

BRIDGE HOUSE  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017

BRIDGE HOUSE

Table of Contents

December 31, 2017

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-13

## 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, 2017, 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, 2017, 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, 2016 financial statements, and our report dated February 13, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Middlemist Crouch & Company, CPAs P.C.*

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

Boulder, Colorado  
March 14, 2018

FINANCIAL STATEMENTS

BRIDGE HOUSE  
Statement of Financial Position  
December 31, 2017

(with summarized financial information for the year ended December 31, 2016)

ASSETS	2017	2016
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,146,188	\$ 442,998
Investments	362,374	347,579
Grants and contracts receivable	143,508	33,635
Contributions receivable	125,909	287,339
Capital campaign pledges receivable, net of allowance	-	6,000
Rent receivable	-	1,945
Trade receivables	37,957	51,870
Inventory	34,551	15,678
Prepaid expenses	24,708	16,695
Total current assets	1,875,195	1,203,739
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	5,176,321	5,159,981
Less accumulated depreciation	(421,350)	(273,855)
Net property and equipment	4,754,971	4,886,126
<b>OTHER ASSETS</b>		
Deposits	-	20
Ready to Work - Aurora	95,273	-
Cash restricted to investment in property and equipment	200,000	200,000
Total other assets	295,273	200,020
Total assets	\$ 6,925,439	\$ 6,289,885
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Credit Cards Payable	\$ 6,794	\$ 4,751
Accrued payroll and taxes	86,701	69,745
Sales tax payable	4,567	3,948
Deposits - trainee uniforms	175	1,255
Naropa gift cards outstanding	542	458
Total current liabilities	98,779	80,157
<b>NET ASSETS</b>		
Unrestricted	6,173,389	6,009,728
Temporarily restricted	653,271	200,000
Total net assets	6,826,660	6,209,728
Total liabilities & net assets	\$ 6,925,439	\$ 6,289,885

See accompanying notes to financial statements

BRIDGE HOUSE  
Statement of Activities  
For the year ended December 31, 2017  
(with summarized financial information for the year ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions	\$ 876,624	\$ 61,409	\$ 938,033	\$ 805,077
Government grants	765,921	-	765,921	292,216
Foundation grants	286,068	-	286,068	387,978
Other income	850	-	850	9,729
Donations in-kind	-	-	-	500
Ready to Work revenue	301,615	-	301,615	287,180
Ready to Work rent	101,256	-	101,256	94,472
Kitchen Enterprise revenue	381,451	-	381,451	405,016
Special events (net of direct costs of \$29,472 and \$22,454)	214,044	-	214,044	163,032
Loss on disposal of asset	-	-	-	(1,161)
Investment income	25,121	-	25,121	13,773
Total public support and revenue	<u>2,952,950</u>	<u>61,409</u>	<u>3,014,359</u>	<u>2,457,812</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>				
Restrictions satisfied by payments	-	-	-	-
Total net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenues	2,952,950	61,409	3,014,359	2,457,812
<b>FUNCTIONAL EXPENSES</b>				
Program services	2,451,461	-	2,451,461	2,129,269
Management and general	120,835	-	120,835	126,052
Fundraising	157,144	-	157,144	136,075
Total functional expenses	<u>2,729,440</u>	<u>-</u>	<u>2,729,440</u>	<u>2,391,396</u>
<b>INCREASE IN NET ASSETS BEFORE CAPITAL ACTIVITY, DEPRECIATION AND IMPLIED RENT</b>				
	223,510	61,409	284,919	66,416
Capital Campaign contributions	-	500,000	500,000	-
Capital Campaign expenditures	95,273	(108,138)	(12,865)	-
<b>INCREASE IN NET ASSETS BEFORE DEPRECIATION AND IMPLIED RENT</b>				
	318,783	453,271	772,054	66,416
Implied rent	-	-	-	18,055
Depreciation	155,122	-	155,122	138,129
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
	163,661	453,271	616,932	(89,768)
<b>NET ASSETS--BEGINNING OF YEAR</b>				
	<u>6,009,728</u>	<u>200,000</u>	<u>6,209,728</u>	<u>6,299,496</u>
<b>NET ASSETS--END OF YEAR</b>				
	<u>\$ 6,173,389</u>	<u>\$ 653,271</u>	<u>\$ 6,826,660</u>	<u>\$ 6,209,728</u>

