

**BRIDGE OVER TROUBLED WATERS, INC.**

**Financial Statements**

**June 30, 2015**

**BRIDGE OVER TROUBLED WATERS, INC.**

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June 30, 2015

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bridge Over Troubled Waters, Inc. (a nonprofit organization), (the Organization), which comprise the statements of financial position as of June 30, 2015 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.

### ***Auditors' 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 auditors' 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 the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Prior Period Financial Statement***

The financial statements of Bridge Over Troubled Waters, Inc. as of June 30, 2014, were audited by other auditors whose report dated October 28, 2014, expressed an unmodified opinion on those statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principals generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.



November 13, 2015



**Independent Auditors' 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***

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

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), (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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 the Organization'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.



November 13, 2015



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

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

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

We have audited Bridge Over Troubled Waters, Inc.'s (a nonprofit organization), (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditors, 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization'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 in *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 Organizations*. 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 the Organization'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 the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization 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, 2015.

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

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 the Organization'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 a 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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.



November 13, 2015

**BRIDGE OVER TROUBLED WATERS, INC.**

Statement of Financial Position

As of June 30, 2015

With Comparative Totals as of June 30, 2014

<b>Assets</b>		
<b>Current Assets</b>	2015	2014
Cash and cash equivalents	\$ 1,041,858	\$ 951,525
Accounts receivable	195,412	198,301
Pledges receivable	155,050	139,250
Prepaid expenses	<u>33,253</u>	<u>42,843</u>
Total current assets	<u>1,425,573</u>	<u>1,331,919</u>
<b>Fixed Assets</b>		
Land	441,500	441,500
Buildings and improvements	4,592,257	4,548,399
Furniture and equipment	248,863	248,863
Vehicles	155,000	155,000
Construction in process	159,428	6,773
Total fixed assets	<u>5,597,048</u>	<u>5,400,535</u>
Less: accumulated depreciation	<u>(3,309,945)</u>	<u>(3,101,961)</u>
Total net fixed assets	<u>2,287,103</u>	<u>2,298,574</u>
<b>Other Assets</b>		
Long-term pledges receivable, net of discount \$14,059	185,941	-
Investments	<u>4,984,091</u>	<u>4,498,523</u>
Total other assets	<u>5,170,032</u>	<u>4,498,523</u>
<b>Total Assets</b>	<u>\$ 8,882,708</u>	<u>\$ 8,129,016</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Mortgage payable - current	\$ 30,000	\$ 30,000
Deferred compensation plan agreement - current	73,527	65,301
Accounts payable and accrued expenses	236,582	133,141
Accrued salary and benefits	<u>188,223</u>	<u>208,488</u>
Total current liabilities	<u>528,332</u>	<u>436,930</u>
<b>Long Term Liabilities</b>		
Mortgage payable	-	30,000
Deferred compensation plan agreement	<u>340,497</u>	<u>414,024</u>
Total long term liabilities	<u>340,497</u>	<u>444,024</u>
Total liabilities	<u>868,829</u>	<u>880,954</u>
<b>Net Assets</b>		
Unrestricted	6,794,212	6,746,491
Temporarily restricted	1,093,229	375,133
Permanently restricted	<u>126,438</u>	<u>126,438</u>
Total net assets	<u>8,013,879</u>	<u>7,248,062</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,882,708</u>	<u>\$ 8,129,016</u>

The accompanying notes are an integral part of the financial statements.

