

**BRIDGE OVER TROUBLED WATERS, INC.**

**Financial Statements**  
**June 30, 2014**  
**(With Comparative Totals for 2013)**



**SANDBERG & CREEDEN, P.C.**

*Certified Public Accountants*

*331 Page Street*

*Stoughton, MA 02072*

**BRIDGE OVER TROUBLED WATERS, INC.**

FINANCIAL STATEMENTS  
JUNE 30, 2014

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To the Board of Directors of  
Bridge Over Troubled Waters, Inc.  
Boston, Massachusetts

Independent Auditor's Report

**Report on Financial Statements**

We have audited the accompanying financial statements of Bridge Over Troubled Waters, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Over Troubled Waters, Inc. as of June 30, 2014, 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.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements or to the 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 financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2014, on our consideration of Bridge Over Troubled Waters, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridge Over Troubled Waters, Inc.'s internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited the Bridge Over Troubled Waters, Inc.'s 2013 financial statements, and our report dated October 3, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
October 28, 2014



**BRIDGE OVER TROUBLED WATERS, INC.**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014  
(With Comparative Totals for 2013)

|  | <b><u>ASSETS</u></b>       |                            |
|--|----------------------------|----------------------------|
|  | <u>2014</u>                | <u>2013</u>                |
| <b><u>Current Assets</u></b>                                   |                            |                            |
| Cash and cash equivalents                                      | \$ 951,525                 | \$ 1,085,699               |
| Accounts receivable  | 198,301                    | 104,321                    |
| Pledged receivables  | 139,250                    | 225,430                    |
| Prepaid expenses   | <u>42,843</u>              | <u>27,013</u>              |
| Total current assets   | 1,331,919                  | 1,442,463                  |
| <b><u>Property and Equipment</u></b>                           |                            |                            |
| Land   | 441,500                    | 441,500                    |
| Building and improvements                                      | 4,548,399                  | 4,398,439                  |
| Furniture and equipment  | 248,863                    | 201,990                    |
| Vehicles   | 155,000                    | 155,000                    |
| Construction in process  | <u>6,773</u>               |                            |
| Subtotal   | 5,400,535                  | 5,196,929                  |
| Less: accumulated depreciation                                 | <u>(3,101,961)</u>         | <u>(2,893,361)</u>         |
| Total property and equipment                                   | 2,298,574                  | 2,303,568                  |
| <b><u>Other Assets</u></b>                                     |                            |                            |
| Mortgage acquisition costs, net of accumulated<br>Amortization |                            | 651                        |
| Investments  | <u>4,498,523</u>           | <u>4,119,985</u>           |
| Total other assets   | <u>4,498,523</u>           | <u>4,120,636</u>           |
| <b><u>Total Assets</u></b>                                     | <b><u>\$ 8,129,016</u></b> | <b><u>\$ 7,866,667</u></b> |

**LIABILITIES AND NET ASSETS**

|  |                            |                            |
|--|----------------------------|----------------------------|
| <b><u>Current Liabilities</u></b>              |                            |                            |
| Mortgage payable-current                       | \$ 30,000                  | \$ 30,000                  |
| Deferred compensation plan agreement           | 65,301                     | 55,477                     |
| Accounts payable and accrued expenses          | 133,141                    | 70,141                     |
| Accrued salary and benefits                    | <u>208,488</u>             | <u>218,057</u>             |
| Total current liabilities                      | 436,930                    | 373,675                    |
| <b><u>Long-Term Liabilities</u></b>            |                            |                            |
| Mortgage payable                               | 30,000                     | 60,000                     |
| Deferred compensation plan agreement           | 414,024                    | 484,089                    |
| Security deposit                               |                            | <u>12,500</u>              |
| Total long-term liabilities                    | 444,024                    | 556,589                    |
| <b><u>Net Assets</u></b>                       |                            |                            |
| Unrestricted                                   | 6,746,491                  | 6,247,115                  |
| Temporarily restricted                         | 375,133                    | 562,850                    |
| Permanently restricted                         | <u>126,438</u>             | <u>126,438</u>             |
| Total net assets                               | <u>7,248,062</u>           | <u>6,936,403</u>           |
| <b><u>Total Liabilities and Net Assets</u></b> | <b><u>\$ 8,129,016</u></b> | <b><u>\$ 7,866,667</u></b> |

