

**BRIDGE OVER TROUBLED WATERS, INC.  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022  
AND SUPPLEMENTARY INFORMATION**

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND  
REPORTS ON COMPLIANCE AND INTERNAL CONTROL  
YEAR ENDED JUNE 30, 2023**

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bridge Over Troubled Waters, Inc. and Affiliates  
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 Affiliates, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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 present fairly, in all material respects, the financial position of Bridge Over Troubled Waters, Inc. and Affiliates as of June 30, 2023 and 2022, 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, 2023 and 2022, in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Affiliates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Adoption of New Accounting Pronouncement*

As discussed in Note 2 to the financial statements, Bridge Over Troubled Waters, Inc. and Affiliates adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

#### *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.

***Responsibilities of Management for the Financial Statements (Continued)***

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 Affiliates' 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 GAAS 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 GAAS 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 Affiliates' 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 Affiliates' ability to continue as a going concern for a reasonable period of time.

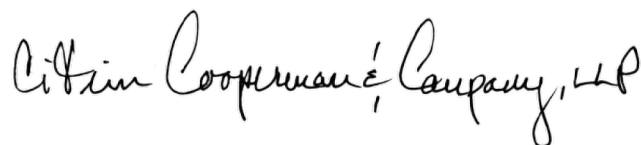
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Report on Supplementary Information

Our 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* and the consolidating schedules on pages 27-30 are presented for purposes of additional analysis and are 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 December 15, 2023 on our consideration of Bridge Over Troubled Waters, Inc. and Affiliates' internal control over financial reporting and on our tests of their 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 Affiliates' 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 Affiliates' internal control over financial reporting and compliance.



Braintree, Massachusetts  
December 15, 2023

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

|   | <u>2023</u>                 | <u>2022</u>                 |
|---|-----------------------------|-----------------------------|
| <b><u>ASSETS</u></b>  |                             |                             |
| Current assets:   |                             |                             |
| Cash and cash equivalents                                     | \$ 1,975,736                | \$ 3,204,371                |
| Accounts receivable   | 1,448,554                   | 1,126,154                   |
| Contributions receivable, current                             | 1,420,334                   | 2,056,908                   |
| Prepaid expenses  | <u>242,805</u>              | <u>334,235</u>              |
| Total current assets  | <u>5,087,429</u>            | <u>6,721,668</u>            |
| Property and equipment, net                                   | <u>8,566,005</u>            | <u>6,053,855</u>            |
| Other assets:   |                             |                             |
| Investments   | 9,362,144                   | 8,550,740                   |
| Deposits  | 85,032                      | 112,235                     |
| Investments - deferred compensation plan                      | 47,499                      | 15,615                      |
| Contributions receivable, net of current portion and discount | 2,350,852                   | 3,776,990                   |
| Operating lease right-of-use assets                           | <u>398,237</u>              | <u>-</u>                    |
| Total other assets  | <u>12,243,764</u>           | <u>12,455,580</u>           |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 25,897,198</u></b> | <b><u>\$ 25,231,103</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                      |                             |                             |
| Current liabilities:  |                             |                             |
| Accounts payable  | \$ 402,421                  | \$ 545,105                  |
| Accrued expenses  | 507,325                     | 626,924                     |
| Refundable advances   | 172,132                     | 245,448                     |
| Current portion of operating lease liabilities                | <u>206,692</u>              | <u>-</u>                    |
| Total current liabilities                                     | 1,288,570                   | 1,417,477                   |
| Long-term liabilities:  |                             |                             |
| Long-term debt  | 2,772,860                   | 2,772,860                   |
| Deferred compensation plan                                    | 47,499                      | 15,615                      |
| Operating lease liabilities, net of current portion           | 207,019                     | -                           |
| Other long-term liabilities                                   | <u>8,900</u>                | <u>33,665</u>               |
| Total liabilities   | <u>4,324,848</u>            | <u>4,239,617</u>            |
| Net assets:   |                             |                             |
| Without donor restrictions:                                   |                             |                             |
| Available for operations                                      | 7,059,291                   | 4,381,747                   |
| Board designated  | <u>9,043,924</u>            | <u>8,240,272</u>            |
| Total net assets without donor restrictions                   | 16,103,215                  | 12,622,019                  |
| With donor restrictions                                       | <u>5,469,135</u>            | <u>8,369,467</u>            |
| Total net assets  | <u>21,572,350</u>           | <u>20,991,486</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                       | <b><u>\$ 25,897,198</u></b> | <b><u>\$ 25,231,103</u></b> |

See accompanying notes to consolidated financial statements.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

