BRIDGE COMMUNITIES INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2024 AND 2023

BRIDGE COMMUNITIES INC.

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AND INDEPENDENT AUDITORS' REPORT**

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ACCOUNTANTS &
ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bridge Communities Inc.
500 East Roosevelt Road
Glen Ellyn, IL 60137

Opinion

We have audited the accompanying consolidated financial statements of Bridge Communities Inc., which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridge Communities Inc. as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Bridge Communities Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of Bridge Communities 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 solely 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 the effectiveness of Bridge Communities Inc.'s 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 Communities Inc.'s internal control over financial reporting and compliance.

PORTE BROWN LLC
Certified Public Accountants

Porte Brown LLC

Elk Grove Village, Illinois
December 13, 2024

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
ASSETS		
Cash	$ 698,587	$ 865,126
Certificates of deposit	310,043	273,092
Cash and cash equivalents - restricted	714,354	575,588
Investments - DuPage Foundation	4,069,785	3,616,792
Investments - real estate	219,300	375,667
Accounts receivable, net	14,197	14,550
Grants receivable	513,140	42,437
Cash surrender value of life insurance	200,478	192,483
Prepaid expenses	35,296	30,534
Interest rate swap	23,847	40,272
Operating lease right-of-use asset	684,300	857,430
Property and equipment - net	11,002,422	10,200,986
TOTAL ASSETS	$ 18,485,749	$ 17,084,957
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 23,882	$ 33,596
Security deposits	136,613	124,063
Accrued expenses	299,109	222,744
Deferred revenue	116,710	71,379
Agency liability	714,425	575,588
Operating lease liabilities	764,716	927,571
Notes payable	1,166,795	1,228,328
	3,222,250	3,183,269
NET ASSETS		
Without donor restrictions	12,639,059	11,509,415
With donor restrictions	2,624,440	2,392,273
	15,263,499	13,901,688
TOTAL LIABILITIES AND NET ASSETS	$ 18,485,749	$ 17,084,957

The accompanying notes are an integral part of these financial statements

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Program partners	$ 849,465	$ -	$ 849,465	$ 750,867	$ -	$ 750,867
Contributions - individuals	1,833,836	-	1,833,836	1,445,467	-	1,445,467
Contributions - corporate and foundations	710,264	366,380	1,076,644	770,911	262,300	1,033,211
Contributions - community organizations	55,652	-	55,652	85,130	-	85,130
In-kind contributions	37,852	-	37,852	32,135	-	32,135
Rental income	907,691	-	907,691	798,501	-	798,501
Miscellaneous income	33,205	-	33,205	42,506	-	42,506
Special events, net of expense of $240,403 and $224,890 as of June 30, 2024 and 2023, respectively	451,878	-	451,878	429,080	-	429,080
Investment income (loss), net	290,653	257,866	548,519	178,519	202,973	381,492
Government grants	656,095	-	656,095	152,362	-	152,362
Government grants - capital	354,283	-	354,283	-	-	-
Net assets released from restriction	392,079	(392,079)	-	526,667	(526,667)	-
	6,572,953	232,167	6,805,120	5,212,145	(61,394)	5,150,751
EXPENSES						
Program services	4,124,038	-	4,124,038	3,991,526	-	3,991,526
Support services:						
Management and general	511,237	-	511,237	524,658	-	524,658
Fundraising	848,345	-	848,345	660,072	-	660,072
Total support services	1,359,582	-	1,359,582	1,184,730	-	1,184,730
Total expenses	5,483,620	-	5,483,620	5,176,256	-	5,176,256
CHANGE IN NET ASSETS FROM OPERATIONS	1,089,333	232,167	1,321,500	35,889	(61,394)	(25,505)
NONOPERATING ACTIVITIES						
Gain on sale of real estate investment	56,736	-	56,736	-	-	-
Unrealized (loss) gain on interest rate swap agreement	(16,425)	-	(16,425)	49,311	-	49,311
	40,311	-	40,311			
CHANGE IN NET ASSETS	1,129,644	232,167	1,361,811	85,200	(61,394)	23,806
NET ASSETS, BEGINNING OF YEAR	11,509,415	2,392,273	13,901,688	11,424,215	2,453,667	13,877,882
NET ASSETS, END OF YEAR	$ 12,639,059	$ 2,624,440	$ 15,263,499	$ 11,509,415	$ 2,392,273	$ 13,901,688