See accompanying notes. See Independent Auditor's Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



**BRIDGE OVER TROUBLED WATERS, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for 2013)

|  | 2014         |                        |                        | 2013         |              |
|--|--------------|------------------------|------------------------|--------------|--------------|
|  | Unrestricted | Temporarily Restricted | Permanently Restricted | Total        | Total        |
| <b>Support and Revenue</b>   |              |                        |                        |              |              |
| Contributions  |              |                        |                        |              |              |
| Individuals and foundations  | \$ 463,006   | \$ 575,474             | \$                     | \$ 1,038,480 | \$ 1,762,862 |
| Donated services   | 394,096      |                        |                        | 394,096      | 361,318      |
| Special events, net of related event expenses of \$343,741 and \$177,210, respectively | 1,147,409    | 79,500                 |                        | 1,226,909    | 980,050      |
| Net assets released from restrictions  | 854,604      | (854,604)              |                        |              |              |
| Service fees   | 1,026,295    |                        |                        | 1,026,295    | 908,064      |
| Rental income  | 44,195       |                        |                        | 44,195       | 105,792      |
| Interest and dividend income, net  | 76,147       | 3,369                  |                        | 79,516       | 57,188       |
| Net realized and unrealized gains/(losses) on investments                              | 282,058      | 8,544                  |                        | 290,602      | 57,433       |
| Total support and revenue  | 4,287,810    | (187,717)              |                        | 4,100,093    | 4,232,707    |
| <b>Expenses</b>  |              |                        |                        |              |              |
| Program services   | 2,730,204    |                        |                        | 2,730,204    | 3,062,840    |
| Management and general expenses  | 753,638      |                        |                        | 753,638      | 654,236      |
| Fundraising  | 304,592      |                        |                        | 304,592      | 345,669      |
| Total expenses   | 3,788,434    |                        |                        | 3,788,434    | 4,062,745    |
| <b>Change in Net Assets</b>  | 499,376      | (187,717)              |                        | 311,659      | 169,962      |
| <b>Net Assets - Beginning of Year</b>  | 6,247,115    | 562,850                | 126,438                | 6,936,403    | 6,766,441    |
| <b>Net Assets - End of Year</b>  | \$ 6,746,491 | \$ 375,133             | \$ 126,438             | \$ 7,248,062 | \$ 6,936,403 |

See accompanying notes. See Independent Auditor's Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



**BRIDGE OVER TROUBLED WATERS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for 2013)**

|                                | 2014                        |                             |                               |                 |                        | 2013                       |             |              |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------|------------------------|----------------------------|-------------|--------------|
|                                | Outreach & Support Programs | Emergency Services Programs | Residential Services Programs | Property Rental | Total Program Services | General and Administrative | Development | Total        |
| Salaries                       | \$ 521,033                  | \$ 329,671                  | \$ 526,466                    | \$              | \$ 1,377,170           | \$ 247,915                 | \$ 175,539  | \$ 1,800,624 |
| Payroll taxes                  | 51,313                      | 33,130                      | 51,762                        |                 | 136,205                | 31,015                     | 17,025      | 184,245      |
| Benefits                       | 72,470                      | 47,029                      | 73,754                        |                 | 193,253                | 93,311                     | 24,498      | 311,062      |
| Subtotal                       | 644,816                     | 409,830                     | 651,982                       |                 | 1,706,628              | 372,241                    | 217,062     | 2,295,931    |
| Bank and credit card charges   | 1,005                       | 565                         | 870                           |                 | 2,440                  | 5,105                      | 1,957       | 9,502        |
| Depreciation and amortization  | 86,797                      | 19,192                      | 45,582                        | 24,565          | 176,136                | 27,473                     | 5,642       | 209,251      |
| In-kind services               | 251,382                     |                             | 1,364                         |                 | 252,746                |                            | 16,350      | 269,096      |
| Interest expense               | 1,378                       | 750                         | 1,004                         | 342             | 3,474                  | 19,916                     | 316         | 23,706       |
| Occupancy                      | 81,009                      | 29,370                      | 90,413                        | 60,877          | 261,669                | 18,760                     | 12,413      | 292,842      |
| Professional fees              | 19,678                      | 1,501                       | 6,442                         | 3,503           | 31,124                 | 275,232                    | 25,370      | 331,726      |
| Supplies, insurance and office | 98,195                      | 35,271                      | 89,607                        |                 | 223,073                | 29,540                     | 25,277      | 277,890      |
| Travel and transportation      | 53,869                      | 3,125                       | 15,920                        |                 | 72,914                 | 5,371                      | 205         | 78,490       |
| Total                          | \$ 1,238,129                | \$ 499,604                  | \$ 903,184                    | \$ 89,287       | \$ 2,730,204           | \$ 753,638                 | \$ 304,592  | \$ 3,788,434 |
|                                |                             |                             |                               |                 |                        |                            |             | \$ 4,062,745 |