|   | 2023                             |                            |                      | 2022                             |                            |                      |
|---|----------------------------------|----------------------------|----------------------|----------------------------------|----------------------------|----------------------|
|   | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| Revenues and other support:   |                                  |                            |                      |                                  |                            |                      |
| Contributions and grants:   |                                  |                            |                      |                                  |                            |                      |
| Individuals and foundations   | \$ 2,281,214                     | \$ 2,277,467               | \$ 4,558,681         | \$ 3,509,766                     | \$ 3,280,564               | \$ 6,790,330         |
| Donated goods and services  | 477,571                          | -                          | 477,571              | 443,195                          | -                          | 443,195              |
| Special events, net of direct benefits to donors<br>(\$267,193 and \$- for the years ended June 30, 2023<br>and 2022, respectively) | 1,096,261                        | -                          | 1,096,261            | -                                | 10,000                     | 10,000               |
| Contract revenue  | 5,205,303                        | -                          | 5,205,303            | 5,217,002                        | -                          | 5,217,002            |
| Rental revenue  | 162,955                          | -                          | 162,955              | 166,363                          | -                          | 166,363              |
| Other revenue   | 26,444                           | -                          | 26,444               | 20,522                           | -                          | 20,522               |
| Interest and dividends, net   | 304,152                          | -                          | 304,152              | 63,113                           | -                          | 63,113               |
| Net realized and unrealized gains (losses)  | 294,509                          | -                          | 294,509              | (12,864)                         | -                          | (12,864)             |
| Net assets released from donor restrictions   | <u>5,185,551</u>                 | <u>(5,185,551)</u>         | <u>-</u>             | <u>1,952,912</u>                 | <u>(1,952,912)</u>         | <u>-</u>             |
| Total revenues and other support  | <u>15,033,960</u>                | <u>(2,908,084)</u>         | <u>12,125,876</u>    | <u>11,360,009</u>                | <u>1,337,652</u>           | <u>12,697,661</u>    |
| Expenses:   |                                  |                            |                      |                                  |                            |                      |
| Program   | 8,897,694                        | -                          | 8,897,694            | 8,076,500                        | -                          | 8,076,500            |
| Management and general  | 1,663,673                        | -                          | 1,663,673            | 1,421,506                        | -                          | 1,421,506            |
| Fundraising   | <u>991,397</u>                   | <u>-</u>                   | <u>991,397</u>       | <u>965,603</u>                   | <u>-</u>                   | <u>965,603</u>       |
| Total expenses  | <u>11,552,764</u>                | <u>-</u>                   | <u>11,552,764</u>    | <u>10,463,609</u>                | <u>-</u>                   | <u>10,463,609</u>    |
| Changes in net assets from operations:  | <u>3,481,196</u>                 | <u>(2,908,084)</u>         | <u>573,112</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>7,752</u>               | <u>7,752</u>         | <u>-</u>                         | <u>1,565</u>               | <u>1,565</u>         |
| Changes in net assets   | 3,481,196                        | (2,900,332)                | 580,864              | 896,400                          | 1,339,217                  | 2,235,617            |
| Net assets - beginning  | <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>    |
| <b>NET ASSETS - ENDING</b>  | <u>\$ 16,103,215</u>             | <u>\$ 5,469,135</u>        | <u>\$ 21,572,350</u> | <u>\$ 12,622,019</u>             | <u>\$ 8,369,467</u>        | <u>\$ 20,991,486</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, 2023 AND 2022**

|   | <b>2023</b>         |                     |                      |                   |                     |                        |                   |                           |                      |
|---|---------------------|---------------------|----------------------|-------------------|---------------------|------------------------|-------------------|---------------------------|----------------------|
|   | Outreach & Support  | Emergency Services  | Residential Services | Rental Property   | Total Program       | Management and General | Fundraising       | Direct Benefits to Donors | Total Expenses       |
| Salaries  | \$ 876,441          | \$ 791,877          | \$ 2,078,062         | \$ -              | \$ 3,746,380        | \$ 598,917             | \$ 509,501        | \$ -                      | \$ 4,854,798         |
| Payroll taxes   | 74,173              | 67,396              | 175,400              | -                 | 316,969             | 53,279                 | 42,813            | -                         | 413,061              |
| Benefits  | <u>114,430</u>      | <u>102,704</u>      | <u>269,764</u>       | <u>-</u>          | <u>486,898</u>      | <u>97,091</u>          | <u>66,569</u>     | <u>-</u>                  | <u>650,558</u>       |
| Total employee compensation   | 1,065,044           | 961,977             | 2,523,226            | -                 | 4,550,247           | 749,287                | 618,883           | -                         | 5,918,417            |
| Rental assistance   | -                   | 18,850              | 1,198,478            | -                 | 1,217,328           | -                      | -                 | -                         | 1,217,328            |
| Professional fees   | 95,265              | 144,050             | 92,871               | 18,130            | 350,316             | 533,493                | 149,961           | 134,489                   | 1,168,259            |
| Grant expense   | -                   | 956,365             | -                    | -                 | 956,365             | -                      | -                 | -                         | 956,365              |
| Supplies, insurance and office                                      | 117,607             | 101,404             | 264,882              | 4,360             | 488,253             | 139,982                | 186,638           | 2,547                     | 817,420              |
| Occupancy   | 162,458             | 66,021              | 281,113              | 57,441            | 567,033             | 17,924                 | 13,486            | 130,073                   | 728,516              |
| Donated services  | 101,616             | -                   | 19,200               | 182,087           | 302,903             | 174,668                | -                 | -                         | 477,571              |
| Depreciation and amortization                                       | 82,341              | 20,104              | 255,106              | 3,802             | 361,353             | 13,847                 | 4,730             | -                         | 379,930              |
| Travel and transportation   | 58,227              | 1,637               | 41,151               | -                 | 101,015             | 2,693                  | 313               | 84                        | 104,105              |
| Bank and credit card charges  | -                   | -                   | -                    | -                 | -                   | 31,779                 | 7,386             | -                         | 39,165               |
| Bad debt  | <u>-</u>            | <u>-</u>            | <u>2,881</u>         | <u>-</u>          | <u>2,881</u>        | <u>-</u>               | <u>10,000</u>     | <u>-</u>                  | <u>12,881</u>        |
|   | 1,682,558           | 2,270,408           | 4,678,908            | 265,820           | 8,897,694           | 1,663,673              | 991,397           | 267,193                   | 11,819,957           |
| 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>(267,193)</u>          | <u>(267,193)</u>     |
| <b>TOTAL FUNCTIONAL EXPENSES</b>                                    | <u>\$ 1,682,558</u> | <u>\$ 2,270,408</u> | <u>\$ 4,678,908</u>  | <u>\$ 265,820</u> | <u>\$ 8,897,694</u> | <u>\$ 1,663,673</u>    | <u>\$ 991,397</u> | <u>\$ -</u>               | <u>\$ 11,552,764</u> |
|   | <b>2022</b>         |                     |                      |                   |                     |                        |                   |                           |                      |
|   | 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         |
| Benefits  | 78,132              | 68,286              | 173,955              | -                 | 320,373             | 133,426                | 43,191            | -                         | 496,990              |
| Payroll Taxes   | <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>        |
| <b>TOTAL FUNCTIONAL EXPENSES</b>                                    | <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> |

See accompanying notes to consolidated financial statements.