**BRIDGE OVER TROUBLED WATERS, INC.**

Statement of Activities

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
<b>Revenue and Support</b>					
Contributions					
Individual and foundations	\$ 645,924	\$ 1,317,118	\$ -	\$ 1,963,042	\$ 1,038,480
Donated services	555,126	-	-	555,126	394,096
Special events, net of related event expenses of \$173,945	1,159,440	39,150	-	1,198,590	1,226,909
Net assets released from restrictions	638,063	(638,063)	-	-	
Service fees	998,701	-	-	998,701	1,026,295
Rental income	43,247	-	-	43,247	44,195
Interest and dividend income, net	60,290	2,035	-	62,325	79,516
Net realized and unrealized gain/(loss) on investments	<u>(78,247)</u>	<u>(2,144)</u>	<u>-</u>	<u>(80,391)</u>	<u>290,602</u>
 Total revenue and support	 <u>4,022,544</u>	 <u>718,096</u>	 <u>-</u>	 <u>4,740,640</u>	 <u>4,100,093</u>
<b>Expenses</b>					
Program services	2,952,432	-	-	2,952,432	2,730,204
Management and general expenses	652,397	-	-	652,397	753,638
Fundraising	<u>369,994</u>	<u>-</u>	<u>-</u>	<u>369,994</u>	<u>304,592</u>
 Total expenses	 <u>3,974,823</u>	 <u>-</u>	 <u>-</u>	 <u>3,974,823</u>	 <u>3,788,434</u>
 Change in net assets	 47,721	 718,096	 -	 765,817	 311,659
 <b>Net Assets at Beginning of Year</b>	 <u>6,746,491</u>	 <u>375,133</u>	 <u>126,438</u>	 <u>7,248,062</u>	 <u>6,936,403</u>
 <b>Net Assets at End of Year</b>	 <u>\$ 6,794,212</u>	 <u>\$ 1,093,229</u>	 <u>\$ 126,438</u>	 <u>\$ 8,013,879</u>	 <u>\$ 7,248,062</u>

The accompanying notes are an integral part of the financial statements.

**BRIDGE OVER TROUBLED WATERS, INC.**

Statement of Cash Flows

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

<b>Cash Flows from Operating Activities</b>	<u>2015</u>	<u>2014</u>
<b>Change in net assets</b>	\$ 765,817	\$ 311,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	207,984	209,251
Net unrealized loss (gain) on investments	(241,359)	202,475
Donated stock	(3,645)	(8,442)
Donated building improvements	-	(125,000)
Discount on pledges	14,059	-
Decrease (increase) in assets:		
Accounts receivable	2,889	(93,980)
Pledges receivable	(215,800)	86,180
Prepaid expenses	9,590	(15,830)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	103,441	13,000
Accrued salary and benefits	(20,265)	40,431
Security deposit	-	(12,500)
Reduction in deferred compensation agreement	<u>(65,301)</u>	<u>(60,241)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>557,410</u>	<u>547,003</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(196,513)	(78,606)
Proceeds from the sale of investments	763,624	4,956,632
Purchase of investments	<u>(1,004,188)</u>	<u>(5,529,203)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(437,077)</u>	<u>(651,177)</u>
<b>Cash Flows from Financing Activities</b>		
Principle payments on long-term debt	<u>(30,000)</u>	<u>(30,000)</u>
<b>Net Cash Used in Financing Activities</b>	<u>(30,000)</u>	<u>(30,000)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	90,333	(134,174)
<b>Cash and Cash Equivalents - Beginning</b>	<u>951,525</u>	<u>1,085,699</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,041,858</u>	<u>\$ 951,525</u>
<b>Supplement Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ <u>10,650</u>	\$ <u>23,706</u>
Cash paid during the year for taxes	\$ <u>-</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements.

