

BRIDGE HOUSE
and
READY TO WORK AURORA
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021

BRIDGE HOUSE
and
READY TO WORK AURORA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors;

Bridge House
Boulder, Colorado

We have audited the accompanying combined financial statements of Bridge House (a nonprofit organization), and Ready to Work Aurora (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and net assets, functional 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Bridge House and Ready to Work Aurora as of December 31, 2021, 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)

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental combining statements of financial position, activities and net assets are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, activities and changes in net assets of the individual organizations and are not a required part of the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited the Bridge House and Ready to Work Aurora's December 31, 2020 financial statements, and our report dated March 18, 2021, 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, 2020, 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
March 7, 2022

FINANCIAL STATEMENTS

BRIDGE HOUSE and READY TO WORK AURORA

Combined Statement of Financial Position

December 31, 2021

(with summarized financial information for the year ended December 31, 2020)

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,313,262	\$ 2,429,085
Investments	290,305	284,310
Grants and contracts receivable	409,237	308,541
Contributions receivable	80,325	71,944
Rent receivable	4,211	7,238
Social Enterprise receivables	110,003	118,395
Inventory	101,211	72,723
Prepaid expenses	42,467	42,404
Total current assets	6,351,021	3,334,640
PROPERTY AND EQUIPMENT		
Property and equipment	9,693,337	9,659,516
Less accumulated depreciation	(1,368,195)	(1,092,703)
Net property and equipment	8,325,142	8,566,813
OTHER ASSETS		
Deposits	13,752	13,752
New Markets Tax Credit loan fund	2,892,120	2,892,120
Funds reserved for debt service	90,200	114,400
Funds reserved for investment in property and equipment	200,000	200,000
Total other assets	3,196,072	3,220,272
Total assets	<u>\$ 17,872,235</u>	<u>\$ 15,121,725</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 41,150	\$ 46,753
Credit Cards Payable	17,446	20,464
Accrued payroll and taxes	214,135	232,495
Sales tax payable	3,135	392
Cafe gift cards outstanding	2,295	1,392
Unearned revenue	19,009	17,608
Total current liabilities	297,170	319,104
LONG-TERM LIABILITIES		
NMTC Note A Payable	2,892,120	2,892,120
NMTC Note B Payable	1,463,880	1,463,880
NPX Impact Securities	1,840,000	-
Total long-term liabilities	6,196,000	4,356,000
NET ASSETS		
Without donor restrictions	10,928,724	9,907,431
With donor restrictions	450,341	539,190
Total net assets	11,379,065	10,446,621
Total liabilities & net assets	<u>\$ 17,872,235</u>	<u>\$ 15,121,725</u>

See accompanying notes to financial statements

BRIDGE HOUSE and READY TO WORK AURORA
Combined Statement of Activities and Changes in Net Assets
For the year ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 1,200,287	\$ 29,758	\$ 1,230,045	\$ 1,145,531
Government grants	574,122	-	574,122	1,212,683
Foundation grants	810,965	216,167	1,027,132	2,087,904
Other income	8,984	-	8,984	5,015
Donations in-kind	68,674	-	68,674	32,892
Ready to Work revenue	819,533	-	819,533	709,922
Ready to Work rent	275,780	-	275,780	304,925
Kitchen Enterprise revenue	597,940	-	597,940	634,287
Special events (net of direct costs of \$8,486 and \$9,254)	196,146	-	196,146	223,716
Investment income	13,075	-	13,075	17,774
Total public support and revenue	<u>4,565,506</u>	<u>245,925</u>	<u>4,811,431</u>	<u>6,374,649</u>
NET ASSETS RELEASED FROM RESTRICTION				
Restrictions satisfied by payments	<u>1,143,574</u>	<u>(1,143,574)</u>	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u>1,143,574</u>	<u>(1,143,574)</u>	<u>-</u>	<u>-</u>
Total public support and revenues	5,709,080	(897,649)	4,811,431	6,374,649
FUNCTIONAL EXPENSES				
Program services	4,441,414	-	4,441,414	4,978,102
Management and general	525,508	-	525,508	482,800
Fundraising	317,249	-	317,249	293,274
Total functional expenses	<u>5,284,171</u>	<u>-</u>	<u>5,284,171</u>	<u>5,754,176</u>
INCREASE IN NET ASSETS BEFORE CAPITAL ACTIVITY, DEPRECIATION AND INTEREST	424,909	(897,649)	(472,740)	620,473
Capital Campaign contributions	-	-	-	-
Capital Campaign expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE IN NET ASSETS BEFORE PPP PROCEEDS, ERC, NMTC INTEREST, INCOME AND EXPENSE, AND DEPRECIATION	424,909	(897,649)	(472,740)	620,473
PPP Proceeds	-	808,800	808,800	733,400
Employee Retention Credit proceeds	896,252	-	896,252	-
NMTC interest income	28,921	-	28,921	28,921
NMTC interest and fee expense	(53,298)	-	(53,298)	(53,298)
Depreciation	<u>(275,491)</u>	<u>-</u>	<u>(275,491)</u>	<u>(349,128)</u>
INCREASE (DECREASE) IN NET ASSETS	1,021,293	(88,849)	932,444	980,368
NET ASSETS--BEGINNING OF YEAR	<u>9,907,431</u>	<u>539,190</u>	<u>10,446,621</u>	<u>9,466,253</u>
NET ASSETS--END OF YEAR	<u>\$ 10,928,724</u>	<u>\$ 450,341</u>	<u>\$ 11,379,065</u>	<u>\$ 10,446,621</u>