See accompanying notes. See Independent Auditors' Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



**BRIDGE OVER TROUBLED WATERS, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(With Comparative Totals for 2013)

|  | <u>2014</u>          | <u>2013</u>         |
|--|----------------------|---------------------|
| <b><u>Cash Flows From Operating Activities</u></b>   |                      |                     |
| Change in net assets   | \$ 311,659           | \$ 169,962          |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                      |                     |
| Depreciation and amortization  | 209,251              | 196,584             |
| Unrealized (gains)/losses on investments   | 202,475              | 11,504              |
| Donated stock  | (8,442)              | (55,150)            |
| Donated building improvements  | (125,000)            | (25,397)            |
| (Increase) decrease in:  |                      |                     |
| Accounts receivable  | (93,980)             | 126,661             |
| Pledged receivables  | 86,180               | (4,810)             |
| Prepaid expenses   | (15,830)             | 4,119               |
| Increase (decrease) in:  |                      |                     |
| Accounts payable and accrued expenses  | 13,000               | (57,510)            |
| Accrued salary and benefits  | 40,431               | (57,901)            |
| Security deposit   | (12,500)             |                     |
| Reduction in deferred compensation agreement   | <u>(60,241)</u>      | <u>(55,477)</u>     |
| <b><u>Net Cash Provided by Operating Activities</u></b>  | <u>547,003</u>       | <u>252,585</u>      |
| <b><u>Cash Flows From Investing Activities</u></b>   |                      |                     |
| Purchases of property and equipment  | (78,606)             | (230,118)           |
| Proceeds from sale of investments  | 4,956,632            | 1,017,068           |
| Purchases of investments   | <u>(5,529,203)</u>   | <u>(1,643,146)</u>  |
| <b><u>Net Cash (Used) in Investing Activities</u></b>  | <u>(651,177)</u>     | <u>(856,196)</u>    |
| <b><u>Cash Flows From Financing Activities</u></b>   |                      |                     |
| Principal payments on long-term debt   | <u>(30,000)</u>      | <u>(30,000)</u>     |
| <b><u>Net Cash (Used) in Financing Activities</u></b>  | <u>(30,000)</u>      | <u>(30,000)</u>     |
| <b><u>(Decrease) in Cash and Cash Equivalents</u></b>  | <u>(134,174)</u>     | <u>(633,611)</u>    |
| <b><u>Cash and Cash Equivalents - Beginning of Year</u></b>                                    | <u>1,085,699</u>     | <u>1,719,310</u>    |
| <b><u>Cash and Cash Equivalents - End of Year</u></b>  | <u>\$ 951,525</u>    | <u>\$ 1,085,699</u> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>   |                      |                     |
| Interest paid  | \$ <u>23,706</u>     | \$ <u>24,363</u>    |
| Write off fully depreciated fixed assets   | \$ <u>          </u> | \$ <u>575,835</u>   |

See accompanying notes. See Independent Auditor's Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.