**BRIDGE OVER TROUBLED WATERS, INC.**

Statement of Functional Expenses

As of June 30, 2015

With Comparative Totals for the Year Ended June 30, 2014

	2015							2014	
	Outreach & Support Programs	Emergency Services Programs	Residential Services Programs	Property Rental	Total Program Services	General and Administrative	Development	Total	
<b>Functional Expenses</b>									
Salaries	\$ 603,815	\$ 323,303	\$ 439,373	\$ -	\$ 1,366,491	\$ 255,046	\$ 229,760	\$ 1,851,297	\$ 1,800,624
Payroll taxes	57,916	31,763	43,297	-	132,976	32,634	22,212	187,822	184,245
Benefits	85,542	49,163	70,003	-	204,708	88,284	27,878	320,870	311,062
Subtotal	<u>747,273</u>	<u>404,229</u>	<u>552,673</u>	<u>-</u>	<u>1,704,175</u>	<u>375,964</u>	<u>279,850</u>	<u>2,359,989</u>	<u>2,295,931</u>
Bank and credit card charges	944	519	696	-	2,159	5,478	10,032	17,669	9,502
Depreciation and amortization	87,461	18,116	44,955	23,426	173,958	28,719	5,308	207,985	209,251
In-kind services	386,451	-	18,000	69,800	474,251	14,429	-	488,680	269,096
Interest expense	915	506	692	-	2,113	8,182	355	10,650	23,706
Occupancy	80,023	27,790	72,095	50,681	230,589	15,201	11,399	257,189	292,842
Professional fees	59,858	17,623	52,411	-	129,892	169,915	4,509	304,316	331,726
Supplies, insurance and office	68,382	28,668	73,361	66	170,477	30,292	58,460	259,229	277,890
Travel and transportation	48,293	2,683	13,708	134	64,818	4,217	81	69,116	78,490
<b>Total Functional Expenses</b>	<u>\$ 1,479,600</u>	<u>\$ 500,134</u>	<u>\$ 828,591</u>	<u>\$ 144,107</u>	<u>\$ 2,952,432</u>	<u>\$ 652,397</u>	<u>\$ 369,994</u>	<u>\$ 3,974,823</u>	<u>\$ 3,788,434</u>

The accompanying notes are an integral part of these financial statements.

# BRIDGE OVER TROUBLED WATERS, INC.

## Notes to Financial Statements

June 30, 2015

### (1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by Bridge Over Troubled Waters, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

#### *(a) Nature of Activities*

Bridge Over Troubled Waters, Inc. (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 Program:** 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.

# BRIDGE OVER TROUBLED WATERS, INC.

## Notes to Financial Statements

June 30, 2015

### (1) Summary of Significant Accounting Policies - continued

#### (a) Nature of Activities

##### **Outreach and Support Program - continued**

- 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 Program** which includes the Transitional Day program, Warming Center and emergency Youth shelter.

- 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.
- 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 Program** which includes the 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.

# BRIDGE OVER TROUBLED WATERS, INC.

Notes to Financial Statements

June 30, 2015

## (1) Summary of Significant Accounting Policies - continued

### (a) *Nature of Activities - continued*

#### **Residential Services Program- continued**

- 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.

**Property Rental** – Bridge Over Troubled Water owns 2 properties that rental income is collected from. These properties consist of one commercial property and one residential property.

### (b) *Basis of Presentation*

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based on the existence or absence of restrictions on use that are placed by donors; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### (c) *Standards of Accounting and Reporting*

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (permanently restricted, temporarily restricted and unrestricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

# BRIDGE OVER TROUBLED WATERS, INC.

## Notes to Financial Statements

June 30, 2015

### (1) Summary of Significant Accounting Policies – continued

#### (c) *Standards of Accounting and Reporting – continued*

Unrestricted – Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted – Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Reflects the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

#### (d) *Cash and Cash Equivalents*

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2015.

#### (e) *Investments*

The Organization carries investments in marketable securities at fair value which is determined by quoted market prices. Changes in fair value are reflected in the statement of activities as gains or losses on investments. Investments are exposed to risks such as interest rate, credit and overall market volatility.

# BRIDGE OVER TROUBLED WATERS, INC.

## Notes to Financial Statements

June 30, 2015

### (1) Summary of Significant Accounting Policies – continued

#### (f) Revenue Recognition

The Organization earns revenue as follows:

Contributions - Contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received. The majority of special event revenue is derived from the Annual Gala event. Revenue derived from these events totaled approximately \$1,372,535.

Service Fees – Contract revenue is earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts consist of two types: unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental Organization.

Grants - Grants are recorded as revenue as costs related to the services provided are incurred.

Rental - Rental income is derived from commercial and residential tenant rent from a lease relationship. Rental revenue is recognized when earned according to the lease agreement.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2015, the Organization derived approximately 21% of its total revenue from governmental agencies, 78% from foundations and individual donors, and 1% from others. All revenue is recorded at the estimated net realizable amounts.

