

BRIDGE HOUSE
FINANCIAL STATEMENTS
DECEMBER 31, 2015

BRIDGE HOUSE

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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, 2015, 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, 2015, 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, 2014 financial statements, and our report dated February 13, 2015, 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, 2014, 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 1, 2016

FINANCIAL STATEMENTS

BRIDGE HOUSE
Statement of Financial Position
December 31, 2015

(with summarized financial information for the year ended December 31, 2014)

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 431,157	\$ 211,775
Investments	342,873	388,828
Contracts receivable	132,437	25,934
Grants and contributions receivable	-	75,958
Pledges receivable, net of allowance of \$1,250	127,250	504,949
Prepaid expenses	-	5,920
Prepaid insurance	8,590	8,483
Prepaid rent	17,686	38,246
Total current assets	1,059,993	1,260,093
PROPERTY AND EQUIPMENT		
Property and equipment	5,000,863	3,533,285
Less accumulated depreciation	(147,337)	(73,616)
Net property and equipment	4,853,526	3,459,669
OTHER ASSETS		
Deposits	-	1,210
Cash restricted to investment in property and equipment	445,534	1,548,863
Total other assets	445,534	1,550,073
Total assets	\$ 6,359,053	\$ 6,269,835
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued payroll and taxes	\$ 51,596	\$ 53,354
Property taxes payable	-	29,886
Sales tax payable	1,901	2,214
Deposits - trainee uniforms	1,730	845
Catering event deposits	1,500	-
Deferred revenue - BC Probation	2,830	-
Total current liabilities	59,557	86,299
NET ASSETS		
Unrestricted	5,727,962	4,128,669
Temporarily restricted	571,534	2,054,867
Total net assets	6,299,496	6,183,536
Total liabilities & net assets	\$ 6,359,053	\$ 6,269,835

See accompanying notes to financial statements

BRIDGE HOUSE
Statement of Activities
For the year ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 545,436	\$ 5,000	\$ 550,436	\$ 344,504
Government grants	271,848	-	271,848	144,621
Foundation grants	417,575	-	417,575	242,383
Other income	8,117	-	8,117	-
Donations in-kind	12,910	-	12,910	34,599
Ready to Work revenue	190,615	-	190,615	152,056
Ready to Work rent	20,692	-	20,692	-
Kitchen Enterprise revenue	122,040	-	122,040	80,859
Special events (net of direct costs of \$35,110 and \$19,625)	230,903	-	230,903	123,283
Gain on sales of fixed assets	-	-	-	-
Investment income	(353)	-	(353)	9,234
Total public support and revenue	<u>1,819,783</u>	<u>5,000</u>	<u>1,824,783</u>	<u>1,131,539</u>
NET ASSETS RELEASED FROM RESTRICTION				
Restrictions satisfied by payments	6,170	(6,170)	-	-
Total net assets released from restrictions	<u>6,170</u>	<u>(6,170)</u>	<u>-</u>	<u>-</u>
Total public support and revenues	1,825,953	(1,170)	1,824,783	1,131,539
FUNCTIONAL EXPENSES				
Program services	1,492,394	-	1,492,394	1,105,420
Management and general	143,570	-	143,570	113,822
Fundraising	152,071	-	152,071	173,725
Total functional expenses	<u>1,788,035</u>	<u>-</u>	<u>1,788,035</u>	<u>1,392,967</u>
INCREASE IN NET ASSETS BEFORE CAPITAL ACTIVITY	37,918	(1,170)	36,748	(261,428)
Grant for kitchen capital expenditures	-	70,803	70,803	-
Capital Campaign contributions	-	49,658	49,658	4,585,335
Capital Campaign expenses	-	(41,249)	(41,249)	-
Capital expenditures-RTW and kitchen remodel	1,561,375	(1,561,375)	-	-
INCREASE IN NET ASSETS	1,599,293	(1,483,333)	115,960	4,323,907
NET ASSETS--BEGINNING OF YEAR	<u>4,128,669</u>	<u>2,054,867</u>	<u>6,183,536</u>	<u>1,859,629</u>
NET ASSETS--END OF YEAR	<u>\$ 5,727,962</u>	<u>\$ 571,534</u>	<u>\$ 6,299,496</u>	<u>\$ 6,183,536</u>

