



BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2024 and 2023

BRIDGE HOUSE AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bridge House and Subsidiaries
Boulder, Colorado

Opinion

We have audited the accompanying consolidated financial statements of Bridge House and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridge House and Subsidiaries as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Bridge House and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge House and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Bridge House and Subsidiaries
Boulder, Colorado

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bridge House and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge House and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLC

Centennial, Colorado
April 17, 2025

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statements of Financial Position

	December 31,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 3,519,679	\$ 3,811,005
Grants and accounts receivable	828,619	324,237
Contributions receivable	-	28,351
Inventory	150,618	167,145
Prepaid expenses and other assets	62,508	82,543
Cash restricted for debt service	17,600	41,800
Note receivable–New Markets Tax Credit loan fund	2,892,120	2,892,120
Operating leases–right-of-use assets	67,119	206,954
Property and equipment–net	15,942,024	10,768,481
Total Assets	<u>\$ 23,480,287</u>	<u>\$ 18,322,636</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 127,689	\$ 113,525
Construction payables	930,484	-
Accrued expenses and other liabilities	324,507	229,539
Refundable advances	521,800	-
Deferred revenue	19,848	17,447
Operating lease obligations	67,119	220,249
Line of credit payable	246,120	-
NPX Impact securities	848,400	848,400
New Market Tax Credit payables	4,356,000	4,356,000
Total liabilities	<u>7,441,967</u>	<u>5,785,160</u>
Net assets:		
Without donor restrictions		
Undesignated	10,934,785	12,361,219
Board designated CTK reserves	25,000	25,000
Total without donor restrictions	<u>10,959,785</u>	<u>12,386,219</u>
With donor restrictions	<u>5,078,535</u>	<u>151,257</u>
Total net assets	<u>16,038,320</u>	<u>12,537,476</u>
Total Liabilities and Net Assets	<u>\$ 23,480,287</u>	<u>\$ 18,322,636</u>

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statements of Activities

	Year Ended December 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
Contributions	\$ 1,284,186	\$ 20,000	\$ 1,304,186	\$ 1,342,819	\$ 28,192	\$ 1,371,011
Special event revenue	307,877	-	307,877	294,119	-	294,119
Less: costs of direct benefits to donors	(23,878)	-	(23,878)	(27,720)	-	(27,720)
Total Contributions	1,568,185	20,000	1,588,185	1,609,218	28,192	1,637,410
Government grants	241,414	4,613,004	4,854,418	300,451	246,231	546,682
Foundation grants	286,079	693,550	979,629	422,914	66,624	489,538
Ready to Work revenue	1,177,987	-	1,177,987	1,109,995	-	1,109,995
Community Table Kitchen enterprise revenue	737,430	-	737,430	562,016	-	562,016
Ready to Work rent revenue	361,852	-	361,852	358,893	-	358,893
Investment and other income	686,743	-	686,743	335,128	-	335,128
Total Support and Revenue	5,059,690	5,326,554	10,386,244	4,698,615	341,047	5,039,662
NET ASSETS RELEASED:						
Purpose restrictions	399,276	(399,276)	-	696,197	(696,197)	-

(continued)

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statements of Activities (continued)

	Year Ended December 31,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Ready to Work	4,035,665	-	4,035,665	4,125,938	-	4,125,938
Community Table Kitchen	1,461,949	-	1,461,949	1,224,861	-	1,224,861
General and administrative	865,784	-	865,784	719,464	-	719,464
Fundraising	522,002	-	522,002	326,411	-	326,411
Total Expenses	<u>6,885,400</u>	<u>-</u>	<u>6,885,400</u>	<u>6,396,674</u>	<u>-</u>	<u>6,396,674</u>
Change in Net Assets	(1,426,434)	4,927,278	3,500,844	(1,001,862)	(355,150)	(1,357,012)
Net Assets, Beginning of Year	<u>12,386,219</u>	<u>151,257</u>	<u>12,537,476</u>	<u>13,388,081</u>	<u>506,407</u>	<u>13,894,488</u>
Net Assets, End of Year	<u>\$ 10,959,785</u>	<u>\$ 5,078,535</u>	<u>\$ 16,038,320</u>	<u>\$ 12,386,219</u>	<u>\$ 151,257</u>	<u>\$ 12,537,476</u>