## **BRIDGE OVER TROUBLED WATERS, INC.**

### Notes to Financial Statements

June 30, 2015

#### **(1) Summary of Significant Accounting Policies - continued**

##### ***(g) Accounts Receivable***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2015, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. With the exception of tenant accounts receivable, the Organization has no policies requiring collateral or other security to secure the accounts receivable.

As of June 30, 2015, 54% of the Organization's account receivable due from various foundations and corporations, 39% from governmental agencies, and 7% is due from others.

##### ***(h) Promises to Give***

Unconditional promises to give are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk-adjusted discount rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2015, management has determined any allowance would be immaterial.

##### ***(i) Land, Building and Equipment***

Land, building and equipment are recorded at cost or if donated, at fair value on the date of receipt. All acquisition 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. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies - continued**

**(i) Land, Building and Equipment - continued**

The Organization computes depreciation using the straight-line method over the following estimated lives:

Building and improvements	25-30 years
Furniture and equipment	5-10 years
Vehicle	5 years

**(j) Contributed Services and Gifts in Kind**

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 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 fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Such volunteers are an integral part of the services provided by the organization but do not qualify as specialized skills.

**(k) Fair Value Measurements**

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

**Level 1:** Quoted prices for identical instruments traded in active markets.

**Level 2:** Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

# BRIDGE OVER TROUBLED WATERS, INC.

## Notes to Financial Statements

June 30, 2015

### (1) Summary of Significant Accounting Policies - continued

#### (k) Fair Value Measurements - continued

##### Recurring Measurements

In accordance with GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are investments in equity and debt securities, long-term promise to give and in-kind. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

- Investments in Debt and Equity Securities  
The fair values of investments in debt and equity securities using quoted market prices from daily exchange traded markets were based on the closing price as of the balance sheet date and were classified as Level 1. The fair values of investments in real estate investment trust classified as Level 2 are priced using quoted market prices for similar instruments or nonbinding market prices that are corroborated by observable market data
- Promises to Give  
Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 5% and were classified as Level 2.

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of June 30, 2015.

##### Fair Value Measurements on a Recurring Basis

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 4,164,385	\$ 174,322	\$ -	\$ 4,338,707
Promises to give - current year additions	<u>-</u>	<u>185,941</u>	<u>-</u>	<u>185,941</u>
	<u>\$ 4,164,385</u>	<u>\$ 360,263</u>	<u>\$ -</u>	<u>\$ 4,524,648</u>

Refer to Note 3 for additional information related to the composition of investments.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies - continued**

***(k) Fair Value Measurements - continued***

**Recurring Measurements - continued**

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2015.

**Nonrecurring Measurements**

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. The Organization had no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2015.

***(l) Fundraising***

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 9% for the year ended June 30, 2015. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

***(m) Special Events***

The Agency has determined that their special event is incidental to its operations and therefore the direct costs of benefit to the donors is reported as a direct deduction from the Special Event income on the Statement of Activities.

***(n) Functional Allocation of Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration 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.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon estimate of time studies.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies - continued**

***(o) Advertising Costs***

The Organization expenses advertising costs when they are incurred. Advertising expense was immaterial for the year ended June 30, 2015.

***(p) Use of Estimates***

In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

***(q) Income Taxes***

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to income tax. The Organization is not a private foundation under Section 509(a)(1). Certain unrelated business income, as defined in the IRC, is subject to federal income tax. For the year ended June 30, 2015, there was no liability for tax on unrelated business income.

GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2015, the Organization has determined that it has not taken any tax positions which would result in an uncertainty requiring recognition in the accompanying financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There were no interest or penalties for the year ended June 30, 2015.