See accompanying notes to financial statements

BRIDGE HOUSE and READY TO WORK AURORA
Combined Statement of Functional Expenses
For the year ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

	Program Services	Management and General	Fundraising	2021 Total	2020 Total
PERSONNEL EXPENSES:					
Salaries and wages	\$ 2,180,208	\$ 311,157	\$ 209,323	\$ 2,700,688	\$ 3,042,657
RTW Trainees	837,929	-	-	837,929	945,662
Employee benefits and taxes	378,183	39,109	25,044	442,336	447,358
Total	3,396,320	350,266	234,367	3,980,953	4,435,677
GRANTS TO INDIVIDUALS:					
Client incentives	15,876	-	-	15,876	10,571
Client transportation	19,222	-	-	19,222	22,407
RTW Aftercare	9,658	-	-	9,658	9,075
Food expense	43,280	-	-	43,280	79,447
ID program	-	-	-	-	354
Housing support	41,451	-	-	41,451	41,578
Prescription program	12,409	-	-	12,409	5,341
Program supplies	17,466	-	-	17,466	14,402
Rent assistance programs	32,526	-	-	32,526	22,616
Total	191,888	-	-	191,888	205,791
OPERATING EXPENSES:					
Administration	21,839	37,550	542	59,931	36,268
Bad debt	7,476	2,373	5,000	14,849	6,322
Information technology	95,608	31,553	20,212	147,373	131,292
Dues & subscriptions	3,381	2,178	636	6,194	7,955
Equipment	29,127	86	504	29,717	13,885
Facility repairs and maintenance	128,451	558	334	129,343	159,993
Fundraising expense	589	80	34,011	34,680	38,154
Insurance	32,446	25,333	51	57,830	58,680
Rent	22,509	15,362	15,362	53,233	134,091
Miscellaneous expense	2,798	-	-	2,798	2,095
Office supplies	6,568	3,411	1,555	11,533	11,597
Parking and mileage	15,586	1,317	1,515	18,418	17,015
Printing and publications	6,515	883	2,292	9,689	10,892
Professional services - in kind	-	54,269	-	54,269	12,660
Social Enterprise expense	384,083	289	869	385,241	368,141
Utilities	96,232	-	-	96,232	103,668
Total expenses	<u>\$ 4,441,415</u>	<u>\$ 525,508</u>	<u>\$ 317,249</u>	<u>\$ 5,284,171</u>	<u>\$ 5,754,176</u>
Percentage of expenses	84.05%	9.94%	6.00%	100.00%	100.00%

See accompanying notes to financial statements

BRIDGE HOUSE and READY TO WORK AURORA
Combined Statement of Cash Flows
For the year ended December 31, 2021
(with summarized financial information for the year ended December 31, 2020)