**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

|   | <u>2023</u>                | <u>2022</u>                |
|---|----------------------------|----------------------------|
| Operating activities:   |                            |                            |
| Changes in net assets   | \$ 580,864                 | \$ 2,235,617               |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities:                                |                            |                            |
| Depreciation and amortization   | 379,930                    | 337,752                    |
| Non cash lease expense  | 167,017                    | -                          |
| Realized and unrealized (gains) losses  | (302,261)                  | 11,299                     |
| Reinvested interest and dividends   | (304,152)                  | (63,113)                   |
| Discount on contributions receivable  | (81,562)                   | 34,653                     |
| Changes in assets and liabilities:  |                            |                            |
| Accounts receivable   | (322,400)                  | 247,371                    |
| Contributions receivable, net   | 2,144,274                  | (148,520)                  |
| Prepaid expenses  | 91,430                     | (3,383)                    |
| Deposits  | 27,203                     | 45,038                     |
| Accounts payable  | (142,684)                  | (141,376)                  |
| Accrued expenses  | (119,599)                  | 195,562                    |
| Refundable advances   | (73,316)                   | (39,973)                   |
| Deferred compensation plan  | 31,884                     | 15,615                     |
| Operating lease liabilities   | (151,541)                  | -                          |
| Other long-term liabilities   | <u>(24,765)</u>            | <u>11,620</u>              |
| Net cash provided by operating activities   | <u>1,900,322</u>           | <u>2,738,162</u>           |
| Investing activities:   |                            |                            |
| Purchases of investments  | (204,991)                  | (1,813,257)                |
| Purchases of investments for deferred compensation plan   | (31,886)                   | (15,615)                   |
| Acquisition of property and equipment   | <u>(2,892,080)</u>         | <u>(153,688)</u>           |
| Net cash used in investing activities   | <u>(3,128,957)</u>         | <u>(1,982,560)</u>         |
| Net increase (decrease) in cash and cash equivalents  | (1,228,635)                | 755,602                    |
| Cash and cash equivalents - beginning   | <u>3,204,371</u>           | <u>2,448,769</u>           |
| <b>CASH AND CASH EQUIVALENTS - ENDING</b>   | <b><u>\$ 1,975,736</u></b> | <b><u>\$ 3,204,371</u></b> |
| Supplemental schedule for non-cash investing and financing activities:  |                            |                            |
| Operating lease liabilities and right-of-use assets recognized in connection with implementation of ASC 842 on July 1, 2022 | <u>\$ 396,528</u>          | <u>\$ -</u>                |

See accompanying notes to consolidated financial statements.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

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 AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1. ORGANIZATION (CONTINUED)**

Emergency Services Program (Continued)

Welcome Center - The welcome center is open every night.. 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, 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 AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1. ORGANIZATION (CONTINUED)**

Brunson House, Inc. (“Brunson”) was incorporated as a not-for-profit corporation in May of 2023 and is located in Boston, Massachusetts. Brunson was organized for the purpose of purchasing housing located in Brighton, Massachusetts (“the property”). Brunson owns a residential property for the purpose of housing BOTW clients.

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

Basis of Consolidation

The consolidated financial statements include the accounts of BOTW, WSK and Brunson (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation. WSK and Brunson are 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, whereby 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.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. At June 30, 2023 and 2022, cash balances in excess of federally insured limits totaled \$766,190 and \$1,171,211, respectively. 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.

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, 2023 and 2022, management believes all receivables are collectible in full and therefore no allowance has been recorded. Accounts receivable totaled \$1,448,554, \$1,126,154 and \$1,373,525 as of June 30, 2023, 2022 and 2021, 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 and website       | 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.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets, including the Organization's right-of-use 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, 2023 and 2022, management has determined that no long-lived assets are impaired.

Leases

The Organization has operating lease agreements for certain buildings under terms ranging from 3-5 years. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the consolidated statements of financial position.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Certain leases contain fixed and determinable escalation clauses for which the Organization recognizes rental expense under these leases on the straight-line basis over the lease terms, which includes the period of time from when the Organization takes possession of the leased space and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments. In connection with the adoption of Accounting Standards Update ("ASU") No. 2016 - 02, *Leases* (Topic 842) ("ASC 842"), as of July 1, 2022, the Organization reclassified these deferred rent liabilities of \$25,771 to the operating lease right-of-use asset. For the year ended June 30, 2022, in accordance with ASC 840, a deferred rent obligation was recorded and amortized over the lease term as a reduction of rent expense. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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 consolidated 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.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2023.

- *Money market, mutual funds, common stock, and exchange traded funds* have been reported in the consolidated financial statements at fair value. The fair value of these securities is 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.

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.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Endowment

The Organization's Board of Directors 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 of Directors. The Organization's Board of Directors 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 Board of Directors. 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 Board of Directors, 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.

*Spending policy and how the investment objectives relate to spending policy* - The spending rate will be determined by the Board of Directors 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.



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

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.

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.

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

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 \$172,132 and \$245,448 at June 30, 2023 and 2022, respectively.