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services:		Supporting Activities:			
	Ready to Work	Community Table Kitchen	General and Administrative	Fundraising	Direct Benefits to Donors	Total Expenses
Salaries and benefits	\$ 2,924,781	\$ 879,369	\$ 595,363	\$ 444,851	\$ -	\$ 4,844,364
Social enterprise expenses, primarily ingredients and supplies	19,907	373,819	-	-	-	393,726
Depreciation	355,498	34,297	-	-	-	389,795
Rent and occupancy costs	202,666	41,303	12,470	1,351	-	257,790
Grants to individuals	208,247	44,804	-	-	-	253,051
Insurance	112,735	20,231	36,414	156	-	169,536
Professional fees	24,850	7,744	69,926	23,248	23,878	149,646
Equipment and supplies	114,097	23,545	7,336	1,921	-	146,899
Information technology	51,173	27,993	32,003	32,223	-	143,392
Miscellaneous expenses	21,711	8,844	35,534	18,252	-	84,341
Interest expense	-	-	76,738	-	-	76,738
Total Expenses	<u>\$ 4,035,665</u>	<u>\$ 1,461,949</u>	<u>\$ 865,784</u>	<u>\$ 522,002</u>	<u>\$ 23,878</u>	<u>\$ 6,909,278</u>
Less costs of direct benefit to donors netted against support on the consolidated statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,878)</u>	<u>(23,878)</u>
Total expenses on the consolidated statements of activities	<u>\$ 4,035,665</u>	<u>\$ 1,461,949</u>	<u>\$ 865,784</u>	<u>\$ 522,002</u>	<u>\$ -</u>	<u>\$ 6,885,400</u>

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services:		Supporting Activities:			
	Ready to Work	Community Table Kitchen	General and Administrative	Fundraising	Direct Benefits to Donors	Total Expenses
Salaries and benefits	\$ 2,755,825	\$ 825,121	\$ 416,116	\$ 256,036	\$ -	\$ 4,253,098
Social enterprise expenses, primarily ingredients and supplies	147,728	147,654	-	-	-	295,382
Depreciation	302,024	43,080	-	-	-	345,104
Rent and occupancy costs	231,242	42,162	33,867	1,459	-	308,730
Grants to individuals	254,111	43,757	-	-	-	297,868
Insurance	75,606	14,050	33,088	122	-	122,866
Professional fees	145,208	28,249	74,149	34,716	27,720	310,042
Equipment and supplies	102,814	43,113	8,141	3,893	-	157,961
Information technology	55,041	27,921	35,833	23,119	-	141,914
Miscellaneous expenses	49,725	9,754	64,972	7,066	-	131,517
Interest expense	6,614	-	53,298	-	-	59,912
Total Expenses	<u>\$ 4,125,938</u>	<u>\$ 1,224,861</u>	<u>\$ 719,464</u>	<u>\$ 326,411</u>	<u>\$ 27,720</u>	<u>\$ 6,424,394</u>
Less costs of direct benefit to donors netted against support on the consolidated statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,720)</u>	<u>(27,720)</u>
Total expenses on the consolidated statements of activities	<u>\$ 4,125,938</u>	<u>\$ 1,224,861</u>	<u>\$ 719,464</u>	<u>\$ 326,411</u>	<u>\$ -</u>	<u>\$ 6,396,674</u>