## BRIDGE OVER TROUBLED WATERS, INC.

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

#### **Note 1. Organization**

Bridge Over Troubled Waters, Inc. (the "Organization" or "Bridge") was incorporated as a not-for-profit corporation in 1970 and is located in Boston, Massachusetts. The Organization provides a wide range of services to runaways and homeless youth and other alienated adolescents in order to stimulate their own resources to survive and succeed. Bridge's primary sources of revenue are purchase of service contracts and contributions. Bridge provides services in three areas including:

**Outreach and Support Services** which includes Counseling, Educational and Workforce Development, Medical van and Outreach, Dental and Medical clinics

- Counseling Services by Bridge's licensed counselors specialize in dealing with homelessness, substance abuse, sexual abuse, trauma, post-traumatic stress disorder, attachment disorder, and other disorders, including depression and anxiety. Youth who are interested in counseling must meet with an intake specialist before being assigned to a counselor. Counseling is free and confidential.
- Medical and Dental Services through partnerships with Harvard, Tufts, the Sydney Borum Health Center, the Justice Resource Institute, and MAC, Bridge provides weekly dental clinics, medical clinics, and HIV/STD testing and counseling to youth ages 14 to 24. All services are provided at the Bridge main facility at 47 West Street and are free and confidential.
- GED Program through Bridge's GED program helps students earn their GED. Students may enter the program at any time and work at their own pace to build academic skills to help them reach their long-term educational and career goals. Students also develop job and computer skills necessary for both college and the workplace.
- College and Career Counseling through Bridge's College and Career counselor assists youth with job searches, college applications, interview preparation, resumes and cover letters, finding professional clothing for interviews, and provide counseling and referrals to address barriers to employment.
- The Mobile Medical Van and the Outreach Mini-Van travel through Boston, Cambridge, and surrounding areas weekday evenings, offering free and confidential services at locations where young people gather. Volunteer medical staff offer homeless and street youth free basic first aid, referrals, and health advice, as well as access to services including crisis intervention, emergency shelter, survival items (food, blankets, clothes), assessment, counseling, and education. The Van offers youth a place to connect with a supportive adult. The vans make more than 3,000 contacts a year with street youth.

**Emergency Services** which includes the following programs:

- Transitional Day Program (TDP) is a drop-in center where homeless young people can get a hot meal, take a shower, access lockers, do laundry, connect with case managers, and participate in workshops. The TDP offers breakfast and lunch, as well as a safe and comfortable space to relax, read, use computers, and connect with friends or staff.



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 1. Organization** (Continued)

**Emergency Services** which includes the following programs: (Continued)

- Warming Center is open every night from 10 PM to 7 AM. The Center offers homeless youth warmth, safety, and supportive adults who can help.
- Emergency Youth Shelter provides homeless young adults with shelter, food, clothing, meals, and safety, along with access to a wide range of support and services, all designed to help young people overcome difficult circumstances, become self-sufficient, and obtain transitional or permanent housing. Beds are available both on an emergency basis and for longer periods of time as a "contract bed" for youth who are actively working toward independence.

**Residential Services** which includes our Transitional Living Programs, Maternal Group Home and Runaway Shelter

- Transitional Living Program provides housing, life-skills training, and support to homeless youth ages 18 to 21. Young people live among their peers while they learn the life skills necessary to successfully manage and sustain their own households. Through groups and individual counseling, residents learn how to set goals and work toward them while focusing on daily routines that may include work, school, homemaking, shared meals, and a regular calendar of traditional holidays and events. All residents have access to all the services available at Bridge.
- Maternal Group Home provides housing, life-skills training, and support to homeless pregnant or parenting girls ages 18 to 21 and their children. Young women live among their peers while they learn the life skills needed to successfully manage and sustain their own households and raise healthy children. Through groups and individual counseling, residents learn how to set goals and work toward them, while focusing on daily routines that may include work, school, child care, and homemaking and shared meals. Mothers participate in parenting education and groups on health, nutrition, and nurturing care. All residents have access to services available at Bridge.
- Runaway Services Bridge is the local respondent for the national runaway hotline (1-800-RUNAWAY), offering 24-hour access to a counselor and a safe bed off the streets for youth 14 to 17 years old who have run away from home and find themselves in crisis. Bridge staff will contact Metro Cab to pick up youth 24 hours a day, 7 days a week, within a 30-mile radius of Boston—at no cost to the youth—and safely transport them to our Transitional Living Program in Brighton for shelter and services.

**Note 2. Summary of Significant Accounting Policies**

- a. Standards of Accounting and Reporting  
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations.