Advertising

The Organization expenses advertising costs when they are incurred. Advertising expense was \$19,742 and \$4,049, for the years ended June 30, 2023 and 2022, respectively.

Income Taxes

BOTW, WSK and Brunson 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, 2023 and 2022, management believes that the Organization has no material uncertain tax positions.

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.

Reclassifications

Certain amounts included in the 2022 financial statements have been reclassified to conform to the 2023 presentation. These reclassifications had no effect on net assets or the change in net assets.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Adopted Accounting Pronouncements

*Leases* - In February 2016, FASB issued ASC 842, as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statements of activities and changes in net assets. The Organization adopted ASC 842 under the modified retrospective method on July 1, 2022.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. The Organization made the accounting policy elections to not recognize short-term leases on the consolidated statements of financial position and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

In addition, at the date of initial application, the Organization recorded operating lease right of use assets and aggregate operating lease liabilities in the amount of \$396,528.

Recently Issued but not yet Effective Accounting Pronouncements

*Credit Losses* - In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016 - 13 is effective for nonprofit organizations for fiscal years beginning after December 15, 2022, including interim periods within those annual reporting periods. The Organization is currently evaluating the impact of the new standard on its 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, 2023, through the date on which the consolidated financial statements were available to be issued, December 15, 2023, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic 855 *Subsequent Events*.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of June 30, 2023:

|   |                     |
|---|---------------------|
| Cash and cash equivalents   | \$ 1,975,736        |
| Accounts receivable   | 1,448,554           |
| Contributions receivable, net of discount   | 3,771,186           |
| Investments   | 9,362,144           |
| Investments - deferred compensation plan  | <u>47,499</u>       |
| Total financial assets  | 16,605,119          |
| Less net assets unavailable for general expenditure<br>without board approval             | (9,043,924)         |
| Less net assets with donor restrictions that will not<br>be satisfied in the next year    | (4,048,801)         |
| Less deferred compensation plan   | <u>(47,499)</u>     |
| Financial assets available to meet cash needs for<br>general expenditures within one year | <u>\$ 3,464,895</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, 2023 and 2022. Contributions receivable at June 30, 2023 and 2022, are as follows:

|                                  | <u>2023</u>         | <u>2022</u>         |
|----------------------------------|---------------------|---------------------|
| Contributions receivable         | \$ 4,098,534        | \$ 6,242,808        |
| Less unamortized discount        | <u>(327,348)</u>    | <u>(408,910)</u>    |
| Net contributions receivable     | <u>\$ 3,771,186</u> | <u>\$ 5,833,898</u> |
| Receivable in less than one year | \$ 1,420,334        | \$ 2,056,908        |
| Receivable in one to five years  | <u>2,678,200</u>    | <u>4,185,900</u>    |
| Gross contributions receivable   | <u>\$ 4,098,534</u> | <u>\$ 6,242,808</u> |

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

|                               | <u>2023</u>         | <u>2022</u>         |
|-------------------------------|---------------------|---------------------|
| Building and improvements     | \$ 11,742,385       | \$ 9,069,650        |
| Land                          | 441,500             | 441,500             |
| Furniture and equipment       | 576,251             | 453,589             |
| Vehicles                      | 232,116             | 165,933             |
| Software and website          | 84,500              | 26,500              |
| Construction in progress      | <u>-</u>            | <u>27,500</u>       |
|                               | 13,076,752          | 10,184,672          |
| Less accumulated depreciation | <u>(4,510,747)</u>  | <u>(4,130,817)</u>  |
|                               | <u>\$ 8,566,005</u> | <u>\$ 6,053,855</u> |

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

**NOTE 6. INVESTMENTS**

The following schedule summarizes the investment return in the consolidated statement of activities and changes in net assets for the years ended June 30, 2023 and 2022:

|  | <u>2023</u>       | <u>2022</u>      |
|--|-------------------|------------------|
| Interest and dividends                     | \$ 304,152        | \$ 98,209        |
| Net realized and unrealized gains (losses) | 302,261           | (11,299)         |
| Investment fees and expenses               | <u>-</u>          | <u>(35,096)</u>  |
| Total                                      | <u>\$ 606,413</u> | <u>\$ 51,814</u> |

At June 30, 2023 and 2022, unrealized gains of \$300,312 and unrealized losses of \$257,356, respectively, are attributable to investments held at year end.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**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, 2023:

|  | Quoted Prices<br>(Level 1) | Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) | Total               |
|--|----------------------------|-----------------------------------|-------------------------------------|---------------------|
| Mutual funds:  |                            |                                   |                                     |                     |
| Equity   | \$ 10,495                  | \$ -                              | \$ -                                | \$ 10,495           |
| Cash equivalents   | 5,702,365                  | -                                 | -                                   | 5,702,365           |
| Exchange traded funds  | 3,637,694                  | -                                 | -                                   | 3,637,694           |
| Common stock:  |                            |                                   |                                     |                     |
| Technology   | 11,056                     | -                                 | -                                   | 11,056              |
| Consumer   | 534                        | -                                 | -                                   | 534                 |
| Investments - deferred<br>compensation plan<br>(mutual fund) | <u>47,499</u>              | <u>-</u>                          | <u>-</u>                            | <u>47,499</u>       |
|  | <u>\$ 9,409,643</u>        | <u>\$ -</u>                       | <u>\$ -</u>                         | <u>\$ 9,409,643</u> |

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:

|  | Quoted<br>Prices<br>(Level 1) | Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) | Total               |
|--|-------------------------------|-----------------------------------|-------------------------------------|---------------------|
| 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<br>compensation plan<br>(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> |