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,500,844	\$ (1,357,012)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	389,795	345,104
Gain on insurance proceeds	(469,846)	-
Loss on disposal of property and equipment	26,170	-
Realized and unrealized loss on investments	-	(9,642)
Non-cash contributions	-	(95,865)
Non-cash lease expense	(13,295)	(13,583)
Write-off of old loan fees	-	6,614
Change in operating assets and liabilities:		
Grants and accounts receivable	(504,382)	1,985,921
Contributions receivable	28,351	47,578
Inventory	16,527	(36,072)
Prepaid expenses and other assets	20,035	(47,954)
Accounts payable	14,164	(59,582)
Accrued expenses and other liabilities	94,968	(1,501)
Refundable advances	521,800	-
Deferred revenue	2,401	(54,062)
Net Cash Provided by Operating Activities	<u>3,627,532</u>	<u>709,944</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,659,024)	(241,150)
Proceeds from sales of investments	-	355,633
Proceeds from insurance	469,846	-
Net Cash Provided (Used) in Investing Activities	<u>(4,189,178)</u>	<u>114,483</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	1,570,455	-
Repayment on line of credit	(1,324,335)	-
NPX impact securities payments	-	(670,000)
Note payable principal payments	-	(2,252,500)
Net Cash Provided (Used) by Financing Activities	<u>246,120</u>	<u>(2,922,500)</u>
Net Change in Cash and Cash Equivalents	(315,526)	(2,098,073)
Cash and Cash Equivalents, Beginning of Year	<u>3,852,805</u>	<u>5,950,878</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,537,279</u>	<u>\$ 3,852,805</u>

(continued)

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(continued)

	Year Ended December 31,	
	2024	2023
SUMMARY OF CASH AND CASH EQUIVALENTS AND		
CASH RESTRICTED FOR DEBT SERVICE AT END OF YEAR:		
Cash and cash equivalents	\$ 3,519,679	\$ 3,811,005
Cash restricted for debt service	17,600	41,800
	<u>\$ 3,537,279</u>	<u>\$ 3,852,805</u>
SUPPLEMENTAL DISCLOSURES:		
Property and equipment acquired with outstanding construction payables	<u>\$ 930,484</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 76,738</u>	<u>\$ 59,912</u>
Right-of-use assets obtained in exchange for lease obligation	<u>\$ 63,764</u>	<u>\$ -</u>

See notes to consolidated financial statements

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

1. NATURE OF ORGANIZATION:

Bridge House and Subsidiaries, a not-for-profit organization located in Boulder, Colorado, was established in 1997 and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Bridge House is subject to federal income tax on any unrelated business taxable income. In addition, Bridge House is not classified as a private foundation within the meaning of Section 509(a) of the IRC. In 2011, Bridge House changed its name from Carriage House Community Table. Bridge House and Subsidiaries provides the following programs:

Ready to Work

The Organization'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.

Community Table Kitchen

Community Table Kitchen (CTK) demonstrates what is possible when mission and business combine. Opened in 2013, and often described as the most dynamic kitchen in Boulder, CTK transforms lives one bite at a time, and has a triple bottom line. First, CTK produces meals for hungry people who have limited access to food. Meals are cooked in real-time from scratch, creating healthy, nutritious, and balanced options. CTK partners with the local food bank, Community Food Share, to access donated ingredients. This program feeds Boulder County's currently unhoused through the Community Table Dinner program, both Ready to Work houses, and distribution through a variety of other nonprofits across the region. CTK has been able to serve over 125,000 and 130,000 meals in 2024 and 2023, respectively. Second, CTK creates employment opportunities by providing jobs and job training for Ready to Work trainees. This training offers meaningful, paid work that builds real-world work experience and offers important resume skills. Through a mix of on-the-job and classroom training, CTK trainees are given food prep and production expertise, as well as being taught knife skills and instructed in 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, CTK runs multiple market-based lines of business based on purchased foods - catering, wholesale, and cafe operations, offering customers competitive, top notch quality and service. Through these ventures, CTK earns revenue to support general operations, as well as support its social mission.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

1. NATURE OF ORGANIZATION, continued:

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements and the above programs include the accounts of Bridge House, Ready to Work Aurora (a nonprofit corporation), Ready to Work LLC, Danconias LLC, and Community Table Kitchen LLC (collectively, the "Organization"). Intercompany transactions and balances have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and money market accounts. At December 31, 2024 and 2023, the Organization's cash balances exceeded federally insured limits by approximately \$2,735,000 and \$3,572,000.