See accompanying notes to financial statements

BRIDGE HOUSE  
Statement of Functional Expenses  
For the year ended December 31, 2017  
(with summarized financial information for the year ended December 31, 2016)

	Program Services	Management and General	Fundraising	2017 Total	2016 Total
<b>PERSONNEL EXPENSES:</b>					
Salaries and wages	\$ 1,174,412	\$ 84,831	\$ 103,560	\$ 1,362,803	\$ 1,206,179
RTW Trainees	421,276	-	-	421,276	426,104
Employee benefits and taxes	188,976	13,650	16,664	219,290	194,511
Total	<u>1,784,664</u>	<u>98,481</u>	<u>120,224</u>	<u>2,003,369</u>	<u>1,826,794</u>
<b>GRANTS TO INDIVIDUALS:</b>					
Client incentives	5,830	-	-	5,830	5,331
Client transportation	38,513	-	-	38,513	19,103
Director's emergency account	-	-	-	-	2,650
Employee assistance fund	-	-	-	-	170
Food expense	71,956	-	-	71,956	53,831
ID program	925	-	-	925	1,398
Joy Fund	3,443	-	-	3,443	3,127
Prescription program	3,036	-	-	3,036	6,088
Rent assistance programs	7,479	-	-	7,479	8,948
Total	<u>131,182</u>	<u>-</u>	<u>-</u>	<u>131,182</u>	<u>100,646</u>
<b>OPERATING EXPENSES:</b>					
Accounting	3,461	5,191	-	8,652	18,883
Board related expenses	1,889	210	-	2,099	4,580
Computing	8,639	1,159	1,236	11,034	9,660
Dues & subscriptions	1,519	204	218	1,940	2,634
Equipment	3,933	437	-	4,370	6,298
Facility repairs and maintenance	50,505	-	-	50,505	35,899
Fundraising expense	-	-	29,934	29,934	20,097
Insurance	16,800	5,600	-	22,400	20,402
Investment fees	-	-	52	52	141
Path to Home rent	110,428	-	-	110,428	-
Office supplies	1,668	220	238	2,127	2,524
Parking and mileage	5,832	783	835	7,449	12,372
Postage	177	177	-	353	584
Printing and publications	2,794	5,588	2,794	11,177	15,218
Service fees	10,961	1,219	-	12,180	-
Program supplies	35,923	-	-	35,923	15,329
Kitchen enterprise food	190,521	-	-	190,521	215,407
Staff development	5,177	695	741	6,613	2,275
Telephone, fax and internet	15,688	871	871	17,430	17,556
Utilities	54,017	-	-	54,017	49,567
Vehicle	15,685	-	-	15,685	14,530
Total expenses before in-kind expenses	<u>2,451,461</u>	<u>120,835</u>	<u>157,144</u>	<u>2,729,440</u>	<u>2,391,396</u>
Percentage of expenses before in-kind expenses	89.82%	4.43%	5.76%	100.00%	100.00%
In-kind legal	-	-	-	-	-
Total expenses	<u>\$ 2,451,461</u>	<u>\$ 120,835</u>	<u>\$ 157,144</u>	<u>\$ 2,729,440</u>	<u>\$ 2,391,396</u>