**NOTE 8. ENDOWMENT**

Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

|                                  | Without<br>donor<br>restrictions | With donor<br>restrictions | Total               |
|----------------------------------|----------------------------------|----------------------------|---------------------|
| Board designated endowment funds | \$ 9,043,924                     | \$ -                       | \$ 9,043,924        |
| Donor restricted endowment funds | <u>-</u>                         | <u>318,220</u>             | <u>318,220</u>      |
|                                  | <u>\$ 9,043,924</u>              | <u>\$ 318,220</u>          | <u>\$ 9,362,144</u> |

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 8. ENDOWMENT (CONTINUED)**

Changes in Endowment Net Assets for the Year Ended June 30, 2023:

|                                   | Without<br>donor<br>restrictions | With donor<br>restrictions | Total               |
|-----------------------------------|----------------------------------|----------------------------|---------------------|
| Endowment, beginning of year      | \$ 8,240,272                     | \$ 310,468                 | \$ 8,550,740        |
| Contributions                     | 204,991                          | -                          | 204,991             |
| Net investment gain               | <u>598,661</u>                   | <u>7,752</u>               | <u>606,413</u>      |
| Endowment net assets, end of year | <u>\$ 9,043,924</u>              | <u>\$ 318,220</u>          | <u>\$ 9,362,144</u> |

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

|                                  | Without<br>donor<br>restrictions | With donor<br>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> |

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

|                                   | Without<br>donor<br>restrictions | With donor<br>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> |

**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% (8.75% and 4.25% at June 30, 2023 and 2022, respectively). There was no outstanding balance on the line of credit as of June 30, 2023 and 2022.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**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 allows 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. 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 AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 11. LONG-TERM DEBT (CONTINUED)**

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

|   | <u>2023</u>         | <u>2022</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**

The Organization has a deferred compensation plan subject to IRC 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, 2023 and 2022, totaled \$10,000 and \$15,000, respectively. At June 30, 2023 and 2022, the deferred compensation liability was \$47,499 and \$15,615, respectively.

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, 2023 and 2022, was \$47,499 and \$15,615, respectively.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS**

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

|   | <u>2023</u>                | <u>2022</u>                |
|---|----------------------------|----------------------------|
| Time restrictions                             | \$ <u>3,771,186</u>        | \$ <u>5,833,898</u>        |
| Purpose restrictions:                         |                            |                            |
| Campaign                                      | 1,001,940                  | 1,708,165                  |
| Medical van                                   | 191,738                    | 183,986                    |
| Counseling                                    | 150,512                    | 7,364                      |
| Education                                     | 140,000                    | 177,999                    |
| Transitional day                              | 48,000                     | 273,917                    |
| Management and general                        | 39,321                     | -                          |
| Capital improvements                          | -                          | 17,700                     |
| Gala  | -                          | 10,000                     |
| Emergency shelter                             | <u>-</u>                   | <u>30,000</u>              |
| Total purpose restrictions                    | <u>1,571,511</u>           | <u>2,409,131</u>           |
| Perpetual in nature - medical van replacement | <u>126,438</u>             | <u>126,438</u>             |
| Total net assets with donor restrictions      | \$ <u><u>5,469,135</u></u> | \$ <u><u>8,369,467</u></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>2023</u>                | <u>2022</u>                |
|---|----------------------------|----------------------------|
| Time restrictions                           | \$ <u>1,881,965</u>        | \$ <u>583,940</u>          |
| Purpose restrictions:                       |                            |                            |
| Campaign                                    | 2,296,867                  | 449,015                    |
| Transitional day                            | 360,917                    | 136,916                    |
| Education                                   | 311,000                    | 170,000                    |
| Emergency shelter                           | 181,400                    | 180,496                    |
| Single parent program                       | 67,738                     | 45,000                     |
| Counseling                                  | 57,364                     | 261,855                    |
| Capital improvements                        | 17,700                     | -                          |
| Gala  | 10,000                     | -                          |
| Outreach                                    | 600                        | 67,107                     |
| Healthcare                                  | -                          | 2,000                      |
| Transitional living program                 | -                          | 18,250                     |
| Rapid rehousing                             | <u>-</u>                   | <u>38,333</u>              |
| Total purpose releases                      | <u>3,303,586</u>           | <u>1,368,972</u>           |
| Total net assets released from restrictions | \$ <u><u>5,185,551</u></u> | \$ <u><u>1,952,912</u></u> |

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**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, 2023 and 2022, rental income was \$129,673 and \$127,130, respectively. Future minimum lease payments under the agreement are approximately \$131,000 per year through 2028.

The Organization leases office space in Boston, Massachusetts. The space requires varying monthly rent payments, escalating annually, through June 2025. The Organization also has a lease for equipment expiring July, 2024. Operating lease expense for the years ended June 30, 2023 and 2022, was \$152,042 and \$123,026, respectively.

Maturities of the operating lease liabilities as of June 30, 2023, are as follows:

| <u>Year ending June 30:</u>                         | <u>Amount</u>     |
|---|-------------------|
| 2024  | \$ 213,357        |
| 2025  | <u>209,104</u>    |
| Total minimum lease payments                        | 422,461           |
| Less: interest                                      | <u>(8,750)</u>    |
| Present value of operating lease liabilities        | 413,711           |
| Less: current portion                               | <u>(206,692)</u>  |
| Operating lease liabilities, net of current portion | <u>\$ 207,019</u> |

Supplemental cash flow information related to leases was as follows:

Cash paid for amount included in measurement of lease liabilities:

|  |                   |
|--|-------------------|
| Operating cash flows from operating leases | <u>\$ 167,994</u> |
|--|-------------------|

Average lease terms and discount rates were as follows:

|  |        |
|--|--------|
| Weighted-average remaining lease term: |        |
| Operating leases (In years)            | 1.98   |
| Weighted-average discount rate:        |        |
| Operating leases                       | 2.22 % |

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 15. DONATED GOODS AND SERVICES**

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

|                                      | <u>2023</u>       | <u>2022</u>       |
|--------------------------------------|-------------------|-------------------|
| Legal                                | \$ 350,729        | \$ -              |
| Medical/dental supplies and services | 101,616           | 249,240           |
| Social workers                       | 19,200            | 17,205            |
| Office space                         | 6,026             | -                 |
| Marketing services                   | <u>-</u>          | <u>176,750</u>    |
| Total                                | <u>\$ 477,571</u> | <u>\$ 443,195</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, supplies and occupancy 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.