GRANTS AND ACCOUNTS RECEIVABLE

The Organization's grants and accounts receivable consist of grants, contracts, and social enterprise receivables. All grant receivable amounts are expected to be collected within one year. The Organization records an allowance for credit losses on accounts receivable based on a review of outstanding receivables, historical collection information, existing economic conditions, and reasonable and supportable forecasts. As of December 31, 2024 and 2023, the Organization has not assessed an allowance on grants and accounts receivable.

CONTRIBUTIONS RECEIVABLE

Contributions receivable are reported as income when the unconditional promise to give is made. Contributions receivable are recorded at net realizable value. All contributions receivable are expected to be collected within one year and management believes these receivables are fully collectible; therefore, no allowance for doubtful accounts is necessary for the year ended December 31, 2024 and 2023.

INVENTORY

Inventory is valued at the lower of cost or net realizable value using the average cost method and consists of uniforms and food, including cafe and catering items. No reserve for obsolescence was recorded as of December 31, 2024 and 2023.

PREPAID EXPENSES AND OTHER ASSETS

The Organization's prepaid expenses consist of prepaid insurance and employer-sponsored public transportation passes for Ready to Work employees and trainees, which are amortized as the expenses are incurred. Other assets consist of security deposits on leased office space and software development costs.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH RESTRICTED FOR DEBT SERVICE

The Organization's cash restricted for debt service represents funds held for the payment of New Markets Tax Credit fees.

NOTE RECEIVABLE—NEW MARKETS TAX CREDIT LOAN FUND

The Organization's note receivable reflects the \$2,892,120 loaned from Bridge House to TNT-RWA NMTC Fund, LLC. Additional disclosures can be found in Note 8.

OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of the Organization's contracts contain the right to control the use of property or assets and are therefore considered leases. The Organization records right-of-use assets and lease obligations on the consolidated statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. The Organization has elected to not separate lease and non-lease components.

PROPERTY AND EQUIPMENT

Items greater than \$1,000 are capitalized as property and equipment are recorded at cost or, if donated, at fair value on the date of the donation. Property donated with restrictions regarding its use and contributions of cash to acquire property and equipment are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired and placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging from two to forty years. Land and construction in progress are not depreciated.

NET ASSETS

The consolidated financial statements report amounts separately by classes of net assets as follows:

Net assets without donor restrictions are currently available at the discretion of the board for use in the Organization's operations and those resources invested in property and equipment. For both years ended December 31, 2024 and 2023 the board designated \$25,000 for CTK reserves.

Net assets with donor restriction are those resources which are stipulated by donors for specific operating purposes or projects.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions, including foundation grants, are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Special event revenue consists of ticket sales and contributions. Contributions are recognized in accordance with the policies listed in the paragraph above. Ticket sales are recognized as earned, which is when the event occurs.

Government grants revenue is recognized after allowable reimbursable expenses are incurred. The Organization has remaining government grants that will be recognized as revenue as the conditions are met. Under the FASB Codification, these are accounted for as conditional contributions. The remaining amounts anticipated through the fiscal year ending December 31, 2025 are approximately \$2,076,000. Amounts received in advance are recorded as refundable advances and amounts earned but not yet collected are recorded as grants receivable. Grants receivable and refundable advances totaled approximately \$666,000 and \$208,000 and \$521,800 and \$0 as of December 31, 2024 and 2023, respectively.

Ready to Work, Community Table Kitchen enterprise, and rent revenue is recorded when earned, which is when the performance obligation has been overcome. Amounts received in advance are recorded as deferred revenue and amounts earned but not yet collected are recorded as accounts receivable. Accounts receivable totaled approximately \$162,000, \$117,000, and \$100,000 and deferred revenue totaled approximately \$20,000, \$17,000, and \$22,000 as of December 31, 2024, 2023, and 2022, respectively.

Investment and other income is recorded when earned.