See accompanying notes to financial statements



BRIDGE HOUSE  
Statement of Cash Flows  
For the year ended December 31, 2017  
(with summarized financial information for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 616,932	\$ (89,768)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	155,122	138,129
Loss on disposal of assets	-	1,162
Realized and unrealized (gain) loss on investments	(16,059)	(5,773)
(Increase) decrease in contracts receivable	(109,873)	(12,597)
(Increase) decrease in grants and contributions receivable	161,430	(287,339)
(Increase) decrease in pledges receivable	6,000	121,250
(Increase) decrease in rent receivable	1,945	(1,945)
(Increase) decrease in trade receivable	13,913	59,529
(Increase) decrease in inventory	(18,873)	(15,678)
(Increase) decrease in prepaid expenses	(8,013)	(8,105)
(Increase) decrease in due from RTW Aurora	(95,273)	
(Increase) decrease in prepaid rent	-	17,686
(Increase) decrease in deposits	20	(20)
Increase (decrease) in credit cards payable	2,043	4,751
Increase (decrease) in accrued payroll and taxes	16,956	18,149
Increase (decrease) in sales tax payable	619	2,047
Increase (decrease) in gift cards payable	84	458
Increase (decrease) in trainee uniform deposits	(1,080)	(475)
Increase (decrease) in catering event deposits	-	(1,500)
Increase (decrease) in deferred revenue	-	(2,830)
Net cash provided by operating activities	<u>725,893</u>	<u>(62,869)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(186,181)	(118,595)
Proceeds from sales of investments	187,445	119,661
Cash restricted for property investments	-	245,534
Purchase of property and equipment	(23,967)	(171,890)
Net cash used by investing activities	<u>(22,703)</u>	<u>74,710</u>
NET INCREASE IN CASH	703,190	11,841
CASH AT BEGINNING OF YEAR	<u>442,998</u>	<u>431,157</u>
CASH AT END OF YEAR	<u>\$ 1,146,188</u>	<u>\$ 442,998</u>

See accompanying notes to financial statements

**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 the following programs:

**Ready to Work:**

Bridge House's Ready to Work program is a "work-first" solution to address homelessness. Ready to Work applies a business approach toward solving increasingly difficult and expensive social problems – homelessness, joblessness, and criminal recidivism. Founded on the belief that when given the opportunity homeless individuals can and are willing to work, Ready to Work creates paid transitional work opportunities as the core element of a comprehensive program providing a pathway to independence for homeless men and women. Ready to Work trainees participate in the three elements of the program including paid work in a Ready to Work social enterprise; housing in a supportive, communal setting called Ready to Work House; and participation in case management for one year before graduating to mainstream employment and independent housing. Immediately upon acceptance into Ready to Work participants are contributing members of the community. Ready to Work House residents go to work every day, pay taxes, pay room and board and call Ready to Work House home for one year. Currently, the program offers employment and housing to 44 men and women.

**Path to Home:**

Path to Home provides a new model for shelter by combining a safe and legal place to sleep with housing-focused case management support services. This new model is consistent with evidence-based, trauma-informed, harm-reduction practices in sheltering. Every Path to Home Navigation client will develop a housing-focused Navigation plan in collaboration with a Bridge House case manager. Plans will include an individualized path for the client to follow, coupled with a one week stay at the Path To Home Navigation Center and Lodge. A one week stay may be renewed into a multi-week stay as needed on the basis of service engagement and/or vulnerability.

***Path to Home Services and Client Navigation Plans Include:***

- Background Check
- Employment Search and Job Placement
- Life Skills which encompass budgeting, a savings plan and housing education
- Family Reunification
- Geographic Recovery
- Housing Search
- Appropriate referrals to outside agencies
- Night Shelter, Meals and Transportation

Path to Home serves 50 clients at all times and all clients have been identified as appropriate through Boulder County's Coordinated Entry screening process.

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

**ORGANIZATION AND NATURE OF ACTIVITIES-continued**

**Community Table Kitchen:**

Launched in 2013, Community Table Kitchen marries our twofold mission of basic needs and solution-oriented services. Our commercial kitchen space allows Bridge House to combine our commitment to feed the hungry in our community with our commitment to providing jobs to our Ready to Work trainees as a stepping stone out of homelessness.

- With the more than 100,000 meals we provide each year to the homeless and working poor we promote community, engage people in services, and recently, create jobs for our homeless clients seeking employment through our Ready to Work program.
- We are strategic with our food preparation in our kitchen and we have created a culinary arts program with 18 Ready to Work positions. Our trainees learn the skills they need to transition into a mainstream kitchen job.
- In 2016 we contracted with Naropa University to operate 3 Naropa café sites creating 4 permanent jobs for Ready to Work graduates and 5 additional trainee positions.

**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.

BRIDGE HOUSE  
Notes to Financial Statements  
December 31, 2017

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Inventory

Inventory is valued at cost.

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 2014.

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.