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ 932,444	\$ 980,368
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	275,491	349,128
Realized and unrealized (gain) loss on investments	(5,443)	(10,831)
In-kind donations	(68,674)	(32,892)
In-kind expenditures	68,674	32,892
(Increase) decrease in grants and contracts receivable	(100,696)	(148,233)
(Increase) decrease in contributions receivable	(8,381)	28,807
(Increase) decrease in rent receivable	3,027	(701)
(Increase) decrease in Social Enterprise receivable	8,392	29,368
(Increase) decrease in inventory	(28,488)	(6,707)
(Increase) decrease in prepaid expenses	(63)	2,013
(Increase) decrease in deposits	-	(7,752)
Increase (decrease) in accounts payable	(5,603)	37,953
Increase (decrease) in credit cards payable	(3,018)	(5,053)
Increase (decrease) in accrued payroll and taxes	(18,360)	55,368
Increase (decrease) in sales tax payable	2,743	(3,528)
Increase (decrease) in gift cards payable	903	926
Increase (decrease) in trainee uniform deposits	-	(175)
Increase (decrease) in deferred revenue	1,401	(2,426)
Net cash provided by operating activities	1,054,349	1,298,525
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales/purchase of investments	(552)	(69,432)
Purchase of property and equipment	(33,820)	(131,937)
Net cash used by investing activities	(34,372)	(201,369)
CASH FLOWS FROM FINANCING ACTIVITIES:		
NPX Impact Securities	1,840,000	-
Funds released from reserved for debt service	24,200	24,200
Net cash used by financing activities	1,864,200	24,200
NET INCREASE IN CASH	2,884,177	1,121,356
CASH AT BEGINNING OF YEAR	2,429,085	1,307,729
CASH AT END OF YEAR	\$ 5,313,262	\$ 2,429,085
Interest paid	\$ 53,298	\$ 53,298

See accompanying notes to financial statements

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

ORGANIZATION AND NATURE OF ACTIVITIES

BRIDGE HOUSE

Bridge House is a non-profit located in Boulder, Colorado, and was established in 1997. In 2011, Bridge House changed its name from Carriage House Community Table. Bridge House provides the following programs:

Ready to Work Boulder:

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.

Community Table Kitchen:

Community Table Kitchen demonstrates what is possible when mission and business marry. Opened in 2013, and often described as the most dynamic kitchen in Boulder, Community Table Kitchen transforms lives one bite at a time.

The Organization has a triple bottom line.

First, Community Table Kitchen produces meals for hungry people who have no other access to food. Meals are prepared that are healthy, nutritious and balanced by cooking in real-time, from scratch. The Organization partners with the local food bank, Community Food Share, to access donated ingredients and offers the Community Table meal program to serve over 80,000 meals a year to people experiencing homelessness.

Second, Community Table Kitchen creates employment opportunities by providing jobs and job training for Ready to Work trainees. The Organization offers meaningful paid work that builds a resume and real-world work experience. Through a mix of on-the-job and classroom training, Community Table Kitchen trainees are taught knife skills, food prep and production, and safe food handling. Trainees complete the ServSafe certification prior to graduating into a full-time food service job.

Third, under the leadership of Executive Chef John Trejo, Community Table Kitchen runs three market-based lines of business - catering, wholesale and café operations, offering customers competitive, top notch quality and service. Through these ventures, Community Table Kitchen earns revenue to support operations and its social mission.

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

ORGANIZATION AND NATURE OF ACTIVITIES-continued

READY TO WORK AURORA

Ready to Work Aurora is a non-profit located in Aurora, Colorado, and was established in 2019. Ready to Work Aurora provides the following program:

Ready to Work:

The 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 Aurora; 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 50 men and women.

Basis of Presentation

The accompanying combined financial statements include the accounts of Bridge House and Ready to Work Aurora, (collectively, the “Organization”). The financial statements have been combined due to the significant related party economic interests that exist between the organizations. Intercompany accounts and transactions have been eliminated in combination and the combined organization is not a separate legal entity.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

The Organization reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents

The Organization considers short-term, highly liquid investments that are both readily convertible to a 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.

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

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Grant and Contract Receivable

For grants and contracts which are considered to be exchange transactions, revenue is recognized after allowable reimbursable expenses are invoiced.

