

BRIDGE HOUSE
FINANCIAL STATEMENTS
DECEMBER 31, 2013

BRIDGE HOUSE

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December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors:

Bridge House
Boulder, Colorado

We have audited the accompanying financial statements of Bridge House (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, operating expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge House as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited the Bridge House's December 31, 2012 financial statements, and our report dated January 26, 2013, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Middlemist Crouch & Company, CPAs PC

MIDDLEMIST, CROUCH & CO., CPAs, P.C.

Boulder, Colorado

February 20, 2014

FINANCIAL STATEMENTS

BRIDGE HOUSE
Statement of Financial Position
December 31, 2013

(with summarized financial information for the year ended December 31, 2012)

ASSETS		
	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	\$ 275,840	\$ 535,629
Investments	395,194	407,576
Contracts receivable	23,444	17,647
Grants and contributions receivable	171,518	-
Pledges receivable	11,207	17,148
Prepaid expenses	5,600	-
Prepaid insurance	7,319	3,383
Prepaid rent	57,597	75,795
Total current assets	947,719	1,057,178
PROPERTY AND EQUIPMENT		
Property and equipment	984,887	590,823
Less accumulated depreciation	(34,830)	(17,213)
Net property and equipment	950,057	573,610
OTHER ASSETS		
Deposits	1,210	1,200
Total assets	\$ 1,898,986	\$ 1,631,988
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued payroll and taxes	\$ 39,357	\$ 25,068
Property taxes payable	-	15,522
Security deposits	-	5,800
Book costs accrual	-	3,000
Total current liabilities	39,357	49,390
NET ASSETS		
Unrestricted	1,734,629	1,384,164
Temporarily restricted	125,000	198,434
Total net assets	1,859,629	1,582,598
Total liabilities & net assets	\$ 1,898,986	\$ 1,631,988

See accompanying notes to financial statements

BRIDGE HOUSE
Statement of Activities
For the year ended December 31, 2013
(with summarized financial information for the year ended December 31, 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 344,874	\$ 12,685	\$ 357,559	\$ 369,601
Government grants	86,393	-	86,393	64,828
Foundation grants	192,999	154,750	347,749	185,227
Other income	20,533	-	20,533	6,206
Donations in-kind	-	-	-	4,000
Ready to Work revenue	118,834	-	118,834	166,361
Special events (net of direct costs of \$20,295 and \$22,172)	122,573	-	122,573	50,923
Gain on sales of fixed assets	1,168	-	1,168	-
Investment income	19,655	-	19,655	12,637
Total public support and revenue	<u>907,029</u>	<u>167,435</u>	<u>1,074,464</u>	<u>859,783</u>
NET ASSETS RELEASED FROM RESTRICTION				
Restrictions satisfied by payments	51,313	(51,313)	-	-
Total net assets released from restrictions	<u>51,313</u>	<u>(51,313)</u>	<u>-</u>	<u>-</u>
Total public support and revenues	958,342	116,122	1,074,464	859,783
FUNCTIONAL EXPENSES				
Program services	806,944	-	806,944	594,226
Management and general	97,106	-	97,106	84,918
Fundraising	133,383	-	133,383	116,011
Total functional expenses	<u>1,037,433</u>	<u>-</u>	<u>1,037,433</u>	<u>795,155</u>
INCREASE IN NET ASSETS BEFORE CAPITAL ACTIVITY	(79,091)	116,122	37,031	64,628
Grant for kitchen capital expenditures	-	240,000	240,000	750,000
Donor release to kitchen operations	39,529	(39,529)	-	-
Kitchen capital improvements and equipment purchases	390,027	(390,027)	-	-
INCREASE IN NET ASSETS	350,465	(73,434)	277,031	814,628
NET ASSETS—BEGINNING OF YEAR	<u>1,384,164</u>	<u>198,434</u>	<u>1,582,598</u>	<u>767,970</u>
NET ASSETS—END OF YEAR	<u>\$ 1,734,629</u>	<u>\$ 125,000</u>	<u>\$ 1,859,629</u>	<u>\$ 1,582,598</u>

See accompanying notes to financial statements

BRIDGE HOUSE
Statement of Functional Expenses
For the year ended December 31, 2013
(with summarized financial information for the year ended December 31, 2012)