Generally, the Organization's information/tax returns remain open for possible federal income tax examination for three years after the filing date. The Organization is not currently under examination by any taxing jurisdiction.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies - continued**

*(r) Summarized Financial Information for 2014*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

*(s) Reclassifications*

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

**(2) Promises to Give**

The Organization has received unconditional promises to give related to a fundraising campaign initiated during prior years and are primarily due from the Gala event. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received more than a year after June 30, 2015 are recorded at the present value of their future cash flows using a discount rate of 5%.

The following is an analysis of the promises to give as of June 30, 2015:

	<u>Gross Promise</u>	<u>Allowance</u>	<u>Net Promise</u>	<u>Unamortized Discount</u>	<u>Total</u>
Receivable less than 1 year	\$ 155,050	\$ -	\$ 155,050	\$ -	\$ 155,050
Receivable in 1 to 5 years	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>(14,059)</u>	<u>185,941</u>
	<u>\$ 355,050</u>	<u>\$ -</u>	<u>\$ 355,050</u>	<u>\$ (14,059)</u>	<u>\$ 340,991</u>

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(3) Investments**

All investments are classified as long-term and are investments are comprised of the following as of June 30, 2015:

	<u>Fair Value</u>
Cash and money market	\$ 645,384
Corporate bonds	281,103
US Stocks	1,267,187
Mutual funds	2,616,095
Real estate investment trust	<u>174,322</u>
Total	\$ <u>4,984,091</u>

Investment return consisted of the following for the year ended June 30, 2015:

Interest and dividends, net of management fees	\$ 62,325
Net realized and unrealized losses	<u>(80,391)</u>
Total investment return	\$ <u>(18,066)</u>

Management fees were \$35,976 for the year ended June 30, 2015.

**(4) Debt**

***(a) Line of Credit***

The Organization has available a demand line of credit with Eastern Bank (a Massachusetts bank) of \$200,000 to be drawn upon as needed, with interest at the prime rate, or 3.750% as of June 30, 2015. The line is secured by the Organization's general business assets. There were no borrowings outstanding as of June 30, 2015.

***(b) Mortgage Notes Payable***

The Organization has a first mortgage note payable to Bank of America in the original amount of \$700,000. The note is due in fixed monthly installments of \$2,500 plus interest, with average monthly payments of \$2,586, bears interest at 6.32% and is secured by real estate and an assignment of rents and leases. The final payment on the note is due in June 1, 2016. As of June 30, 2015, the principal balance due was \$30,000.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(5) Contributed Services and Gifts in Kind**

Contributed services and gifts in kind for the year ended June 30, 2015 were as follows:

Pro-bono outside services:	
Medical Specialist	\$ 276,565
Social Workers	127,886
Construction in process	66,446
Other professional services	<u>84,229</u>
Total	\$ <u>555,126</u>

**(6) Operating Lease Commitments**

The Organization leases office equipment under an operating lease expiring in March, 2017, which requires a monthly payment of \$652. Equipment rental expense totaled \$7,824. Future minimum rental payments required under the non-cancelable lease agreement are as follows:

Year ended June 30:	
2016	\$ 7,824
2017	<u>5,868</u>
Total	\$ <u>13,692</u>

**(7) Commitments and Contingencies**

The Organization receives a portion of its funding from government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

United States Department of Health and Human Services  
Commonwealth of Massachusetts Department of Public Health  
City of Boston

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(7) Commitments and Contingencies - continued**

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the United States Departments or Commonwealth of Massachusetts Department listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

**(8) Restricted Net Assets**

***(a) Temporarily Restricted Net Assets***

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2015, temporarily restricted net assets are restricted for the following purposes:

Time restricted	\$ 365,990
Medical van replacement	203,082
Single parent	16,657
Residential program	7,500
Building renovation	<u>500,000</u>
Total	\$ <u>1,093,229</u>

***(b) Permanently Restricted Net Assets***

Permanently restricted net assets represent 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, 2015. The permanently restricted donations are being held in investments consisting of stock, bonds and cash equivalents. These amounts have been classified as investments on the statement of financial position. Consistent with donor restrictions, unrealized gains and losses on these investments follow the treatment of investment income. Accordingly, unrealized gains and losses are reported in the statement of activities as increases or decreases in temporarily restricted net assets. Any excess unrealized losses over corpus are classified as decreases in unrestricted net assets.