Expenses are recorded when incurred, in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized in the consolidated statements of functional expenses, which reports certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among program and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The direct expenses posted to these departments are allocated directly to the functional categories which they support. Allocations of certain overhead and depreciation costs are also allocated to program services and supporting activities proportionally based on the percentage of total space occupied by each service. Furthermore, there are no joint costs that have been allocated among the program services, general and administrative, and fundraising functions.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of consolidated 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.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	December 31,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 3,519,679	\$ 3,811,005
Grants and accounts receivable	828,619	324,237
Contributions receivable	-	28,351
Cash restricted for debt service	17,600	41,800
Note receivable—New Markets Tax Credit loan fund	2,892,120	2,892,120
Financial assets, at year-end	<u>7,258,018</u>	<u>7,097,513</u>
Less those unavailable for general expenditure within one year, due to:		
Note receivable—New Markets Tax Credit loan fund	(2,892,120)	(2,892,120)
Cash restricted for debt service	(17,600)	(41,800)
Board designated CTK reserves	(25,000)	(25,000)
	<u>(2,934,720)</u>	<u>(2,958,920)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,323,298</u>	<u>\$ 4,138,593</u>

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. Net assets with donor restrictions for ongoing programs are considered available to meet needs for general expenditures within one year.

The Organization sets its initial internal target for liquid cash reserves to no less than four 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.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

4. GRANTS AND ACCOUNTS RECEIVABLE:

Grants and accounts receivable, as of December 31, 2024 and 2023, consist of:

	December 31,	
	2024	2023
Grants and contracts	\$ 666,489	\$ 207,691
Social enterprise	154,372	96,742
Rent and other	7,758	19,804
	<u>\$ 828,619</u>	<u>\$ 324,237</u>

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, as of December 31, 2024 and 2023, consist of:

	December 31,	
	2024	2023
Land	\$ 1,566,543	\$ 1,566,543
Building and improvements	10,786,032	10,334,444
Furniture and equipment	542,505	456,780
Vehicles	230,149	240,662
	<u>13,125,229</u>	<u>12,598,429</u>
Less accumulated depreciation	<u>(2,360,424)</u>	<u>(2,013,391)</u>
	<u>10,764,805</u>	<u>10,585,038</u>
Construction in progress	<u>5,177,219</u>	<u>183,443</u>
	<u>\$ 15,942,024</u>	<u>\$ 10,768,481</u>

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

6. OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Organization leases office and cafe space under two operating leases expiring at various dates through May 2026. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from \$1,813 to \$2,800. Discount rates on these leases range from 3.98% to 5.09%.

	December 31,	
	2024	2023
Operating lease right-of-use assets	\$ 67,119	\$ 206,954
Operating lease liabilities	\$ 67,119	\$ 220,249
Operating lease costs	\$ 128,411	\$ 193,660
Short-term lease cost	\$ 38,400	\$ 97,980
Operating cash flows from operating leases	\$ 180,106	\$ 305,223
Weighted-average discount rate	4.74%	3.68%
Weighted-average remaining lease term	1.28 years	1.56 years

Future minimum lease payments required under the operating leases that have an initial or remaining lease terms in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 55,350
2026	14,000
	<u>69,350</u>
Less imputed interest	<u>(2,231)</u>
	<u>\$ 67,119</u>

7. LINE OF CREDIT:

In July 2024, the Organization entered into a \$2,000,000 revolving credit line collateralized by real property. During the year ended December 31, 2024, the Organization drew down \$1,570,455 for the payment of construction costs associated with the new Ready to Work Englewood location in Englewood, Colorado. The Organization repaid \$1,324,335 during the year ended December 31, 2024. The line has a maturity date of July 15, 2025 and bears a variable interest rate equal to the WSJ prime rate less 0.500% (7.00% at December 31, 2024).

The Organization was in compliance with all financial and reporting covenants as of December 31, 2024 and 2023.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

8. 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 (QLICs). The tax credits are claimed over a seven year period and equate to 39% of the QLICs. 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.

