from operations	<u>1,942,477</u>	<u>5,825,000</u>	<u>7,767,477</u>	<u>(216,582)</u>	<u>-</u>	<u>(216,582)</u>	<u>10,100</u>	<u>1,735,995</u>	<u>5,825,000</u>	<u>7,560,995</u>
Non-operating activities:										
Net realized and unrealized gains	-	41,172	41,172	-	-	-	-	-	41,172	41,172
Forgiveness of Paycheck Protection Program loan	695,590	-	695,590	-	-	-	-	695,590	-	695,590
Net assets released for capital expenditure	<u>227,500</u>	<u>(227,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,500</u>	<u>(227,500)</u>	<u>-</u>
Total non-operating activities	<u>923,090</u>	<u>(186,328)</u>	<u>736,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,090</u>	<u>(186,328)</u>	<u>736,762</u>
Changes in net assets	2,865,567	5,638,672	8,504,239	(216,582)	-	(216,582)	10,100	2,659,085	5,638,672	8,297,757
Net assets - beginning	<u>7,723,007</u>	<u>1,391,578</u>	<u>9,114,585</u>	<u>1,717,218</u>	<u>-</u>	<u>1,717,218</u>	<u>(373,691)</u>	<u>9,066,534</u>	<u>1,391,578</u>	<u>10,458,112</u>
NET ASSETS - ENDING	<u>\$ 10,588,574</u>	<u>\$ 7,030,250</u>	<u>\$ 17,618,824</u>	<u>\$ 1,500,636</u>	<u>\$ -</u>	<u>\$ 1,500,636</u>	<u>\$ (363,591)</u>	<u>\$ 11,725,619</u>	<u>\$ 7,030,250</u>	<u>\$ 18,755,869</u>

See independent auditor's report.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:				
Pass-through programs from:				
ACYF - Family Youth Services Bureau				
Transitional Living for Homeless Youth	93.550	90CX7257-03-00	N/A	\$ 250,000
Transitional Living for Homeless Youth	93.550	90CX7260-02-00	N/A	249,999
Transitional Living for Homeless Youth	93.550	90YO2406-01-00	N/A	<u>160,514</u>
				<u>660,513</u>
Basic Center Grant	93.623	90CY7145-02-00	N/A	<u>199,999</u>
Commonwealth of Massachusetts				
Department of Public Health:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2301MM316052 4176	N/A	589
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2323134214830 M03	N/A	<u>138,546</u>
				<u>139,135</u>
Total U.S. Department of Health and Human Services				<u>999,647</u>
U.S. Department of Housing and Urban Development:				
Pass-through programs from:				
City of Cambridge				
COVID -19 - Emergency Solutions Grant Program	14.231	ESG 2021 10	N/A	8,225
Commonwealth of Massachusetts				
COVID -19 - Emergency Solutions Grant Program	14.231	OCD8000ESGCV202 1F000	N/A	<u>889,158</u>
				<u>897,383</u>
City of Boston Department of Neighborhood Development				
Continuum of Care Program	14.267	MA0546L1T001500	N/A	<u>1,791,144</u>
Total U.S. Department of Housing and Urban Development				<u>2,688,527</u>
U.S. Department of Treasury				
Pass-through programs from:				
Commonwealth of Massachusetts				
ARPA - Coronavirus State and Local Fiscal Recovery Funds	21.027	DPHINTF2308MM3 W22089005	N/A	<u>19,411</u>
Total U.S. Department of Treasury				<u>19,411</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 3,707,585</u>

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

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Consolidated Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal assistance activity of Bridge Over Troubled Waters, Inc. and Affiliate (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the 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"). 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.

Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Organization elected to use the 10% de minimis cost rate for its Federal programs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Bridge Over Troubled Waters, Inc. and Affiliate
Boston, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bridge Over Troubled Waters, Inc. and Affiliate's 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 Bridge Over Troubled Waters, Inc. and Affiliate's major federal program for the year ended June 30, 2022. Bridge Over Troubled Waters, Inc. and Affiliate's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bridge Over Troubled Waters, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

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 Bridge Over Troubled Waters, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that 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 Bridge Over Troubled Waters, Inc. and Affiliate'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 Bridge Over Troubled Waters, Inc. and Affiliate'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 Bridge Over Troubled Waters, Inc. and Affiliate'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 Bridge Over Troubled Waters, Inc. and Affiliate's compliance with the requirements of the 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 Bridge Over Troubled Waters, Inc. and Affiliate'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 Bridge Over Troubled Waters, Inc. and Affiliate'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 Bridge Over Troubled Waters, Inc. and Affiliate'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.

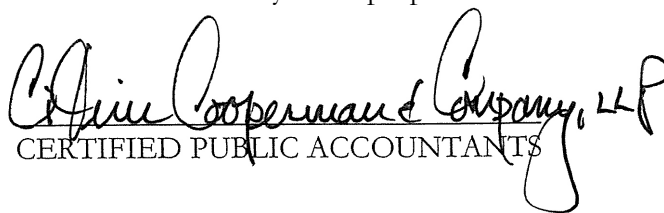
Report on Internal Control over Compliance

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 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.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 14, 2022

**INDEPENDENT AUDITOR'S REPORT 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***

Board of Directors
Bridge Over Troubled Waters, Inc. and Affiliate
Boston, Massachusetts

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 consolidated financial statements of Bridge Over Troubled Waters, Inc. and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Bridge Over Troubled Waters, Inc. and Affiliate'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridge Over Troubled Waters, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Bridge Over Troubled Waters, Inc. and Affiliate'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridge Over Troubled Waters, Inc. and Affiliate's consolidated 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 consolidated 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 Bridge Over Troubled Waters, Inc. and Affiliate'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 Bridge Over Troubled Waters, Inc. and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 14, 2022

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

A. SUMMARY OF AUDIT RESULTS

Financial statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--------------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? | No |
| 7. Identification of major programs. | |
| <u>Name of Federal Program or Cluster</u> | <u>CFDA Number</u> |
| Continuum of Care Program | 14.267 |
| 8. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

B. FINANCIAL STATEMENT FINDINGS

None

C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None

BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

A. FINANCIAL STATEMENT FINDINGS

None

B. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None