**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 \$88,223 and \$25,000 for the years ended June 30, 2023 and 2022, respectively.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

|   | BOTW                 | WSK                 | Brunson             | Eliminations        | Consolidated<br>Totals |
|---|----------------------|---------------------|---------------------|---------------------|------------------------|
| <b><u>ASSETS</u></b>  |                      |                     |                     |                     |                        |
| Current assets:   |                      |                     |                     |                     |                        |
| Cash and cash equivalents                                     | \$ 1,923,747         | \$ 44,089           | \$ 7,900            | \$ -                | \$ 1,975,736           |
| Accounts receivable   | 1,463,497            | -                   | 3,200               | (18,143)            | 1,448,554              |
| Contributions receivable, current                             | 1,420,334            | -                   | -                   | -                   | 1,420,334              |
| Prepaid expenses  | <u>242,805</u>       | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>242,805</u>         |
| Total current assets  | <u>5,050,383</u>     | <u>44,089</u>       | <u>11,100</u>       | <u>(18,143)</u>     | <u>5,087,429</u>       |
| Property and equipment, net                                   | <u>3,262,282</u>     | <u>3,825,916</u>    | <u>1,821,198</u>    | <u>(343,391)</u>    | <u>8,566,005</u>       |
| Other assets:   |                      |                     |                     |                     |                        |
| Investments   | 9,362,144            | -                   | -                   | -                   | 9,362,144              |
| Deposits  | 85,032               | -                   | -                   | -                   | 85,032                 |
| Investments - deferred compensation plan                      | 47,499               | -                   | -                   | -                   | 47,499                 |
| Contributions receivable, net of current portion and discount | 2,350,852            | -                   | -                   | -                   | 2,350,852              |
| Operating lease right-of-use assets                           | <u>398,237</u>       | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>398,237</u>         |
| Total other assets  | <u>12,243,764</u>    | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>12,243,764</u>      |
| <b>TOTAL ASSETS</b>   | <u>\$ 20,556,429</u> | <u>\$ 3,870,005</u> | <u>\$ 1,832,298</u> | <u>\$ (361,534)</u> | <u>\$ 25,897,198</u>   |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                      |                      |                     |                     |                     |                        |
| Current liabilities:  |                      |                     |                     |                     |                        |
| Accounts payable  | \$ 402,421           | \$ 15,845           | \$ 2,298            | \$ (18,143)         | \$ 402,421             |
| Accrued expenses  | 497,225              | -                   | 10,100              | -                   | 507,325                |
| Refundable advances   | 172,132              | -                   | -                   | -                   | 172,132                |
| Current portion of operating lease liabilities                | <u>206,692</u>       | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>206,692</u>         |
| Total current liabilities                                     | 1,278,470            | 15,845              | 12,398              | (18,143)            | 1,288,570              |
| Long-term liabilities:  |                      |                     |                     |                     |                        |
| Long-term debt  | -                    | 2,772,860           | -                   | -                   | 2,772,860              |
| Deferred compensation plan                                    | 47,499               | -                   | -                   | -                   | 47,499                 |
| Operating lease liabilities, net of current portion           | 207,019              | -                   | -                   | -                   | 207,019                |
| Other long-term liabilities                                   | <u>8,900</u>         | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>8,900</u>           |
| Total liabilities   | <u>1,541,888</u>     | <u>2,788,705</u>    | <u>12,398</u>       | <u>(18,143)</u>     | <u>4,324,848</u>       |
| Net assets:   |                      |                     |                     |                     |                        |
| Without donor restrictions:                                   |                      |                     |                     |                     |                        |
| Available for operations                                      | 4,501,482            | 1,081,300           | 1,819,900           | (343,391)           | 7,059,291              |
| Board designated  | <u>9,043,924</u>     | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>9,043,924</u>       |
| Total net assets without donor restrictions                   | 13,545,406           | 1,081,300           | 1,819,900           | (343,391)           | 16,103,215             |
| With donor restrictions                                       | <u>5,469,135</u>     | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>5,469,135</u>       |
| Total net assets  | <u>19,014,541</u>    | <u>1,081,300</u>    | <u>1,819,900</u>    | <u>(343,391)</u>    | <u>21,572,350</u>      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                       | <u>\$ 20,556,429</u> | <u>\$ 3,870,005</u> | <u>\$ 1,832,298</u> | <u>\$ (361,534)</u> | <u>\$ 25,897,198</u>   |

See independent auditor's report.