The accompanying notes are an integral part of these financial statements

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising Services	Total
EXPENSES				
Compensation				
Salaries	$ 1,269,350	$ 226,085	485,362	$ 1,980,797
Benefits	156,384	27,937	42,548	226,869
Payroll taxes	93,808	25,190	47,974	166,972
Other compensation	5,281	7,930	1,511	14,722
Total Compensation	1,524,823	287,142	577,395	2,389,360
Program housing				
Building maintenance	646,897	12,254	1,315	660,466
Property management fees	103,177	-	-	103,177
Utilities	281,460	4,871	698	287,029
Rent	143,805	-	-	143,805
Depreciation and amortization	562,724	4,764	9,864	577,352
Interest	62,322	-	-	62,322
Real estate taxes	21,401	-	-	21,401
Property insurance	59,660	-	-	59,660
Other housing	55,803	-	-	55,803
Total program housing	1,937,249	21,889	11,877	1,971,015
Administrative				
Professional services	91,795	76,730	51,485	220,010
Telecom and IT	74,683	14,557	20,182	109,422
Reimbursed travel	15,947	1,642	3,243	20,832
Meetings and meals	10,847	26,969	5,578	43,394
Office depreciation	64,649	30,582	18,581	113,812
Office supplies	4,410	12,039	15,194	31,643
Liability insurance	12,947	9,328	-	22,275
Other	2,331	7,560	3,207	13,098
Total administrative	277,609	179,407	117,470	574,486
Family assistance				
Auto program	82,320	-	-	82,320
Professional services	75,188	-	-	75,188
Program events	31,169	-	-	31,169
Tuition/education/scholarships	42,746	-	-	42,746
Other	115,704	-	50	115,754
Total family assistance	347,127	-	50	347,177
Marketing-development and marketing	1,195	6,723	134,767	142,685
In-kind expense	30,979	88	6,786	37,853
Capital campaign expense	-	15,830	-	15,830
Miscellaneous expense	5,056	158	-	5,214
	37,230	22,799	141,553	201,582
TOTAL EXPENSES	4,124,038	511,237	848,345	5,483,620
Special events	-	-	240,403	240,403
TOTAL FUNCTIONAL EXPENSES	$ 4,124,038	$ 511,237	$ 1,088,748	$ 5,724,023

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising Services	Total
EXPENSES				
Compensation				
Salaries	$ 1,320,985	$ 191,063	386,190	$ 1,898,238
Benefits	113,103	23,749	26,453	163,305
Payroll taxes	83,890	25,035	46,254	155,179
Other compensation	9,182	8,252	2,623	20,057
Total Compensation	1,527,160	248,099	461,520	2,236,779
Program housing				
Building maintenance	597,844	5,944	-	603,788
Property management fees	101,607	-	-	101,607
Utilities	318,697	217	434	319,348
Rent	135,821	8,610	-	144,431
Depreciation and amortization	472,342	-	-	472,342
Interest	83,210	-	-	83,210
Real estate taxes	26,233	-	-	26,233
Property insurance	56,333	-	-	56,333
Other housing	64,187	-	-	64,187
Total program housing	1,856,274	14,771	434	1,871,479
Administrative				
Professional services	45,827	130,625	26,123	202,575
Telecom and IT	80,961	22,625	17,728	121,314
Reimbursed travel	12,153	1,238	4,369	17,760
Meetings and meals	7,865	27,942	6,851	42,658
Office depreciation	16,593	24,534	4,741	45,868
Rent	72,187	13,406	17,531	103,124
Other	22,495	22,922	15,463	60,880
Total administrative	258,081	243,292	92,806	594,179
Family assistance				
Auto program	63,639	-	-	63,639
Professional services	62,325	-	-	62,325
Program events	38,326	-	-	38,326
Tuition/education/scholarships	43,028	-	-	43,028
Other	89,329	-	-	89,329
Total family assistance	296,647	-	-	296,647
Marketing-development and marketing	1,691	9,814	105,094	116,599
In-kind expense	29,270	1,365	-	30,635
Miscellaneous expense	22,403	7,317	218	29,938
	53,364	18,496	105,312	177,172
TOTAL EXPENSES	3,991,526	524,658	660,072	5,176,256
Special events	-	-	224,890	224,890
TOTAL FUNCTIONAL EXPENSES	$ 3,991,526	$ 524,658	$ 884,962	$ 5,401,146