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

a. Standards of Accounting and Reporting (Continued)

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bridge Over Troubled Waters, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Auditors of States, Local Governments and Non-Profit Organizations*.

b. Financial Statement Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, Bridge Over Troubled Waters, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

e. Property and Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized. Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of the asset may not be recoverable. Long-lived assets to be disposed of are recorded at the lower of the carrying amount or fair value, less cost to sell.

f. Investments

Bridge Over Troubled Waters, Inc. follows FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements.

Under FASB ASC 820, fair value refers to the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FASB ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop these assumptions. Under FASB ASC 820, fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

**Level I:** Quoted prices are available in active markets for identical investments as of the reporting date.

**Level II:** Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**Level III:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

Investments include listed equity or debt instruments which are publicly traded, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- g. Mortgage Acquisition Costs  
Costs incurred in connection with securing the Organization's real property mortgage obligations are being amortized over the term of the related mortgage loan.
- h. Government Contract Fees  
Financial awards from state government entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.
- i. Restricted and Unrestricted Revenue and Support  
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- J. Donated Goods and Services  
Donated goods and services are reflected as contributions at their estimated fair market value at date of receipt if an objective basis exists for recording and assigning value to such donations. Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided program and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met. Such volunteers are an integral part of the services provided by the organization but do not qualify as specialized skills as defined by SFAS No. 116.

For the year ended June 30, 2014 and 2013, Bridge received and recorded in-kind contributions as follows:

|                       | <u>2014</u>       | <u>2013</u>       |
|-----------------------|-------------------|-------------------|
| Medical specialists   | \$ 177,990        | \$ 201,184        |
| Social workers        | 74,756            | 134,737           |
| Professional services | 16,350            |                   |
| Building improvements | <u>125,000</u>    | <u>25,397</u>     |
| Total                 | <u>\$ 394,096</u> | <u>\$ 361,318</u> |



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- k. Depreciation  
Provisions for depreciation are made in the accounts using the straight-line method. Property and equipment are being depreciated as follows:
- |                           |               |
|---------------------------|---------------|
| Building and improvements | 25 – 30 years |
| Furniture and equipment   | 5 – 10 years  |
| Vehicles                  | 5 years       |
- l. Allocation of Expenses  
Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- m. Use of Estimates  
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- n. Summarized Comparative Financial Statements  
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013 from which the summarized information was derived.
- o. Reclassifications  
Certain information in the summarized comparative financial statements has been reclassified in accordance with the current year presentation. These reclassifications had no impact on the change in net assets.

**Note 3. Tax Status**

Bridge Over Troubled Waters, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under Section 509(a)(1).



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 3. Tax Status** (Continued)

Unrelated business income for the year ending June 30, 2014, would be subject to federal and state taxes. Unrelated business income was generated as a result of the Organization renting excess commercial space. The Organization files IRS form 990-T to determine the annual income tax provision on its unrelated business taxable income. No tax was due and, consequently, no provision for income taxes is reflected in these financial statements.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if it has taken an uncertain position that would likely not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has concluded that as of June 30, 2014, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's tax returns are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for the fiscal years prior to June 30, 2011.

**Note 4. Concentrations of Credit Risk**

The Organization maintains its cash balances in local banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. At June 30, 2014, the Organization's uninsured cash balance totaled \$401,532. Bridge's investments have a fair market value at June 30, 2014 that make up 55% of its total asset base. The fair market value of these investments is not insured and is subject to market fluctuations. The Organization regularly monitors both the financial institutions holding the operating cash and the investment portfolio and believes that the locations of the funds are prudent at this time in relation to other options.

The concentration of risk for accounts receivables was considered low as most balances are due from governmental sources.

Credit risk with respect to pledged receivables was considered low because a substantial portion of the receivables are from well-established foundations or continued supporters.

**Note 5. Pledges Receivable**

Unconditional grants and promises to give at June 30, 2014 and 2013 totaled \$139,250 and \$225,430, respectively. The balance as of June 30, 2014 has payments totaling \$114,250 due in FY2015, and payments totaling \$25,000 due in FY2016. No discount has been applied to the balance due over one year as the amount would be immaterial to these financial statements.