Impact Securities

Impact securities are initially recognized as liabilities, as payment is due annually. Once impact is measured annually by an impact assessor, charitable funding is released by charitable funders and used to pay off the impact securities.

Allocation of Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of specific identification of actual expenses incurred.

Income Taxes

Bridge House and Ready to Work Aurora have been notified by the Internal Revenue Service that they are both exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, contributions qualify for the charitable contribution deduction under Section 170(b)(1)(A). The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return.

BRIDGE HOUSE and READY TO WORK AURORA
Notes to Combined Financial Statements
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income Taxes-continued

All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

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 2018.

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 – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The organization has various sources of liquidity at its disposal, including cash and cash equivalents.

The Organization sets its initial internal target for liquid cash reserves to no less than three months of anticipated operating expenses not covered by monthly recurring revenue (MRR). MRR is defined as contracted or guaranteed revenue that results in predictable payments to be received throughout the year and will be recalculated annually or more frequently if significant changes occur. Short term operating reserves for the Organization are to be positioned for capital preservation, in cash or cash equivalents, without any risk to principal to ensure liquidity.

The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted funds.

The following table reflects the Organization's financial assets as of December 31, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor-imposed restrictions or internal board designations.

Financial Assets:	
Cash and cash equivalents	\$ 5,603,462
Investments	290,305
Receivables	603,776
Total Financial Assets	<u>6,497,543</u>
Less those unavailable for general expenditure within one year due to:	
Donor restrictions	450,341
Funds reserved for investment in property and equipment	200,000
Funds reserved for debt service	90,200
Financial assets not available to be used within one year	<u>740,541</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,757,002</u>

BRIDGE HOUSE and READY TO WORK AURORA
Notes to Combined Financial Statements
December 31, 2021

NOTE 3 – INVESTMENTS

Investments at December 31, 2021 were as follows:

U.S. equity mutual funds	\$ 290,305
Total	<u>\$ 290,305</u>

Investment income consists of the following:

Dividends and interest income	\$ 7,632
Realized gains	252
Unrealized gains/losses	5,191
	<u>\$ 13,075</u>

NOTE 4 – 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 5 – PROPERTY AND EQUIPMENT

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

Transitional housing building and land – Bridge House	\$ 4,075,766
Transitional housing furniture & equipment – Bridge House	122,279
Transitional housing building and land - Aurora	4,203,196
Transitional housing furniture & equipment - Aurora	95,936
Commercial kitchen building and land	845,051
Commercial kitchen equipment	238,564
Vehicles – Bridge House	77,682
Vehicles – Aurora	34,863
Subtotal	<u>9,693,337</u>
Less accumulated depreciation	<u>(1,368,195)</u>
Net property and equipment	<u>\$ 8,325,142</u>

Depreciation expense for the year ended December 31, 2021 was \$275,491.

BRIDGE HOUSE and READY TO WORK AURORA
Notes to Combined Financial Statements
December 31, 2021

NOTE 6 – NEW MARKETS TAX CREDIT FINANCING

In June 2019, the Organization entered into a debt transaction to access additional funds through the New Markets Tax Credit (NMTC) Program. These funds were used towards the purchase and renovation of the Ready to Work Aurora facility. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICIs). The tax credits are claimed over a seven year period and equate to 39% of the QLICIs. The Organization has partnered with an investor, The Northern Trust Company, to utilize the NMTC program.

The Northern Trust Company established a special purpose entity called TNT-RWA NMTC Fund, LLC to raise capital for the transaction. TNT-RWA NMTC Fund, LLC was funded with \$1,507,880 of equity from The Northern Trust Company and \$2,892,120 from Bridge House.

This capital raised by TNT-RWA NMTC Fund, LLC was used to make a \$4,400,000 QEI in a CDE, called Northern CDE 9, LLC, a wholly owned subsidiary of TNT-RWA NMTC Fund, LLC. The CDE then loaned these funds to Ready To Work Aurora in the form of two notes.

The first note payable (QLICI Loan A), has a balance of \$2,892,120 as of December 31, 2021 and bears interest at 0.668% per annum. The note matures on December 1, 2052. The note requires annual interest only payments through December 2025, at which time the note requires annual payments of principal and interest through the term of the note.