The accompanying notes are an integral part of these financial statements

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets:	$ 1,361,811	$ 23,806
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	616,826	518,210
Gain on investments	(444,726)	(300,683)
Gain on sale of investments - real estate	(56,736)	-
Unrealized loss (gain) on interest rate swap agreement	16,425	(49,311)
Changes in:		
Receivables - net	(470,350)	128,307
Cash surrender value of life insurance	(7,995)	(7,348)
Prepaid expenses	(4,762)	18,880
Deposits	-	931
Operating lease right of use assets	173,130	156,665
Accounts payable	(9,714)	(85,330)
Security deposits	12,550	10,657
Accrued expenses	76,365	79,030
Deferred revenue	45,331	3,162
Agency liability	138,837	86,681
Operating lease liabilities	(162,855)	(106,853)
Net cash provided by operating activities	1,284,137	476,804
INVESTING ACTIVITIES		
Purchase and reinvestments in certificates of deposit	(36,951)	(273,092)
Purchase of investments	(140,335)	(80,270)
Proceeds from sale of investments	132,068	125,627
Proceeds from sale of investments - real estate	110,236	-
Purchase of property and equipment	(1,315,395)	(396,736)
Net cash used by investing activities	(1,250,377)	(624,471)
FINANCING ACTIVITIES		
Repayments on notes payable	(61,533)	(58,395)
Net cash used by financing activities	(61,533)	(58,395)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,773)	(206,062)
BEGINNING CASH AND CASH EQUIVALENTS	1,440,714	1,646,776
ENDING CASH AND CASH EQUIVALENTS	$ 1,412,941	$ 1,440,714
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	$ -	$ -
Interest	62,322	83,210
Non-cash activities:		
(Decrease)/increase in fair value of investments	$ (933,156)	$ 271,379
Operating lease assets obtained in exchange for lease liabilities	-	1,037,228

NOTE 1 - NATURE OF ORGANIZATION

Bridge Communities, Inc. (the "Corporation") was incorporated on January 26, 1990, under the Not-For-Profit Corporation Act of the State of Illinois with the purpose of providing transitional housing and related services to homeless families in DuPage County, Illinois and creating opportunities for them to return to permanent housing and independence through a mentoring program. Subsidiaries of the Corporation include DuPage AH, LLC; DuPage AH Series I, LLC; and DuPage AH Series II, LLC, which were set up to facilitate multiple building purchases and rehabilitations and allow the Corporation to apply for Illinois Housing Development Authority tax credits.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements of the Corporation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of the Corporation and all of its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

CASH, RESTRICTED CASH, AND CERTIFICATES OF DEPOSIT

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Corporation maintains its cash balance in financial institutions that at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. Certificates of deposit have maturity dates within twelve months of the respective year end.

The Corporation holds cash as part of an agency relationship with Families Helping Families (FHF). This amount is restricted until it is remitted to FHF. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position to the amounts reported on the consolidated statement of cash flows:

	2024	2023
Cash	$ 698,587	$ 865,126
Cash- restricted	714,354	575,588
	$ 1,412,941	$ 1,440,714

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

GRANTS RECEIVABLE

The Corporation considers grants from donors to be unconditional promises to give. Accordingly, grants are reported at fair value at the date the agreement or pledge form is executed. All grants receivable are expected to be collected in the next year; therefore, no allowance for doubtful accounts has been established at June 30, 2024 and 2023. Grant revenue is recognized as services are rendered.

ACCOUNTS RECEIVABLE

Accounts receivable is stated at amounts billed for rent. The Corporation has established an allowance for credit losses. Management's periodic evaluation of the collectability of receivables is based on past experience, known and inherent risks in the accounts, adverse situations that may affect ability to repay, and current economic conditions. The allowance for credit losses at June 30, 2024 and 2023 was approximately $1,600.

INVESTMENTS

The Corporation's investments are reported at fair value. Dividends received are included in income except for those dividends received in excess of the Corporation’s proportionate share of accumulated earnings, which are applied as a reduction of the cost of the investment. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized in 2024 and 2023. The Corporation also has long-term real estate investments recorded at the lower of cost or market that consist of equity interests in condominium units. The Corporation's investments are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes could materially affect the amounts reported in the financial statements.

IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

The Corporation reviews the recoverability of long-lived assets, including buildings, equipment, and other fixed assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

DEFERRED REVENUE

The Corporation receives cash in advance for ticket sales to special events occurring after June 30, 2024 and 2023. These advance payments are recognized as deferred revenue until the event has occurred, at which time they are recorded as revenue.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

AGENCY LIABILITY

The Corporation holds amounts for Families Helping Families, a Program Partner, that offset the restricted cash on the consolidated statement of financial position.

CONTRIBUTIONS

Contributions of cash and other assets including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are included with all other contributions as without donor-restricted support. Other restricted gifts are reported as restricted support and with donor-restricted net assets.

Contributions of nonfinancial assets are recorded as revenue and expense in the period that the contributions and services or goods are received. The services and goods are valued based on the fair value of obtaining those items in a nondonated setting. See Note 15.

RENTAL REVENUE

The Corporation records apartment rental income based on occupied rent amounts. Leases at the Company's apartments are at a fixed base rent. Rental income amounted to $907,691 and $798,501 for the years ended June 30, 2024 and 2023, respectively.

PROGRAM PARTNERS

Program partners are groups that provide financial support to the Corporation for its services and mentoring needs to families that are part of the Corporation's transitions housing program. They contribute at a flat fee on a monthly basis, and the fees are recognized at the date eligible expenses are incurred.

CAPITAL GRANTS

The Corporation receives grants from the state, city, and county, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. As such, grants from government agencies are recorded at the date they have been performed and the conditions have been met.

PROPERTY AND EQUIPMENT

Property and equipment and leasehold improvements are recorded at cost. Assets are depreciated over their estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred. Leasehold improvements are amortized over their estimated useful lives or the applicable lease term, if shorter.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

FEDERAL INCOME TAXES

The Corporation is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying financial statements. The Corporation has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Corporation files information returns in the U.S. federal jurisdiction, and the State of Illinois. Management is not aware of any uncertain tax positions.

CLASSIFICATION OF NET ASSETS

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Corporation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates made by management in the financial statements include determining an allowance for uncollectible accounts receivable and depreciating property and equipment over their estimated useful lives. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates. It is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future as new information becomes available.

FUNCTIONAL ALLOCATION OF EXPENSES

Costs of providing various program and support services have been reported on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Costs are charged to program services and support services on an actual basis when available. In addition, costs may be allocated between the program and support functions based on various methods and estimates. Allocations for personnel expenses are based on estimates of time and effort of personnel involved in each function. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECLASSIFICATIONS

Note 12 has been restated to reflect a historical contribution not previously included and to correct allocation of endowment activity. The effect of the restatement was to decrease the change in net assets with donor restrictions for the year ended June 30, 2023 by $26,545.

SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 13, 2024, the date which the financial statements were available to be issued.

NOTE 3 – LIQUIDITY

The following reflects the Corporation's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2024	2023
Cash and cash equivalents	$ 698,587	$ 865,126
Certificates of deposit	310,043	273,092
Receivables, net	527,337	56,987
Investments	4,069,785	3,616,792
Restricted cash	714,354	575,588
Total financial assets	6,320,106	5,387,585
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	2,587,381	2,335,884
Board designations	1,668,454	1,445,258
Cash restricted for use	714,354	575,588
Financial assets available to meet general expenditures within one year	$ 1,349,917	$ 1,030,855

Grants receivable are subject to implied time restrictions, but the amount reported above is expected to be collected within one year.

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

NOTE 3 – LIQUIDITY (Continued)

The Corporation also realizes there could be unanticipated liquidity needs. In recognition of this, the Corporation has a committed line of credit in the amount of $750,000 at June 30, 2024 and 2023 that it could draw upon if needed, as further described in Note 7.

NOTE 4 - INVESTMENTS

The Corporation has investments that are managed by the DuPage Foundation, a not-for-profit organization that manages investments for many not-for-profit organizations on an agency basis. The Corporation's investment is carried at fair market value.

The Corporation also has long-term real estate investments, recorded at the lower of cost or market, that consist of equity interests in condominium units. Under this program, the Corporation's client generally buys an equity portion of the unit from the Corporation, and the Corporation retains the remaining interest. The client is responsible for paying all of the costs of real estate taxes, insurance, and condominium assessments for common costs. At such time as the unit purchaser wishes to sell his or her interest, the Corporation has right of first refusal to buy that equity interest at the current fair market value of the respective equity percentage.