**BRIDGE OVER TROUBLED WATERS, INC.**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 6. Investments**

Bridge maintains its investment accounts at various brokerage firms. The investments were allocated among various types of instruments and are carried at fair value based on quoted prices in active markets (all level 1 measurements) as summarized below:

|                                   | 2014                |                    | 2013                |                     |
|-----------------------------------|---------------------|--------------------|---------------------|---------------------|
|                                   | Market              | Cost               | Market              | Cost                |
| Cash and money markets            | \$ 436,994          | \$ 436,994         | \$ 205,485          | \$ 205,485          |
| Accrued interest                  |                     |                    | 32,129              | 32,129              |
| Corporate bonds                   | 47,742              | 47,175             | 1,517,488           | 1,551,364           |
| Equity securities                 | 1,299,960           | 1,196,350          | 992,336             | 813,786             |
| Mutual fund (non-publicly traded) | 2,634,504           | 2,715,518          |                     |                     |
| Real estate investment trusts     | 79,323              | 72,725             |                     |                     |
| Government bonds                  |                     |                    | 914,798             | 923,243             |
| Asset backed securities           |                     |                    | 457,749             | 466,628             |
| Total                             | <u>\$ 4,498,523</u> | <u>\$4,468,762</u> | <u>\$ 4,119,985</u> | <u>\$ 3,992,635</u> |

The following schedules summarize the investment return and its classification in the statement of activities for the year ended June 30:

|                             | 2014              | 2013              |
|-----------------------------|-------------------|-------------------|
| Interest and dividends, net | \$ 79,516         | \$ 57,188         |
| Realized gains/(losses)     | 493,077           | 68,937            |
| Unrealized gains/(losses)   | (202,475)         | (11,504)          |
| Total investment returns    | <u>\$ 370,118</u> | <u>\$ 114,621</u> |

Expenses related to investment revenues, including custodial fees and investment fees, totaled \$35,896 and \$39,346 for 2014 and 2013, respectively and have been netted against interest and dividend income in the statement of activities.

**Note 7. Line of Credit**

The Organization maintains a line of credit totaling \$200,000 from a local bank secured by all personal property. Borrowings under this agreement are due on demand, and interest is payable monthly at the Bank's prime rate. The line of credit is subject to renewal by the bank on October 31, 2014. There were no borrowings outstanding at June 30, 2014.

**Note 8. Mortgage Payable**

The Organization is obligated under a bank mortgage note agreement requiring monthly principal payments of \$2,500, plus interest (6.32%), through June 1, 2016. The loan is secured by real estate and an assignment of rents and leases.





**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 8. Mortgage Payable** (Continued)

Aggregate annual maturities of long-term debt are as follows:

|                         |                  |
|-------------------------|------------------|
| Year ended June 30:     |                  |
| 2015                    | \$ 30,000        |
| 2016                    | <u>30,000</u>    |
| Total debt              | 60,000           |
| Less current portion    | <u>(30,000)</u>  |
| Total long-term portion | <u>\$ 30,000</u> |

**Note 9. Deferred Compensation Plan**

The Organization maintains agreements with two founders of the Organization to provide them with annual retirement benefit payments and a deed for a life estate as joint tenants in a property owned by the Organization. Upon one of the founders predeceasing the other, all payments are then obligated to be paid to the surviving founder. The payments may be adjusted on January 1 of each year for the increase in the consumer price index plus a 2% (percent) cost of living adjustment. All expenses of the property are paid by the Organization, and the two founders are obligated to pay the Organization the fair market value of the local annual rental costs (determined to be \$18,000 for the year ended June 30, 2014), which is included in rental income. The total payments made under the agreements were \$60,241 and \$55,477 for the years ended June 30, 2014 and 2013 respectively. The net present value of the deferred compensation plan was \$479,325 and \$539,566 for the years ended June 30, 2014 and 2013, respectively.

**Note 10. Security Deposits**

A security deposit at June 30, 2013 consists of \$12,500 received from the tenant.