The first note is made up of funds allocated by Bridge House toward the purchase and renovation of the property at 3176 S. Peoria Ct. Due to the requirements of the New Markets Tax Credit transaction structure these funds had to be transferred from Bridge House to Ready to Work Aurora as a loan rather than an outright contribution. As a result, Ready to Work Aurora has a liability in that amount on its balance sheet and Bridge House has a related note receivable in the same amount recorded.

The second note payable (QLICI Loan B), has a balance of \$1,463.880 as of December 31, 2021 and bears interest at 0.668% per annum. The note matures on December 1, 2052. The note requires annual interest only payments through December 2025, at which time the note requires annual payments of principal and interest through the term of the note.

The second note is made up of the funds made available for the project by Northern Trust using New Markets Tax Credit.

RTWA is required to pay the annual interest at 0.668% per annum on both notes: Bridge House, as the holder of the first note, is entitled to annual interest payments at 1.00% per annum. For the seven-year interest only period, RTWA pays \$29,098 per year in interest expense while Bridge House receives \$28,921 per year in interest income, creating \$177 per year in cash outflows for the combined entities.

Other assets and long-term liabilities related to the NMTC financing reflected on the consolidated statements of financial position as of December 31, 2021 are as follows:

Other Assets:	
New markets tax credit loan fund	<u>\$ 2,892,120</u>
Long-term liabilities:	
QLICI Loan A	\$ 2,892,120
QLICI Loan B	1,463,880
Net long term debt	<u>\$ 4,356,000</u>

BRIDGE HOUSE and READY TO WORK AURORA
Notes to Combined Financial Statements
December 31, 2021

NOTE 6 – NEW MARKETS TAX CREDIT FINANCING-continued

Interest income and expenses related to the NMTC financing for the year ended December 31, 2021 are as follows:

Interest Income	\$28,921
Interest and Fees Expense	\$53,298

NOTE 7 – IMPACT SECURITIES

On September 21, 2021, the Organization entered into a securities purchase agreement (the "Agreement") with three impact investors to issue the Bridge House Impact Security linked to the performance of Bridge House's Boulder Ready to Work program (RTW Program), which focuses on breaking cycles of homelessness, joblessness and incarceration through solutions that combine paid-work with housing and supportive services (the "Impact Securities"). A total of \$1,673,000 in Impact Securities were issued on September 21, 2021 at a par value of \$1,000. On September 17, 2021, the Organization also received a Recoverable Grant from grantors in the amount of \$167,000; the terms of the Recoverable Grant mirror those of the Impact Securities. The Impact Security is a debt instrument, and matures the earlier of June 30, 2025, or the date specified in writing to the Indenture Trustee by the Organization on or after confirmation that the criteria for payment of the Maximum Payment Amount and the Incentive Payments have been met (greater than 162 job and housing placements and retentions at 6 and 12 months (the "Units of Impact"). The Impact Securities and the Recoverable Grant totaling \$1,840,000 are senior unsecured obligations of the Organization.

Impact investors and grantors are repaid every year, based on an initial period of July 1 2021 to October 31, 2022, then twelve-month periods from November 1 to October 31 with the last period spanning November 1, 2024 through April 30, 2025 (the "Impact Periods"). The impact assessor will measure Units of Impact achieved during an Impact Period. The Organization will pay impact investors the agreed upon rate of \$12,180 per Unit of Impact achieved and grantors the agreed upon rate of \$1,220 per Unit of Impact achieved (the "Periodic Payment Amount") by December 31 of each year beginning December 31, 2022 with the last payment date being June 30, 2025 (the "Periodic Payment Dates"). The maximum sum of all Periodic Payment Amounts to impact investors shall not exceed \$1,927,600. The maximum sum of all Periodic Payment Amounts to grantors of Recoverable Grant shall not exceed \$192,400. The Impact Securities are significantly riskier for impact investors than conventional debt instruments, as the instrument does not require the Organization to repay the full principal amount of the Impact Securities. Periodic Payment Amounts are entirely dependent on Units of Impact occurring.