Investment expense for the years ended June 30, 2024 and 2023 was $21,996 and $22,187, respectively.

NOTE 5 - FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Corporation’s assets and liabilities measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the Corporation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

Assets at fair value as of June 30, 2024 consist of:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 4,069,785	$ -	$ -	$ 4,069,785
Interest rate swap	-	23,847	-	23,847
	$ 4,069,785	$ 23,847	$ -	4,093,632

Assets at fair value as of June 30, 2023 consist of:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 3,616,792	$ -	$ -	$ 3,616,792
Interest rate swap	-	40,272	-	-
	$ 3,616,792	$ 40,272	$ -	$ 3,657,064

The interest rate swaps are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, measures of volatility, and correlations of such inputs. The Corporation's interest rate swaps are classified as Level 2 in the fair value hierarchy.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	Lives in Years	2024	2023
Land	-	$ 1,925,339	$ 1,925,339
Buildings	40	13,471,086	12,526,010
Furniture and fixtures	3 - 7	314,702	265,069
Computer equipment and software	3 - 7	247,767	247,767
Leasehold improvements	10	996,220	572,667
Total Cost		16,955,114	15,536,852
Accumulated depreciation		(5,952,692)	(5,335,866)
Net property and equipment		$ 11,002,422	$ 10,200,986

Approximately $5,936,000 of buildings is collateralized as a condition of the acquisition and rehabilitation grants included in Note 12, as well as the term loan included in Note 8.

Depreciation and amortization expense was $616,826 and $518,210 for 2024 and 2023, respectively.

NOTE 7 - LINE OF CREDIT

The Corporation has a revolving line of credit with a bank that allows for borrowings of up to $750,000, bears interest at the prime rate, and is secured by real property. The effective interest rate was 8.50% and 8.25% at June 30, 2024 and 2023, respectively. The line of credit matures on April 4, 2025. There was no balance outstanding as of June 30, 2024 and 2023.

NOTE 8 - NOTE PAYABLE

The Corporation's note payable consists of the following:

	2024	2023
A term loan with monthly payments ranging from $3,965 to $5,496 principal, with a final balloon payment of $1,101,752, plus interest at LIBOR plus 2.25%, maturing July 22, 2025.	$ 1,166,795	$ 1,228,328
Less current portion	(65,043)	(61,737)
Long-term portion	$ 1,101,752	1,166,591

The future maturities of the note payable as of June 30, 2024 are as follows:

Year-ending June 30,	
2025	$ 65,043
2026	1,101,752
	$ 1,166,795

The net amount of interest under the debt obligations expensed by the Corporation for the years ended June 30, 2024 and 2023 was $62,322 and $83,210 respectively.

Under the agreements with the bank, the Corporation is subject to various financial and nonfinancial covenants.

NOTE 9 - INTEREST RATE SWAP

The Corporation is exposed to certain risks in the normal course of its business operations. One such risk is the variability of interest expense on the adjustable-rate term loan described in Note 8. The Corporation uses an interest rate swap to manage the risk associated with this adjustable-rate term loan.

NOTE 9 - INTEREST RATE SWAP (Continued)

Effective July 22, 2011, the Corporation entered into an interest rate swap agreement with a financial institution, with a notional amount of $1,500,000. The term of this swap agreement ran from July 22, 2011 through July 10, 2018 and was extended through July 22, 2025 in relation to the term loan described in Note 8. Under this agreement, the Corporation is charged or reimbursed based on the differential between the variable rate based on the one-month LIBOR and a fixed rate of 5.11 percent. Effective July 1, 2023, the variable rate is based on the one-month SOFR and a fixed rate of 5.38 percent. The notional amount of the interest rate swap will adjust in relation to the related term loan balance, and, as of June 30, 2024 and 2023, the notional amount was $1,166,591 and $1,228,328, respectively.

The interest rate swap is a derivative financial instrument and is reported in the consolidated statement of financial position at fair value. The fair value of the asset for the Corporation’s interest rate swap agreements was $23,847 and $40,272 and at June 30, 2024 and 2023, respectively, and was measured using Level 2 inputs determined by pricing models maintained by the counterparty to the swap agreement. The pricing models utilize a series of market inputs to determine the present value of future cash flows, with adjustments, as required for credit and liquidity risk. The change in fair market value of the interest rate swap agreement was recorded as an unrealized (loss)/gain of ($16,425) and $49,311 for the years ended June 30, 2024 and 2023, respectively.