See accompanying notes to financial statements

BRIDGE HOUSE
Statement of Functional Expenses
For the year ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	Program Services	Management and General	Fundraising	2015 Total	2014 Total
PERSONNEL EXPENSES:					
Salaries and wages	\$ 734,791	\$ 97,348	\$ 103,900	\$ 936,039	\$ 834,119
RTW Trainees	192,406	-	-	192,406	-
Employee benefits and taxes	129,318	17,133	18,286	164,736	131,419
Total	<u>1,056,514</u>	<u>114,481</u>	<u>122,186</u>	<u>1,293,181</u>	<u>965,538</u>
GRANTS TO INDIVIDUALS:					
Client incentives	6,344	-	-	6,344	9,400
Client supplies	2,478	-	-	2,478	5,842
Client transportation	14,389	-	-	14,389	11,403
Director's emergency account	2,405	-	-	2,405	1,850
Employee assistance fund	345	-	-	345	250
Food expense	82,028	-	-	82,028	66,445
ID program	2,923	-	-	2,923	4,758
Joy Fund	2,988	-	-	2,988	3,829
Prescription program	5,959	-	-	5,959	3,691
Rent assistance programs	7,178	-	-	7,178	5,460
Total	<u>127,037</u>	<u>-</u>	<u>-</u>	<u>127,037</u>	<u>112,928</u>
OPERATING EXPENSES:					
Accounting	7,218	10,826	-	18,044	10,521
Board related expenses	-	522	-	522	160
Computing	4,270	573	611	5,454	4,817
Consulting	-	-	175	175	-
Dues & subscriptions	1,438	193	206	1,837	2,527
Equipment	3,831	426	-	4,257	4,438
Facility repairs and maintenance	18,267	-	-	18,267	22,449
Fundraising expense	-	-	22,019	22,019	30,717
Insurance	14,928	4,976	-	19,904	14,872
Investment fees	-	-	114	114	123
Office rent	-	677	-	677	4,800
Office supplies	1,498	198	214	1,910	6,987
Parking and mileage	7,593	1,019	1,087	9,699	5,977
Postage	268	268	-	536	-
Printing and publications	4,004	8,007	4,004	16,015	5,816
Program supplies	22,760	-	-	22,760	14,212
Lease termination fee	-	-	-	-	15,000
Social enterprise food	49,650	-	-	49,650	30,079
Staff development	5,662	760	811	7,233	2,281
Telephone, fax and internet	11,597	644	644	12,885	9,613
Utilities	38,532	-	-	38,532	21,405
Vehicle	9,039	-	-	9,039	9,015
Total expenses before depreciation and implied rent	<u>1,384,106</u>	<u>143,570</u>	<u>152,071</u>	<u>1,679,747</u>	<u>1,294,275</u>
Percentage of expenses before depreciation and implied rent	82.40%	8.55%	9.05%	100.00%	100.00%
In-kind legal	12,910	-	-	12,910	27,319
Capital campaign expenses	-	-	-	-	11,356
Implied rent	21,656	-	-	21,656	21,231
Depreciation	73,722	-	-	73,722	38,786
Total expenses	<u>\$ 1,492,394</u>	<u>\$ 143,570</u>	<u>\$ 152,071</u>	<u>\$ 1,788,035</u>	<u>\$ 1,392,967</u>

See accompanying notes to financial statements

BRIDGE HOUSE
Statement of Cash Flows
For the year ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	2015	2014
OPERATING ACTIVITIES		
Change in net assets	\$ 115,960	\$ 4,323,907
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	73,722	38,786
Realized and unrealized (gain) loss on investments	7,282	962
(Increase) decrease in contracts receivable	(106,503)	(2,490)
(Increase) decrease in grants and contributions receivable	75,958	95,560
(Increase) decrease in pledges receivable	377,699	(493,742)
(Increase) decrease in prepaid expenses	5,920	(320)
(Increase) decrease in prepaid insurance	(107)	(1,164)
(Increase) decrease in prepaid rent	20,560	19,351
(Increase) decrease in deposits	1,210	-
Increase (decrease) in property tax payable	(29,886)	29,886
Increase (decrease) in accrued payroll and taxes	(1,758)	13,997
Increase (decrease) in sales tax payable	(313)	2,214
Increase (decrease) in trainee uniform deposits	885	845
Increase (decrease) in catering event deposits	1,500	-
Increase (decrease) in deferred revenue	2,830	-
Net cash provided by operating activities	544,959	4,027,792
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(11,131)	(33,620)
Proceeds from sales of investments	49,803	39,024
Cash restricted for property investments	1,103,329	(1,548,863)
Purchase of property and equipment	(1,467,578)	(2,548,398)
Proceeds from sales of property and equipment	-	-
Net cash used by investing activities	(325,577)	(4,091,857)
NET DECREASE IN CASH	219,382	(64,065)
CASH AT BEGINNING OF YEAR	211,775	275,840
CASH AT END OF YEAR	\$ 431,157	\$ 211,775

See accompanying notes to financial statements

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2015

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.

In 2015, the Ready to Work program opened its transitional housing facility that can house up to 44 clients.

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, 2015

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 2012.

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, 2015 were as follows:

U.S. equity mutual funds	\$ 353,204
Investment income consists of the following:	
Dividends and interest income	\$ 5,832
Implied interest	1,097
Realized and unrealized gains/losses	(7,282)
	<u>\$ (353)</u>

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2015

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. Collection of receivables as of December 31, 2015 is expected as follows:

Due within one year	\$ 128,500
Due in one to five years	-
	<u>128,500</u>
Less allowance for doubtful accounts	<u>(1,250)</u>
	<u>\$ 127,250</u>

NOTE 5 – PROPERTY AND EQUIPMENT

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

Transitional housing building	\$ 3,313,288
Transitional housing land	505,618
Transitional housing furniture	99,327
Commercial kitchen building	687,526
Commercial kitchen Land	156,925
Kitchen equipment	202,697
Vehicles	22,239
Equipment	<u>13,243</u>
Subtotal	5,000,863
Less accumulated depreciation	<u>(147,337)</u>
Net property and equipment	<u>\$ 4,853,526</u>

Depreciation expense for the year ended December 31, 2015 was \$73,722.

NOTE 6 – CAPITAL PROJECT-TRANSITIONALHOUSING

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 may be entitled to an exemption from real property taxes on this property. An application has been filed for 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 \$45,000

BRIDGE HOUSE
Notes to Financial Statements
December 31, 2015

NOTE 7 – NET ASSETS

Temporarily restricted net assets of the Organization as of December 31, 2015 consist of \$571,534 for the Ready to Work building and the kitchen remodel.

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, 2015, 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 October 17, 2016. This benefit is recorded as Prepaid Rent on the statement of financial position with interest imputed on the balance. The Organization does not intend to renew the lease after the rent-free period.

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
2016	<u>369</u>	<u>15,770</u>

The Organization leased office space in The Registry building. The lease was terminated on April 1 2015 and the staff was moved to the new office space at the Community Table Kitchen.

NOTE 10 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events through March 1, 2016, 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, 2015.