**Note 11. Board Designated Net Assets**

At June 30, 2014, the board has designated the following accumulated net assets at year end for the following purposes:

|                            |                   |
|----------------------------|-------------------|
| FY2011 Gala Fund a Mission | \$ 75,000         |
| FY2012 Gala Fund a Mission | <u>125,000</u>    |
| Total Board Designated     | <u>\$ 200,000</u> |

**Note 12. Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2014 consist of the following:

|                         |                   |
|-------------------------|-------------------|
| Time Restricted         | \$ 139,250        |
| Medical Van Replacement | 203,082           |
| Single parent program   | 22,801            |
| Counseling              | <u>10,000</u>     |
|                         | <u>\$ 375,133</u> |



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 13. Permanently Restricted Net Assets**

Permanently restricted net assets consist of donations provided for investment in perpetuity, the income from which is available for the medical van replacement. Such permanently restricted net assets totaled \$126,438 at June 30, 2014.

The Board has interpreted Massachusetts General Law as requiring realized and unrealized gains on permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate as much of the net appreciation of permanently restricted net assets as is prudent, considering the Organization's long and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. In the absence of evidence to the contrary, the revised Chapter 180A and the "Uniform Prudent Management of Institutional Funds Act" of the Commonwealth of Massachusetts General Law ("Chapter 180A") defines "prudent" as expending realized and unrealized gains up to 7% of such assets, but requires the consideration of the duration and preservation of the endowment fund. Based on the donor restriction for the replacement, as needed, of a medical van, earnings are accumulated and restricted as temporarily restricted net assets until such time as needed.

The following is a reconciliation of the beginning and ending balance of the Organization's endowment in total and by net asset class:

|                              | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|------------------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment, beginning of year | \$ 91,170                         | \$ 126,438                        | \$ 217,608        |
| Net investment income        | <u>11,913</u>                     | <u>-</u>                          | <u>11,913</u>     |
| Endowment, end of year       | <u>\$ 103,083</u>                 | <u>\$ 126,438</u>                 | <u>\$ 229,521</u> |

**Note 14. Operating Leases**

The Organization leases office equipment under an operating lease expiring in March, 2017, which requires a monthly payment of \$652. The organization previously leased office equipment and a vehicle under various operating leases, which expired during the year ended June 30, 2014. Equipment rental expense totaled \$1,956 and \$10,596 for the years ended June 30, 2014 and 2013, respectively. Future minimum rental payments required under the noncancelable lease agreement are as follows:

Year ended June 30:

|       |              |
|-------|--------------|
| 2015  | \$ 7,824     |
| 2016  | 7,824        |
| 2017  | <u>5,868</u> |
| Total | \$ 21,516    |



**BRIDGE OVER TROUBLED WATERS, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

(Continued)

**Note 15. The Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through November 10, 2014, the date which the financial statements were available to be issued.

Based on this evaluation, there were no subsequent events noted that required adjustment to or disclosure in these financial statements.