The first note payable (QLICI Loan A), has a balance of \$2,892,120 as of December 31, 2024 and 2023 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 (through TNT-RWA NMTC Fund, LLC) as a loan rather than an outright contribution. As a result, Ready to Work Aurora has a liability in that amount on its statements of financial position 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, 2024 and 2023 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 through TNT-RWA NMTC Fund, LLC, 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 consolidated entities.

The Organization was in compliance with all financial and reporting covenants as of December 31, 2024 and 2023.

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

8. NEW MARKETS TAX CREDIT FINANCING, continued:

Other receivables and liabilities related to the NMTC financing reflected on the consolidated statements of financial position as of December 31, 2024 and 2023 are as follows:

	December 31,	
	2024	2023
Other receivables:		
Note receivable—New Markets Tax Credit loan fund	\$ 2,892,120	\$ 2,892,120
Long-term liabilities:		
QLICI Loan A	\$ 2,892,120	\$ 2,892,120
QLICI Loan B	1,463,880	1,463,880
Net long term liabilities	\$ 4,356,000	\$ 4,356,000

Interest income and expenses related to the NMTC financing for the year ended December 31, 2024 and 2023 are as follows:

	December 31,	
	2024	2023
Interest income on note receivable	\$ 28,921	\$ 28,921
Interest and fee expense on liabilities	\$ 53,298	\$ 53,298

Future minimum payments on the NMTC liabilities:

<u>Year Ending December 31,</u>	
2025	\$ -
2026	147,758
2027	148,745
2028	149,739
2029	150,739
Thereafter	3,759,019
	<u>\$ 4,356,000</u>

BRIDGE HOUSE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

9. NPX 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 "NPX Impact Securities"). A total of \$1,673,000 in NPX 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 NPX 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 NPX 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 NPX Impact Securities. Periodic Payment Amounts are entirely dependent on Units of Impact occurring. As of December 31, 2024 and 2023, NPX impact securities obligations totaled \$848,400.

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 SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

9. NPX IMPACT SECURITIES, continued:

Contributions made to the Organization from NPX Charitable, Inc. during the year-ended December 31, 2024 and 2023 totaled approximately \$549,000 and \$670,000, respectively. Future minimum payments, subject the expected completion of the Units of Impact during the Impact Periods, total \$848,400 for the year ending December 31, 2025. Subsequent to year end, the Organization paid \$499,380 to impact investors.

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions, as of December 31, 2024 and 2023, consist of:

	December 31,	
	2024	2023
Ready to Work Englewood	\$ 4,788,535	\$ -
Time restricted	290,000	27,850
Ready to Work	-	121,407
Vehicle fund	-	2,000
	<u>\$ 5,078,535</u>	<u>\$ 151,257</u>

11. RELATED PARTY TRANSACTIONS:

The Organization received contributions from the board of directors totaling approximately \$85,000 and \$64,000, during the period ended December 31, 2024 and 2023.

12. COMMITMENTS:

During the year ended December 31, 2024, the Organization entered into a contract for the construction of building improvements to support the operations of a Ready to Work and Navigation programs in Englewood, Colorado. The Organization incurred construction costs of \$930,484 within construction payables as of December 31, 2024. Amounts expected to be paid during the year ending December 31, 2025, are approximately \$2,299,000.

13. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 17, 2025, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Bridge House and Subsidiaries
Boulder, Colorado

We have audited the consolidated financial statements of Bridge House and Subsidiaries as of and for the years ended December 31, 2024 and 2023, and our report thereon dated April 17, 2025, which expresses an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Centennial, Colorado
April 17, 2025

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated and Consolidating Statement of Financial Position