Net investment losses on the endowment funds for the fiscal year ended June 30, 2015 totaled \$109.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(8) Restricted Net Assets - continued**

*(c) Board Designated Net Assets*

At June 30, 2015, the board has designated the following accumulated net assets at year end for the following purposes:

Designated in FY2011 for future services	\$ 75,000
Designated in FY2012 for future services	<u>125,000</u>
Total Board Designated	<u>\$ 200,000</u>

**(9) Endowment**

The Organization accepts endowment gifts under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's endowment spending policy. The goals of the endowment fund are to enhance existing programs, create new programs, make additional funding opportunities for donors and support capital improvements. The Organization's Executive Board (the Board) oversees the establishment and revision of goals, spending plans and asset allocations for endowments.

The Organization's endowment consists of various individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*(a) Uniform Prudent Management of Institutional Funds Act*

The Organization's management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation. UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(9) Endowment – continued**

***(a) Uniform Prudent Management of Institutional Funds Act – continued***

The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Further, per the interpretation, the UPMIFA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

***(b) Appropriation of Endowment Assets for Expenditure***

The Organization considers the following factors in making a determination to appropriate endowment funds for expenditure:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) The investment policies of the Organization

***(c) Return Objectives and Risk Parameters***

The Organization has adopted investment and spending policies for endowment assets that invest in a thoughtful and prudent manner to preserve and/or enhance the Organization's ability to help provide services for runaways and homeless youths. The oversight of the endowment funds is the responsibility of the Finance Committee, a committee of the Organization's Executive Board. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Executive Board, the endowment assets are invested in a manner that is intended to preserve the endowment funds' principal, considering inflation and to regulate the long term ability and short term needs to distribute income.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(9) Endowment – continued**

***(d) Strategies Employed for Achieving Investment Objectives***

To satisfy its objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation by investing a prudently determinable portion (currently 70%) of the endowment funds in equity investments (to produce long-term appreciation) and a portion (currently 30%) to fixed income investments (to produce a consistent level of income and reduce overall volatility). Guidelines have been set forth in the policy for prudent investment options.

***(e) Spending Policy and Investment Objectives***

The Organization records 3% of the annual investment return as temporarily restricted net assets and is included in the endowment fund. The Organization has a policy of appropriating for distribution from the unrestricted net assets, in the endowment fund, an amount not to exceed the realized return over a three year rolling period of time less the rate of inflation. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment.

***(f) Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets. There were no such deficiencies as of June 30, 2015.

**BRIDGE OVER TROUBLED WATERS, INC.**

Notes to Financial Statements

June 30, 2015

**(9) Endowment – continued**

**(g) Composition and Reconciliation of Endowment Funds**

The endowment fund is solely comprised of donor-restricted contributions. A reconciliation of the Organization’s endowment by net asset class is presented on the statement of activities.

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

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment, beginning of year	\$ 103,083	\$ 126,438	\$ 229,521
Net investment income	<u>( 109)</u>	<u>-</u>	<u>( 109)</u>
Endowment, end of year	\$ <u>102,974</u>	\$ <u>126,438</u>	\$ <u>229,412</u>

**(10) Employee Benefits**

**(a) Defined Contribution Plan**

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. Salaried employees with 1,000 hours or more of service during any consecutive 12-month period commencing with date of employment, or anniversary date, are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. The Organization’s contributions under this plan amounted to \$50,000 for the year ended June 30, 2015.

**(b) Section 125 Plan**

The Organization has a plan that qualifies as “Cafeteria Plans” under Section 125 of the IRC. The plan allows the Organization’s employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least 40 hours per week are eligible to participate in the plans.

## **BRIDGE OVER TROUBLED WATERS, INC.**

### Notes to Financial Statements

June 30, 2015

#### **(10) Employee Benefits – continued**

##### ***(c) 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, 2015), which is included in rental income. The total payments made under the agreements were \$65,301 for the years ended June 30, 2015. The net present value of the deferred compensation plan was \$414,024 for the year ended June 30, 2015.