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

|   | <u>BOTW</u>                 | <u>WSK</u>                 | <u>Eliminations</u>        | <u>Consolidated<br/>Totals</u> |
|---|-----------------------------|----------------------------|----------------------------|--------------------------------|
| <b><u>ASSETS</u></b>  |                             |                            |                            |                                |
| 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>              |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 21,534,976</u></b> | <b><u>\$ 4,065,463</u></b> | <b><u>\$ (369,336)</u></b> | <b><u>\$ 25,231,103</u></b>    |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                      |                             |                            |                            |                                |
| Current liabilities:  |                             |                            |                            |                                |
| Accounts payable  | \$ 545,105                  | \$ 15,845                  | \$ (15,845)                | \$ 545,105                     |
| Accrued expenses  | 626,924                     | -                          | -                          | 626,924                        |
| Refundable advances   | <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>              |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                       | <b><u>\$ 21,534,976</u></b> | <b><u>\$ 4,065,463</u></b> | <b><u>\$ (369,336)</u></b> | <b><u>\$ 25,231,103</u></b>    |

See independent auditor's report.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | BOTW                       |                         |                     | WSK                        |                         |                     | Brunson                    |                         |                     | Consolidated Totals |                            |                         |                      |
|---|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|---------------------|----------------------------|-------------------------|----------------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total               | Eliminations        | Without Donor Restrictions | With Donor Restrictions | Consolidated Totals  |
|   |                            |                         |                     |                            |                         |                     |                            |                         |                     |                     |                            |                         |                      |
| Revenues and other support:   |                            |                         |                     |                            |                         |                     |                            |                         |                     |                     |                            |                         |                      |
| Contributions and grants:   |                            |                         |                     |                            |                         |                     |                            |                         |                     |                     |                            |                         |                      |
| Individuals and foundations   | \$ 2,281,214               | \$ 2,277,467            | \$ 4,558,681        | \$ -                       | \$ -                    | \$ -                | \$ 1,825,000               | \$ -                    | \$ 1,825,000        | \$ (1,825,000)      | \$ 2,281,214               | \$ 2,277,467            | \$ 4,558,681         |
| Donated goods and services  | 295,484                    | -                       | 295,484             | -                          | -                       | -                   | 182,087                    | -                       | 182,087             | -                   | 477,571                    | -                       | 477,571              |
| Special events, net of direct benefits to donors (\$267,193 for the year ended June 30, 2023) | 1,096,261                  | -                       | 1,096,261           | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 1,096,261                  | -                       | 1,096,261            |
| Contract revenue  | 5,205,303                  | -                       | 5,205,303           | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 5,205,303                  | -                       | 5,205,303            |
| Rental revenue  | 152,203                    | -                       | 152,203             | 125,238                    | -                       | 125,238             | 10,752                     | -                       | 10,752              | (125,238)           | 162,955                    | -                       | 162,955              |
| Other revenue   | 26,444                     | -                       | 26,444              | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 26,444                     | -                       | 26,444               |
| Interest and dividends, net   | 304,152                    | -                       | 304,152             | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 304,152                    | -                       | 304,152              |
| Net realized and unrealized gains   | 294,509                    | -                       | 294,509             | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 294,509                    | -                       | 294,509              |
| Net assets released from donor restrictions   | 5,185,551                  | (5,185,551)             | -                   | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 5,185,551                  | (5,185,551)             | -                    |
| Total revenues and other support  | <u>14,841,121</u>          | <u>(2,908,084)</u>      | <u>11,933,037</u>   | <u>125,238</u>             | <u>-</u>                | <u>125,238</u>      | <u>2,017,839</u>           | <u>-</u>                | <u>2,017,839</u>    | <u>(1,950,238)</u>  | <u>15,033,960</u>          | <u>(2,908,084)</u>      | <u>12,125,876</u>    |
| Expenses:   |                            |                         |                     |                            |                         |                     |                            |                         |                     |                     |                            |                         |                      |
| Program   | 10,339,397                 | -                       | 10,339,397          | 320,696                    | -                       | 320,696             | 197,939                    | -                       | 197,939             | (1,960,338)         | 8,897,694                  | -                       | 8,897,694            |
| Management and general  | 1,663,673                  | -                       | 1,663,673           | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 1,663,673                  | -                       | 1,663,673            |
| Fundraising   | 991,397                    | -                       | 991,397             | -                          | -                       | -                   | -                          | -                       | -                   | -                   | 991,397                    | -                       | 991,397              |
| Total expenses  | <u>12,994,467</u>          | <u>-</u>                | <u>12,994,467</u>   | <u>320,696</u>             | <u>-</u>                | <u>320,696</u>      | <u>197,939</u>             | <u>-</u>                | <u>197,939</u>      | <u>(1,960,338)</u>  | <u>11,552,764</u>          | <u>-</u>                | <u>11,552,764</u>    |
| Changes in net assets from operations   | <u>1,846,654</u>           | <u>(2,908,084)</u>      | <u>(1,061,430)</u>  | <u>(195,458)</u>           | <u>-</u>                | <u>(195,458)</u>    | <u>1,819,900</u>           | <u>-</u>                | <u>1,819,900</u>    | <u>10,100</u>       | <u>3,481,196</u>           | <u>(2,908,084)</u>      | <u>573,112</u>       |
| Non-operating activities:   |                            |                         |                     |                            |                         |                     |                            |                         |                     |                     |                            |                         |                      |
| Net realized and unrealized gains   | <u>-</u>                   | <u>7,752</u>            | <u>7,752</u>        | <u>-</u>                   | <u>-</u>                | <u>-</u>            | <u>-</u>                   | <u>-</u>                | <u>-</u>            | <u>-</u>            | <u>-</u>                   | <u>7,752</u>            | <u>7,752</u>         |
| Total non-operating activities  | <u>-</u>                   | <u>7,752</u>            | <u>7,752</u>        | <u>-</u>                   | <u>-</u>                | <u>-</u>            | <u>-</u>                   | <u>-</u>                | <u>-</u>            | <u>-</u>            | <u>-</u>                   | <u>7,752</u>            | <u>7,752</u>         |
| Changes in net assets   | 1,846,654                  | (2,900,332)             | (1,053,678)         | (195,458)                  | -                       | (195,458)           | 1,819,900                  | -                       | 1,819,900           | 10,100              | 3,471,096                  | (2,900,332)             | 580,864              |
| Net assets - beginning  | <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>-</u>                   | <u>-</u>                | <u>-</u>            | <u>(353,491)</u>    | <u>12,622,019</u>          | <u>8,369,467</u>        | <u>20,991,486</u>    |
| <b>NET ASSETS - ENDING</b>  | <u>\$13,545,406</u>        | <u>\$ 5,469,135</u>     | <u>\$19,014,541</u> | <u>\$ 1,081,300</u>        | <u>\$ -</u>             | <u>\$ 1,081,300</u> | <u>\$ 1,819,900</u>        | <u>\$ -</u>             | <u>\$ 1,819,900</u> | <u>\$ (343,391)</u> | <u>\$16,103,215</u>        | <u>\$ 5,469,135</u>     | <u>\$ 21,572,350</u> |