	Program Services	Management and General	Fundraising	2013 Total	2012 Total
PERSONNEL EXPENSES:					
Salaries and wages	\$ 527,665	\$ 72,695	\$ 82,409	\$ 682,769	\$517,829
Employee benefits and taxes	60,763	8,876	10,062	79,701	66,418
Total	<u>588,428</u>	<u>81,571</u>	<u>92,471</u>	<u>762,470</u>	<u>584,247</u>
GRANTS TO INDIVIDUALS:					
Client incentives	2,467	-	-	2,467	5,032
Client supplies	3,294	-	-	3,294	4,191
Client transportation	14,519	-	-	14,519	4,737
Director's emergency account	2,322	-	-	2,322	7,801
Employee assistance fund	296	-	-	296	-
Food expense	44,120	-	-	44,120	11,081
ID program	4,470	-	-	4,470	2,287
Joy Fund	5,585	-	-	5,585	-
Prescription program	6,072	-	-	6,072	4,546
Rent assistance programs	5,561	-	-	5,561	5,245
Total	<u>88,706</u>	<u>-</u>	<u>-</u>	<u>88,706</u>	<u>44,920</u>
OPERATING EXPENSES:					
Accounting	3,828	5,742	-	9,570	5,726
Board related expenses	-	2,790	-	2,790	786
Computing	3,116	455	516	4,087	6,283
Consulting	630	-	-	630	3,885
Dues & subscriptions	1,600	234	265	2,099	1,951
Equipment	5,964	663	-	6,627	4,794
Facility repairs and maintenance	2,126	-	-	2,126	962
Facility supplies	6,228	-	-	6,228	3,937
Fundraising expense	-	-	38,248	38,248	49,247
Insurance	6,906	2,302	-	9,208	4,588
Miscellaneous	-	-	-	-	160
Office rent	6,351	949	-	7,300	14,160
Office supplies	2,891	422	479	3,792	6,598
Parking and mileage	3,204	468	531	4,203	2,942
Printing and publications	447	893	446	1,786	-
Program supplies	6,681	-	-	6,681	-
Postage	191	190	-	381	512
Resource center	7,981	-	-	7,981	-
Staff development	2,822	-	-	2,822	1,845
Telephone, fax and internet	7,683	427	427	8,537	6,239
Utilities	13,913	-	-	13,913	8,949
Vehicle	6,701	-	-	6,701	3,502
Warming center	-	-	-	-	9,063
Total expenses before depreciation and implied rent	<u>766,397</u>	<u>97,106</u>	<u>133,383</u>	<u>996,886</u>	<u>765,296</u>
Percentage of expenses before depreciation and implied rent	76.88%	9.74%	13.38%	100.00%	100.00%
In-kind legal	-	-	-	-	\$ 4,000
Implied rent	20,814	-	-	20,814	\$ 20,406
Depreciation	19,733	-	-	19,733	\$ 5,453
Total expenses	<u>\$ 806,944</u>	<u>\$ 97,106</u>	<u>\$ 133,383</u>	<u>\$ 1,037,433</u>	<u>\$ 795,155</u>

See accompanying notes to financial statements

BRIDGE HOUSE
Statement of Cash Flows
For the year ended December 31, 2013
(with summarized financial information for the year ended December 31, 2012)

	2013	2012
OPERATING ACTIVITIES		
Change in net assets	\$ 277,031	\$ 814,628
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	19,733	5,452
Realized and unrealized (gain) loss on investments	(9,323)	(3,284)
Realized (gain) loss on sales of fixed assets	(1,168)	-
Non-cash contributions of securities	(29,214)	(3,202)
(Increase) decrease in contracts receivable	(5,797)	(17,647)
(Increase) decrease in grants and contributions receivable	(171,518)	-
(Increase) decrease in pledges receivable	5,941	5,013
(Increase) decrease in prepaid expenses	(5,600)	-
(Increase) decrease in prepaid insurance	(3,936)	(3,383)
(Increase) decrease in prepaid rent	18,198	17,099
(Increase) decrease in deposits	(10)	-
Increase (decrease) in property tax payable	(15,522)	15,522
Increase (decrease) in accrued payroll and taxes	14,289	12,505
Increase (decrease) in security deposits	(5,800)	5,800
Increase (decrease) in book costs accrual	(3,000)	(2,109)
Increase (decrease) in vouchers payable	-	(6,204)
Net cash provided by operating activities	84,304	840,190
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(328,753)	(401,090)
Proceeds from sales of investments	379,672	-
Purchase of property and equipment	(397,212)	(560,445)
Proceeds from sales of property and equipment	2,200	-
Net cash used by investing activities	(344,093)	(961,535)
NET DECREASE IN CASH	(259,789)	(121,345)
CASH AT BEGINNING OF YEAR	535,629	656,974
CASH AT END OF YEAR	\$ 275,840	\$ 535,629

See accompanying notes to financial statements

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2013

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

Bridge House is a non-profit located in Boulder, Colorado, and was established in 1996. In 2011, Bridge House changed its name from Carriage House Community Table. Bridge House provides immediate survival needs and resources that lead to employment, housing, personal stability and healing.

In the fall of 2011, Bridge House started its Ready to Work (RTW) program. RTW is an employment assistance program offering paid, transitional employment coupled with supportive services to homeless individuals seeking a pathway to mainstream employment and stable housing.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, *Audits of Not-for-Profit Organizations*.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement FASB ASC No. 958-205-45-5, "Presentation of Financial Statements."