Additionally, the Organization entered into a conditional grant agreement with NPX Charitable, Inc on September 20, 2021 for up to \$2,170,000. NPX Charitable, Inc has established a fund on its own books known as the Colorado Donor Impact Fund (the "Fund"). The Fund will provide the Organization with the funds sufficient to cover the Periodic Payment Amounts due to the impact investors and grantors. The release of the funds for Periodic Payment Amounts due by the Periodic Payment Dates are conditioned upon the number of Units of Impact achieved, as measured by an impact assessor every Impact Period.

If the Organization achieves a number of Units of Impact greater than the 158 required for the Maximum Payment Amount due to impact investors and grantors, the Organization is eligible for an Incentive Payment of up to \$50,000 from the Fund. Total payments for the grant shall not exceed the \$2,170,000 in donations to the Fund. The Organization agreed to pay a total of \$86,000 in fees over the Impact Periods. These fees cover annual impact audits (\$40,000), measurement and evaluation support (\$20,000), trustee fees (\$18,000) and legal fees (\$8,000).

BRIDGE HOUSE and READY TO WORK AURORA
Notes to Combined Financial Statements
December 31, 2021

NOTE 8 – PROPERTY TAXES

The Organization was approved by the Colorado Department of Local Affairs for an exemption from real property taxes on property at all locations.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions of the Organization as of December 31, 2021 consisted of the following:

Ready to Work	<u>\$ 450,341</u>
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NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Organization 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 the Organization. As of December 31, 2021, management of the Organization believes that any subsequent review of its expenses will not have a material effect on the overall financial position of the Organization.

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 \$4,505,662.

NOTE 11- CONTRIBUTED SERVICES

The Organization received contributed legal services of \$54,269, for management and general purposes.

NOTE 12 – PAYCHECK PROTECTION PROGRAM

In February 2021, the Organization received loan proceeds in the amount of \$808,800 under the Paycheck Protection Program ("PPP"). (\$564,300 to Bridge House and \$244,500 to Ready To Work Aurora). In April 2020, the Organization received loan proceeds in the amount of \$733,400 under the Paycheck Protection Program ("PPP"). (\$506,400 to Bridge House and \$227,000 to Ready To Work Aurora). The PPP, 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 of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Organization accounted for the PPP funds as a conditional government grant in accordance with ASC 958-605 *Accounting for Contributions*. As such, the Organization initially recorded the PPP funds as a conditional advance followed by a reduction in the advance and recognition of revenue as the conditions were substantially met.

As of December 31, 2021, the Organization has recognized the full amount of the PPP funds as revenue since management is confident that the conditions for recognition have been met by fully using the funds for qualifying expenditures and by maintaining its payroll levels.

BRIDGE HOUSE and READY TO WORK AURORA
Notes to Combined Financial Statements
December 31, 2021

NOTE 13 – EMPLOYEE RETENTION CREDITS

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. The Organization recognized \$896,252 employee retention credit during the year ended December 31, 2021. Of that amount \$716,156 has been received and \$180,096 has been recorded as a receivable in the statement of financial position.

NOTE 14 – LEASES

The Organization leases office space, café space and apartment units under various non-cancelable operating lease agreements. Future minimum lease commitments are payable as follows for the years ending December 31:

2022	\$ 86,524
2023	17,670

NOTE 15 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events as of March 7, 2022, 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, 2021.

SUPPLEMENTAL INFORMATION

BRIDGE HOUSE and READY TO WORK AURORA
Combining Statement of Financial Position
December 31, 2021