See independent auditor's report.

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

|   | BOTW                       |                         |                      | WSK                        |                         |                     | Consolidated Totals |                            |                         |                      |
|---|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|---------------------|---------------------|----------------------------|-------------------------|----------------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total                | Without Donor Restrictions | With Donor Restrictions | Total               | Eliminations        | 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 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>    |
| <b>NET ASSETS - ENDING</b>  | <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 AFFILIATES**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>             | <u>Federal Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Passed Through to Subrecipient</u> | <u>Federal Expenditures</u> |
|--|--|---|---------------------------------------|-----------------------------|
| <b>U.S. Department of Health and Human Services:</b>                             |  |   |                                       |                             |
| Pass-through from:   |  |   |                                       |                             |
| The Administration on Children, Youth and Families- 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                                   | 250,000                     |
| Transitional Living for Homeless Youth   | 93.550                                   | 90YO2406-01-00                                | N/A                                   | <u>118,860</u>              |
|  |  |   |                                       | <u>618,860</u>              |
| Basic Center Grant   | 93.623                                   | 90CY7145-02-00                                | N/A                                   | <u>200,000</u>              |
| Commonwealth of Massachusetts Department of Public Health:                       |  |   |                                       |                             |
| Block Grants for Prevention and Treatment of Substance Abuse                     | 93.959                                   | INTF2301MM316052<br>4176                      | N/A                                   | 1,472                       |
| Block Grants for Prevention and Treatment of Substance Abuse                     | 93.959                                   | INTF2323134214830<br>M03                      | N/A                                   | <u>141,640</u>              |
|  |  |   |                                       | <u>143,112</u>              |
| Total U.S. Department of Health and Human Services                               |  |   |                                       | <u>961,972</u>              |
| <b>U.S. Department of Housing and Urban Development:</b>                         |  |   |                                       |                             |
| Pass-through from:   |  |   |                                       |                             |
| City of Cambridge  |  |   |                                       |                             |
| COVID -19 - Emergency Solutions Grant Program                                    | 14.231                                   | ESG 2021 10                                   | N/A                                   | 8,390                       |
| Commonwealth of Massachusetts  |  |   |                                       |                             |
| COVID -19 - Emergency Solutions Grant Program                                    | 14.231                                   | OCD8000ESGCV202<br>1F000                      | N/A                                   | <u>339,470</u>              |
|  |  |   |                                       | <u>347,860</u>              |
| City of Boston Department of Neighborhood Development                            |  |   |                                       |                             |
| Continuum of Care Program  | 14.267                                   | MA0546L1T001500                               | N/A                                   | <u>1,418,891</u>            |
| Total U.S. Department of Housing and Urban Development                           |  |   |                                       | <u>1,766,751</u>            |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                      |  |   |                                       | <u>\$ 2,728,723</u>         |

See notes to consolidated schedule of expenditures of federal awards.

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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 Affiliates (the "Organization") under programs of the federal government for the year ended June 30, 2023. 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 consolidated 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 Affiliates  
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 Affiliates' 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 Affiliates' major federal program for the year ended June 30, 2023. Bridge Over Troubled Waters, Inc. and Affiliates' 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 Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal program for the year ended June 30, 2023.

***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 Affiliates 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 the major federal program. Our audit does not provide a legal determination of Bridge Over Troubled Waters, Inc. and Affiliates' 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 Affiliates' federal programs.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNI).

### ***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 Affiliates' 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 Affiliates' 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 Affiliates' 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 Affiliates' 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 Affiliates' 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.



Braintree, Massachusetts  
December 15, 2023

**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 Affiliates  
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 Affiliates, which comprise the consolidated statement of financial position as of June 30, 2023, 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 December 15, 2023.

**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 Affiliates' 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 Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Bridge Over Troubled Waters, Inc. and Affiliates' 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.

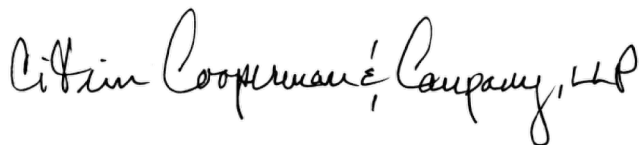
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridge Over Troubled Waters, Inc. and Affiliates' consolidated financial statements are free from material misstatement, we performed tests of their 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 Affiliates' 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 Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Braintree, Massachusetts  
December 15, 2023

**BRIDGE OVER TROUBLED WATERS, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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>   | Federal Assistance Listing Number |
| 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 AFFILIATES**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2023**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**A. FINANCIAL STATEMENT FINDINGS**

None

**B. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

None