Under ASC 958-205-45-5, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Resources are not subject to donor-imposed restrictions

Temporarily restricted – Resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

Permanently restricted – Resources which donor-imposed restrictions limit the organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization's meeting certain requirements.

Cash and Cash Equivalents

The Organization considers short-term, highly liquid investments that are both readily convertible to known amount of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash and cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair market value at the date of donation and are depreciated over estimated useful lives using the straight-line method. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred.

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contribution Revenue

All contributions are available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Grant and Contract Receivable

For grants and contracts which are considered to be exchange transactions, revenue is recognized after allowable reimbursable expenses are invoiced. Outstanding invoiced expenses at year-end are immaterial. Cash received in excess of allowable expenses is recorded as deferred revenue, and allowable expenses incurred in excess of cash received are recorded as receivables.

Expense Allocation

The costs of providing the Organization's services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

No provision for taxes on earnings has been made in the financial statements as the Organization has qualified as a nonprofit organization under Section 501 (c)(3) of the Internal Revenue Code. In addition, contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A).

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2009.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – INVESTMENTS

Investments at December 31, 2013 were as follows:

U.S. equity mutual funds	\$ 395,194
Investment income consists of the following:	
Dividends and interest income	\$ 7,408
Implied interest	2,924
Realized and unrealized gains/losses	9,323
	<u>\$ 19,655</u>

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2013

NOTE 3 – FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Organization measures its investments at fair value on a recurring basis. The inputs used to develop fair value measures are ranked to indicate the quality and reliability of the resulting fair value measures, as follow:

<u>Level 1:</u>	Quoted market prices in active markets for identical assets or liabilities
<u>Level 2:</u>	Observable market-based inputs or unobservable inputs that are corroborated by market data.
<u>Level 3:</u>	Unobservable inputs that are not corroborated by market data

All investments held by the Organization are measured using Level 1 inputs.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the Organization and are measured at the present value of estimated future cash flows using a discount rate of .25%. Collection of receivables as of December 31, 2013 is expected as follows:

Due within one year	\$ 5,000
Due in one to five years	7,500
	<u>12,500</u>
Less allowance for doubtful accounts	(1,250)
Future value	11,250
Less discount to present value	(43)
	<u>\$ 11,207</u>

NOTE 5 – PROPERTY AND EQUIPMENT

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

Commercial kitchen	\$ 616,392
Land	156,925
Kitchen equipment	177,156
Appliances	22,406
Vehicles	11,538
Office equipment	470
Less accumulated depreciation	(34,830)
Net property and equipment	<u>\$ 950,057</u>

Depreciation expense for the year ended December 31, 2013 was \$19,733.

NOTE 6 – CAPITAL PROJECT-KITCHEN

In November of 2012, the Organization received a contribution in the amount of \$750,000 to purchase and remodel a commercial kitchen. The initial cost of the land and the building was \$560,445. During 2013 the Organization received an additional \$240,000 contribution for this project. Capital outlays during 2013 included remodeling costs of \$212,871 and kitchen equipment purchases of \$177,156. The kitchen was placed in service in July 2013.

The Organization may be entitled to an exemption from real property taxes on this property. An application has been filed and is pending approval by the Colorado Department of Local Affairs. This application process can take up to 1 year and the Organization cannot determine the outcome at this time. The potential annual property tax expense is approximately \$16,000.

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2013

NOTE 7 – NET ASSETS

Temporarily restricted net assets of the Organization as of December 31, 2013 consist of \$125,000 for the Ready to Work Program.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Bridge House receives grants from various sources which are subject to final review and approval, depending on the allowability of corresponding expenses charged to those programs. Any expenses not allowed by the granting authority could be reimbursable by Bridge House. As of December 31, 2013, management of Bridge House believes that any subsequent review of its expenses will not have a material effect on the overall financial position of Bridge House.

NOTE 9 – LEASES

In 2004, the Organization renovated the Carriage House building near downtown Boulder. This facility houses the day shelter and other programming of the Organization. In return the Organization receives use of the building, rent free through 2017. This benefit is recorded as Prepaid Rent on the statement of financial position with interest imputed on the balance. After the rent-free period expires, the Organization will pay rent at 75% of the fair market value for the next 5 years. The building renovation was completed in the fall of 2005 and the rent free period commenced immediately. Implied rent and interest are as follows:

Year ended December 31:	Implied Interest	Implied Rent
2014	\$ 1,879	\$ 21,231
2015	1,097	21,655
2016	369	15,770
2017	0	2,285

The Organization leases office space in The Registry building. The current monthly lease payment is \$400 and the lease expires June 30, 2014. Future minimum rental payments are:

December 31, 2014	\$2,400
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NOTE 10 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events through February 20, 2014, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2013.