ASSETS	Bridge House/ RTW, LLC	Ready To Work-Aurora	Eliminating Entries	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,660,889	\$ 652,373	\$ -	\$ 5,313,262
Investments	290,305	-	-	290,305
Grants and contracts receivable	239,126	170,111	-	409,237
Contributions receivable	80,325	-	-	80,325
Rent receivable	80	4,131	-	4,211
Social Enterprise receivables	74,427	35,576	-	110,003
Intercompany receivables	41,841	103,764	(145,605)	-
Inventory	96,881	4,330	-	101,211
Prepaid expenses	25,457	17,010	-	42,467
Total current assets	5,509,331	987,295	(145,605)	6,351,021
PROPERTY AND EQUIPMENT				
Property and equipment	5,359,341	4,333,996	-	9,693,337
Less accumulated depreciation	(1,033,966)	(334,229)	-	(1,368,195)
Net property and equipment	4,325,375	3,999,767	-	8,325,142
OTHER ASSETS				
Deposits	13,752	-	-	13,752
New Markets Tax Credit loan fund	2,892,120	-	-	2,892,120
Funds reserved for debt service	-	90,200	-	90,200
Funds reserved for investment in property	200,000	-	-	200,000
Total other assets	3,105,872	90,200	-	3,196,072
Total assets	\$ 12,940,578	\$ 5,077,262	\$ (145,605)	\$ 17,872,235
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 32,692	\$ 8,458	\$ -	41,150
Credit Cards Payable	10,410	7,036	-	17,446
Intercompany payable	103,653	41,952	(145,605)	-
Unearned revenue	19,009	-	-	19,009
Accrued payroll and taxes	165,490	48,645	-	214,135
Sales tax payable	3,135	-	-	3,135
Café gift cards outstanding	2,295	-	-	2,295
Total current liabilities	336,684	106,091	(145,605)	297,170
LONG-TERM LIABILITIES				
NMTC Note A Payable	-	2,892,120	-	2,892,120
NMTC Note B Payable	-	1,463,880	-	1,463,880
NPX Impact Securities	1,840,000	-	-	1,840,000
Total long-term liabilities	1,840,000	4,356,000	-	6,196,000
NET ASSETS				
Total net assets	10,763,895	615,171	-	11,379,066
Total liabilities & net assets	\$ 12,940,579	\$ 5,077,262	\$ (145,605)	\$ 17,872,236

See accompanying notes to financial statements

BRIDGE HOUSE and READY TO WORK AURORA
Combining Statement of Activities and Changes in Net Assets
For the year ended December 31, 2021

	Bridge House/ RTW, LLC	Ready to Work Aurora	Eliminating Entries	Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 960,131	\$ 269,914	\$ -	\$ 1,230,045
Government grants	332,154	241,968	-	574,122
Foundation grants	638,882	388,250	-	1,027,132
Other income	2,565	6,419	-	8,984
Donations in-kind	39,124	29,550	-	68,674
Ready to Work revenue	415,462	404,071	-	819,533
Ready to Work rent	137,718	138,062	-	275,780
Kitchen Enterprise revenue	597,940	-	-	597,940
Management Fee - RTWA	182,700	-	(182,700)	-
Special events (net of direct costs of \$8,486)	196,146	-	-	196,146
Investment income	13,075	-	-	13,075
Total public support and revenue	<u>3,515,897</u>	<u>1,478,234</u>	<u>(182,700)</u>	<u>4,811,431</u>
NET ASSETS RELEASED FROM RESTRICTION				
Restrictions satisfied by payments	-	-	-	-
Total net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenues	3,515,897	1,478,234	(182,700)	4,811,431
FUNCTIONAL EXPENSES				
Program services	3,023,907	1,516,518	(99,011)	4,441,414
Management and general	467,661	116,802	(58,955)	525,508
Fundraising	251,003	90,980	(24,734)	317,249
Total functional expenses	<u>3,742,571</u>	<u>1,724,300</u>	<u>(182,700)</u>	<u>5,284,171</u>
INCREASE IN NET ASSETS BEFORE PPP PROCEEDS, ERC, NMTC INTEREST, INCOME AND EXPENSE, AND DEPRECIATION	(226,674)	(246,066)	-	(472,740)
PPP loan proceeds	564,300	244,500	-	808,800
Employee retention credits proceeds	896,252	-	-	896,252
NMTC interest income	28,921	-	-	28,921
NMTC interest and fee expense	-	(53,298)	-	(53,298)
Depreciation	<u>(165,497)</u>	<u>(109,994)</u>	<u>-</u>	<u>(275,491)</u>
INCREASE (DECREASE) IN NET ASSETS	1,097,302	(164,858)	-	932,444
NET ASSETS--BEGINNING OF YEAR	<u>9,666,593</u>	<u>780,029</u>	<u>-</u>	<u>10,446,622</u>
NET ASSETS--END OF YEAR	<u>\$ 10,763,895</u>	<u>\$ 615,171</u>	<u>\$ -</u>	<u>\$ 11,379,066</u>

See accompanying notes to financial statements