December 31, 2024

	Bridge House*	Ready to Work Aurora	Eliminations	Total
ASSETS:				
Cash and cash equivalents	\$ 3,431,023	\$ 88,656	\$ -	\$ 3,519,679
Grants and accounts receivable	765,996	62,623	-	828,619
Intercompany receivables	129,662	-	(129,662)	-
Inventory	144,565	6,053	-	150,618
Prepaid expenses and other assets	59,174	3,334	-	62,508
Cash restricted for debt service	-	17,600	-	17,600
Note receivable–New Markets Tax Credit loan fund	2,892,120	-	-	2,892,120
Operating leases–right-of-use assets	67,119	-	-	67,119
Property and equipment–net	11,708,502	4,233,522	-	15,942,024
Total Assets	\$ 19,198,161	\$ 4,411,788	\$ (129,662)	\$ 23,480,287
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 109,057	\$ 18,632	\$ -	\$ 127,689
Construction payables	930,484	-	-	930,484
Accrued expenses and other liabilities	239,521	84,986	-	324,507
Refundable advances	521,800	-	-	521,800
Deferred revenue	19,848	-	-	19,848
Intercompany payables	-	129,662	(129,662)	-
Operating lease obligations	67,119	-	-	67,119
Line of credit payable	246,120	-	-	246,120
NPX Impact securities	848,400	-	-	848,400
New Market Tax Credit payables	-	4,356,000	-	4,356,000
Total liabilities	2,982,349	4,589,280	(129,662)	7,441,967
Net assets:				
Without donor restrictions				
Undesignated	11,112,277	(177,492)	-	10,934,785
Board designated CTK reserves	25,000	-	-	25,000
Total without donor restrictions	11,137,277	(177,492)	-	10,959,785
With donor restrictions	5,078,535	-	-	5,078,535
Total net assets	16,215,812	(177,492)	-	16,038,320
Total Liabilities and Net Assets	\$ 19,198,161	\$ 4,411,788	\$ (129,662)	\$ 23,480,287

* Bridge House includes Ready to Work LLC, Danconias LLC, and Community Table Kitchen LLC.

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated and Consolidating Statement of Financial Position

December 31, 2023

	Bridge House*	Ready to Work Aurora	Eliminations	Total
ASSETS:				
Cash and cash equivalents	\$ 3,544,703	\$ 266,302	\$ -	\$ 3,811,005
Grants and accounts receivable	106,181	218,056	-	324,237
Contributions receivable	27,851	500	-	28,351
Intercompany receivables	493,901	710,732	(1,204,633)	-
Inventory	160,319	6,826	-	167,145
Prepaid expenses and other assets	51,179	31,364	-	82,543
Cash restricted for debt service	-	41,800	-	41,800
Note receivable–New Markets Tax Credit loan fund	2,892,120	-	-	2,892,120
Operating leases–right-of-use assets	22,824	184,130	-	206,954
Property and equipment–net	6,892,843	3,875,638	-	10,768,481
Total Assets	<u>\$ 14,191,921</u>	<u>\$ 5,335,348</u>	<u>\$ (1,204,633)</u>	<u>\$ 18,322,636</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 84,353	\$ 29,172	\$ -	\$ 113,525
Accrued expenses and other liabilities	176,710	52,829	-	229,539
Deferred revenue	12,939	4,508	-	17,447
Intercompany payables	710,732	493,901	(1,204,633)	-
Operating lease obligations	35,405	184,844	-	220,249
NPX Impact securities	848,400	-	-	848,400
New Market Tax Credit payables	-	4,356,000	-	4,356,000
Total liabilities	<u>1,868,539</u>	<u>5,121,254</u>	<u>(1,204,633)</u>	<u>5,785,160</u>
Net assets:				
Without donor restrictions				
Undesignated	12,245,270	115,949	-	12,361,219
Board designated CTK reserves	25,000	-	-	25,000
Total without donor restrictions	<u>12,270,270</u>	<u>115,949</u>	<u>-</u>	<u>12,386,219</u>
With donor restrictions	53,112	98,145	-	151,257
Total net assets	<u>12,323,382</u>	<u>214,094</u>	<u>-</u>	<u>12,537,476</u>
Total Liabilities and Net Assets	<u>\$ 14,191,921</u>	<u>\$ 5,335,348</u>	<u>\$ (1,204,633)</u>	<u>\$ 18,322,636</u>

* Bridge House includes Ready to Work LLC, Danconias LLC, and Community Table Kitchen LLC.