**BRIDGE OVER TROUBLED WATERS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | CFDA No. | Pass Through<br>Grant Number | Federal<br>Award      | Expenditures |
|---|----------|------------------------------|-----------------------|--------------|
| <b><u>US Department of Labor</u></b>  |          |                              |                       |              |
| <u>Pass through the City of Boston - Economic<br/>Development Industrial Corporation</u>    |          |                              |                       |              |
| Education/Career Development  | 17.259   | 382-007-210                  | \$ 67,384             | \$ 67,384    |
| <b><u>Total Department of Labor</u></b>   |          |                              | CFDA total            | 67,384       |
| <b><u>US Department of Housing and Urban Development</u></b>                                |          |                              |                       |              |
| <u>Pass through the City of Cambridge - Emergency<br/>Solutions Grant Program</u>           |          |                              |                       |              |
| Street Outreach Van   | 14.231   | ESG 2014-10                  | 5,000                 | 5,000        |
|   |          |                              | CFDA total            | 5,000        |
| <b><u>Total Department of Housing and Urban Development</u></b>                             |          |                              |                       | 5,000        |
| <b><u>U.S. Department of Health<br/>and Human Services</u></b>                              |          |                              |                       |              |
| <u>Direct</u>   |          |                              |                       |              |
| Basic Center Grant  | 93.623   | 90CY2491/03                  | 199,177               | 199,177      |
|   |          |                              | CFDA total            | 199,177      |
| Education and Prevention to<br>Reduce Sexual Abuse of Runaway,<br>Homeless and Street Youth | 93.550   | 01CX0575/05                  | 186,115               | 186,115      |
| Transitional Living for Homeless<br>Youth   | 93.550   | 01CX0581/05                  | 186,115               | 186,115      |
|   |          |                              | CFDA total            | 372,230      |
| Street Outreach Program   | 93.557   | 90YO0090/03                  | 41,673                | 41,673       |
|   |          |                              | CFDA total            | 41,673       |
|   |          |                              | Subtotal direct       | 613,080      |
| <u>Pass through Commonwealth of Massachusetts --<br/>Department of Public Health</u>        |          |                              |                       |              |
| Ambulatory Services - Outpatient  | 93.959   | 23015358092                  | 48,248                | 16,577       |
| Supportive Housing  | 93.959   | 23235390004                  | 27,825                | 6,956        |
| Homeless Search   | 93.959   | 23395410001                  | 79,960                | 34,990       |
| Case Management   | 93.959   | INTF2311MM3602714105         | 103,720               | 103,720      |
|   |          |                              | Subtotal pass through | 162,243      |
| <b><u>Total U.S. Department of Health and Human Services</u></b>                            |          |                              |                       | 775,620      |
| <b><u>Total Expenditures of Federal Awards</u></b>  |          |                              |                       | \$ 848,005   |
|   |          | CFDA                         |                       | Total        |
|   |          | 17.259                       |                       | \$ 67,384    |
|   |          | 93.550                       |                       | 372,230      |
|   |          | 93.557                       |                       | 41,673       |
|   |          | 93.623                       |                       | 199,177      |
|   |          | 93.959                       |                       | 162,243      |
|   |          | 14.231                       |                       | 5,000        |
|   |          |                              |                       | \$ 848,005   |

See accompanying notes. See Independent Auditor's Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards.



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To the Board of Directors of  
Bridge Over Troubled Waters, Inc.  
Boston, Massachusetts

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Bridge Over Troubled Waters, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bridge Over Troubled Waters, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridge Over Troubled Waters, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bridge Over Troubled Waters, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

October 28, 2014



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To the Board of Directors of  
Bridge Over Troubled Waters, Inc.  
Boston, Massachusetts

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

**Report on Compliance for Each Major Federal Program**

We have audited Bridge Over Troubled Waters, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bridge Over Troubled Waters, Inc.'s major federal programs for the year ended June 30, 2014. Bridge Over Troubled Waters, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Bridge Over Troubled Waters, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about Bridge Over Troubled Waters, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bridge Over Troubled Waters, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Bridge Over Troubled Waters, Inc. complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Internal Control Over Compliance

### **Report on Internal Control Over Compliance**

Management of Bridge Over Troubled Waters, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bridge Over Troubled Waters, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bridge Over Troubled Waters, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

October 28, 2014





**BRIDGE OVER TROUBLED WATERS, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

1. The Independent Auditors' Report expresses an unqualified opinion on the basic financial statements of Bridge Over Troubled Waters, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Bridge Over Troubled Waters, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance With Circular A-133 for Bridge Over Troubled Waters, Inc. expresses an unqualified opinion.
6. Not applicable.
7. The programs tested as major programs include:

|  |        |
|--|--------|
| Education and Prevention to Reduce Sexual Abuse of Runaway, Homeless, and Street Youth | 93.550 |
| Transitional Living for Homeless Youth   | 93.550 |
| Ambulatory Service Outpatient  | 93.959 |
| Supportive Housing   | 93.959 |
| Homeless Search  | 93.959 |
| Case Management  | 93.959 |
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Bridge Over Troubled Waters, Inc. did qualify as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE



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October 28, 2014

To the Board of Directors of  
Bridge Over Troubled Waters, Inc.  
Boston, Massachusetts

We have audited the financial statements of Bridge Over Troubled Waters, Inc. for the year ended June 30, 2014, and have issued our report thereon dated October 28, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 13, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bridge Over Troubled Waters, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the administrative salary allocation is based on an estimate. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the uninsured account balances in Note 4 Concentration of Credit Risk to the financial statements describing managements' policy to invest in uninsured Bond funds identifies management's knowledge and decision in determining the investment vehicle and its benefit to the organization as a whole.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 28, 2014.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Bridge Over Troubled Waters, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