BRIDGE HOUSE  
Notes to Financial Statements  
December 31, 2017

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NOTE 2 – INVESTMENTS

Investments at December 31, 2017 were as follows:

U.S. equity mutual funds	\$ 361,858
Common stock	516
Total	<u>\$ 362,374</u>

Investment income consists of the following:

Dividends and interest income	\$ 9,063
Realized and unrealized gains/losses	16,058
	<u>\$ 25,121</u>

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 – CONTRIBUTIONS RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the Organization. Collection of receivables as of December 31, 2017 is expected as follows:

Due within one year	\$ 125,909
Due in one to five years	-
	<u>\$ 125,909</u>

NOTE 5 – PROPERTY AND EQUIPMENT

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

Transitional housing building	\$ 3,458,606
Transitional housing land	505,618
Transitional housing furniture	114,327
Commercial kitchen building	687,526
Commercial kitchen Land	156,925
Leasehold improvements – 2691 30 <sup>th</sup>	10,376
Kitchen equipment	199,892
Vehicles	43,051
Subtotal	<u>5,176,321</u>
Less accumulated depreciation	<u>(421,350)</u>
Net property and equipment	<u>\$ 4,754,971</u>

Depreciation expense for the year ended December 31, 2017 was \$155,122.

BRIDGE HOUSE  
Notes to Financial Statements  
December 31, 2017

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NOTE 6 – READY TO WORK - AURORA

The RTW program is being replicated in Aurora, Colorado. A \$500,000 grant was received to help identify a property and assist with the start up. Ready to Work Aurora is a separate Colorado corporation and has filed to be a supporting 501(c)(3) entity of Bridge House for the purpose of replicating the Ready to Work program in Aurora. As of December 31, 2017, \$95,273 has been expended for the Aurora property, \$12,865 was expended exploring other locations.

NOTE 7 – READY TO WORK - BOULDER

In 2014, the Organization formed a wholly owned LLC, Ready to Work, LLC, and purchased and renovated a 14,000 square-foot building for its new transitional housing project. The facility opened in August of 2015.

The Organization was approved by the Colorado Department of Local Affairs to an exemption from real property taxes on this property.

NOTE 8 – PATH TO HOME

In 2017, the Organization started the Path To Home program. The Organization has leased property in Boulder, Colorado and is making capital improvements. The City of Boulder has agreed to reimburse the capital improvements up to \$490,000. As of December 31, 2017, the Organization had made \$10,376 of improvements. The lease term is 2 years and rental payments were \$10,778 per month through November 2017 and \$16,078 for the remainder of the lease term.

NOTE 9 – MERGER

On December 31, 2017, Boulder Outreach for Homeless Overflow (BOHO) was merged into the Bridge House. The entities shared the common mission of enhancing the ability of homeless individuals in Boulder County to achieve self-sufficiency through the provision of transitional housing and supportive services.

Assets received in the Merger

Assets	
Cash and cash equivalents	\$ 36,409
Property and equipment, net	3,600

NOTE 10 – NET ASSETS

Temporarily restricted net assets of the Organization as of December 31, 2017 consist of \$200,000 for the Ready to Work-Boulder building capital reserves, \$36,409 for BOHO fund, \$391,862 for the RTW-Aurora and \$25,000 grant for education of the Executive Director.

BRIDGE HOUSE  
Notes to Financial Statements  
December 31, 2017

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NOTE 11 – 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, 2017, 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.

The Organization maintains cash deposits at several financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, at each institution. At times during the year cash deposits may exceed this FDIC insured limit. At December 31, the uninsured cash balances were \$533,736

NOTE 12 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events, other than noted below, through March 14, 2018, 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, 2017.

Bridge House created a new entity, Ready to Work Aurora, to replicate its Ready to Work program in the City of Aurora, Colorado. Bridge House will purchase the identified building with funds raised from government and private foundations; closing is scheduled for April 13, 2018. The asset will subsequently be transferred to Ready to Work Aurora. In order to leverage additional funds through the New Market Tax Credit program for the renovation of the facility, Bridge House is intending to invest up to \$125,000 into the program and also provide a short term bridge loan of up to \$375,000 which will be paid back to Bridge House by the end of 2018 through already pledged funds.