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated and Consolidating Statement of Activities

Year Ended December 31, 2024

	Bridge House*	Ready to Work Aurora	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions:				
Contributions	\$ 1,095,200	\$ 208,986	\$ -	\$ 1,304,186
Special event revenue	307,877	-	-	307,877
Less: costs of direct benefits to donors	(23,878)	-	-	(23,878)
Total Contributions	<u>1,379,199</u>	<u>208,986</u>	<u>-</u>	<u>1,588,185</u>
Government grants	4,637,287	217,131	-	4,854,418
Foundation grants	793,379	186,250	-	979,629
Ready to Work revenue	517,395	660,592	-	1,177,987
Community Table Kitchen enterprise revenue	737,430	-	-	737,430
Ready to Work rent revenue	174,828	187,024	-	361,852
Management fee - RTWA	214,383	-	(214,383)	-
Investment and other income	<u>240,986</u>	<u>445,757</u>	<u>-</u>	<u>686,743</u>
Total Support and Revenue	<u>8,694,887</u>	<u>1,905,740</u>	<u>(214,383)</u>	<u>10,386,244</u>
EXPENSES:				
Program services:				
Ready to Work	2,234,905	1,909,292	(108,532)	4,035,665
Community Table Kitchen	1,461,949	-	-	1,461,949
General and administrative	693,165	260,567	(87,948)	865,784
Fundraising	<u>412,438</u>	<u>127,467</u>	<u>(17,903)</u>	<u>522,002</u>
Total Expenses	<u>4,802,457</u>	<u>2,297,326</u>	<u>(214,383)</u>	<u>6,885,400</u>
Change in Net Assets	3,892,430	(391,586)	-	3,500,844
Net Assets, Beginning of Year	<u>12,323,382</u>	<u>214,094</u>	<u>-</u>	<u>12,537,476</u>
Net Assets, End of Year	<u>\$ 16,215,812</u>	<u>\$ (177,492)</u>	<u>\$ -</u>	<u>\$ 16,038,320</u>

* Bridge House includes Ready to Work LLC, Danconias LLC, and Community Table Kitchen LLC.

BRIDGE HOUSE AND SUBSIDIARIES

Consolidated and Consolidating Statement of Activities

Year Ended December 31, 2023

	Bridge House*	Ready to Work Aurora	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions:				
Contributions	\$ 1,089,133	\$ 281,878	\$ -	\$ 1,371,011
Special event revenue	294,119	-	-	294,119
Less: costs of direct benefits to donors	(27,720)	-	-	(27,720)
Total Contributions	<u>1,355,532</u>	<u>281,878</u>	<u>-</u>	<u>1,637,410</u>
Government grants	284,022	262,660	-	546,682
Foundation grants	418,288	71,250	-	489,538
Ready to Work revenue	407,358	702,637	-	1,109,995
Community Table Kitchen enterprise revenue	562,016	-	-	562,016
Ready to Work rent revenue	162,355	196,538	-	358,893
Management fee - RTWA	156,338	-	(156,338)	-
Investment and other income	289,571	45,557	-	335,128
Total Support and Revenue	<u>3,635,480</u>	<u>1,560,520</u>	<u>(156,338)</u>	<u>5,039,662</u>
EXPENSES:				
Program services:				
Ready to Work	2,323,359	1,879,074	(76,495)	4,125,938
Community Table Kitchen	1,224,861	-	-	1,224,861
General and administrative	617,792	157,486	(55,814)	719,464
Fundraising	250,182	100,258	(24,029)	326,411
Total Expenses	<u>4,416,194</u>	<u>2,136,818</u>	<u>(156,338)</u>	<u>6,396,674</u>
Change in Net Assets	(780,714)	(576,298)	-	(1,357,012)
Net Assets, Beginning of Year	<u>13,104,096</u>	<u>790,392</u>	<u>-</u>	<u>13,894,488</u>
Net Assets, End of Year	<u>\$ 12,323,382</u>	<u>\$ 214,094</u>	<u>\$ -</u>	<u>\$ 12,537,476</u>

* Bridge House includes Ready to Work LLC, Danconias LLC, and Community Table Kitchen LLC.