#### **(11) Schedule of Federal Awards**

Determination of federal major programs was made using a risk based approach. For the fiscal year ended June 30, 2015, the Organization qualified as a low-risk auditee. The major programs tested are disclosed as such in the schedule of findings and questioned costs.

#### **(12) Subsequent Events**

The Organization has performed an evaluation of subsequent events through November 13, 2015, which is the date the Organization's financial statements were available to be issued. No material subsequent events, other than the items disclosed below, have occurred since June 30, 2015 that required recognition or disclosure in these financial statements.

The Organization is currently taking legal action against a lessor to recoup vacancy costs due to the breach of their lease agreement. It is ongoing with no resolution at this time. The lawyers are hopeful that it will be settled in 2016.

**BRIDGE OVER TROUBLED WATERS, INC.**

Schedule of Findings and Questioned Costs

June 30, 2015

**(1) Summary of Auditor's Results**

**Financial Statements:**

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? \_\_\_\_\_ yes  X  no

Significant Deficiency(ies) Identified? \_\_\_\_\_ yes  X  none reported

Noncompliance Material to Financial Statements Noted? \_\_\_\_\_ yes  X  no

**Federal Awards:**

Internal Control Over Major Programs:

Material Weakness(es) Identified? \_\_\_\_\_ yes  X  no

Significant Deficiency(ies) Identified? \_\_\_\_\_ yes  X  none reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ yes  X  no

Identification of Major Programs:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
93.550	Education and Presentation to Reduce Sexual Abuse of Runaway, Homeless and Street Youth Transitional Living for Homeless Youth

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 300,000

Auditee Qualified as Low-Risk Auditee?  X  yes \_\_\_\_\_ no

**BRIDGE OVER TROUBLED WATERS, INC.**

Schedule of Findings and Questioned Costs

June 30, 2015

**(2) Financial Statement Findings**

No significant deficiencies or material weaknesses reported.

**(3) Federal Award Findings and Questioned Costs**

No significant deficiencies or material weaknesses reported.

**(4) Status of Prior Year Findings**

No significant deficiencies or material weaknesses reported.

**BRIDGE OVER TROUBLED WATERS, INC.**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Major Programs:</b>			
<b>U.S. Department of Health and Human Services:</b>			
Education and Presentation to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.550	90Cx6981-03-00	\$ 176,302
Transitional Living for Homeless Youth	93.550	90CX6984-03-00	148,212
			324,514
<b>Total Major Programs</b>			<b>\$ 324,514</b>
<b>Non Major Programs:</b>			
<b>U.S. Department of Labor:</b>			
<i>Passed through City of Boston-Economic Development Industrial Corporation</i>			
Education/Career Development	17.259	382-007-115	\$ 67,951
			67,951
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Passed through City of Cambridge- Emergency Solution Grant Program</i>			
Street Outreach Van	14.231	E14MC25003	\$ 8,284
			8,284
<b>U.S. Department of Health and Human Services:</b>			
Basic Center Grant	93.623	90CY6545-02-00	192,809
Street Outreach Program	93.557	90YO2200-01-00	134,636
			327,445
<i>Passed through Commonwealth of Massachusetts -Department of Public Health</i>			
Supportive Housing	93.959	SCDPH123015358092000	6,956
Ambulatory Services - Outpatient	93.959	SCDPH232353900040000	2,196
			9,152
<b>Total Non Major Programs</b>			<b>\$ 412,832</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 737,346</b>

**Notes to the Schedule of Expenditures of Federal Awards**

**Note 1: Basis of Presentation**

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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.



**Independent Auditors' Report on  
Schedule of Expenditures of Federal Awards**

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

We have audited the financial statements of Bridge Over Troubled Waters, Inc. (a nonprofit organization), (the Organization), as of and for the year ended June 30, 2015, and have issued our report thereon dated November 13, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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 as a whole.

November 13, 2015