The interest rate swap is designated as a fair value hedge. For fair value hedges, the gain or loss on the derivative instrument is offset against the loss or gain on the related hedged item recognized in current earnings. The Corporation entered into a hedging relationship such that changes in the fair value or cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives.

NOTE 10 - OPERATING LEASES

The Corporation has entered into a lease commitment for an office space used for its activities. The current terms of the lease provide for annual rents of approximately $60,000 payable monthly, increasing to approximately $64,600 throughout the life of the lease, with an abatement period of one year. The lease contains an option to renew with renewal terms that can extend the lease term for an additional five years. The exercise of the lease renewal option is at Corporation’s sole discretion. The financial statements include approximately $312,000 of operating lease payments related to the option to extend the lease term that is reasonably certain to be exercised. The Corporation may also be responsible for operating expenses, which exceed the base year defined in the lease. The expiration date of the lease is March 31, 2032. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Corporation has entered into various lease commitments for residential properties for program use, which are used as transitional housing. The current terms of the leases provide for annual rents of approximately $2,100 to $4,800 payable monthly. The Corporation may also be responsible for operating expenses, which exceed the base year defined in the lease. The expiration dates of the leases range from May 2026 to October 2027. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense included in the statement of functional expenses was $143,805 and $247,555 for the years ended June 30, 2024 and 2023, respectively.

NOTE 10 - OPERATING LEASES (Continued)

The Corporation has lease agreements with lease and non-lease components which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The operating lease assets and liabilities were calculated using the risk-free discount rate according to the Corporation's elected policy for all lease agreements.

The following summarizes the weighted average remaining lease term and discount rate as of :

	2024	2023
Operating leases		
Weighted Average Remaining Lease Term	5.23 Years	6.23 Years
Weighted Average Discount Rate	2.28%	2.22%

The maturities of lease liabilities as of June 30, 2024 are as follows:

Year-ending June 30,	Operating
2025	$ 198,105
2026	197,542
2027	89,655
2028	74,303
2029	67,470
2030 and subsequent years	194,415
Total lease payments	821,490
Less: Interest	(56,774)
Present value of lease liabilities	$ 764,716

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	2024	2023
Purpose restrictions, available for spending:		
Investment return on endowment	$ 723,347	$ 500,731
Acquisition and rehabilitation grants	37,059	56,389
Transitional housing	178,450	130,215
Purpose restricted - other	7,600	28,250
	946,456	715,585
Endowment funds:		
Capital campaign endowment	800,000	800,000
Karen Stewart Memorial Fund	90,547	90,547
Hinsdale Junior Women's Club endowment	200,000	200,000
Founders Fund endowment	372,437	371,141
Jahn Fund endowment	200,000	200,000
Amber Fund endowment	15,000	15,000
	1,677,984	1,676,688
	$ 2,624,440	$ 2,392,273

The sources of net assets released from donor restriction by incurring expenses satisfying the restricted purposes, or by the occurrence of events specified by the donor, are as follows:

	2024	2023
Acquisition and rehabilitation grants	$ 19,330	$ 145,014
Transitional housing	120,065	70,875
Other	252,684	310,778
	$ 392,079	$ 526,667

NOTE 12 – ENDOWMENT

The Corporation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 12 – ENDOWMENT (Continued)

Interpretation of Relevant Law

The Corporation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Corporation had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Corporation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Corporation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Corporation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Corporation
- The investment policies of the Corporation

Endowment net asset composition by type of funds at June 30, 2024 is as follows:

	Without donor restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,668,454	$ -	$ 1,668,454
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,677,984	1,677,984
Accumulated investment gains	-	723,347	723,347
	$ 1,668,454	$ 2,401,331	$ 4,069,785

NOTE 12 – ENDOWMENT (Continued)

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets - Beginning of year	$ 1,445,258	$ 2,177,419	$ 3,622,677
Investment income	266,695	256,570	523,265
Contributions	60,500	1,296	61,796
Distributions	(103,999)	(33,954)	(137,953)
Endowment net assets - end of year	$ 1,668,454	$ 2,401,331	$ 4,069,785

Endowment net asset composition by type of funds at June 30, 2023 is as follows:

	Without donor restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,445,258	$ -	$ 1,445,258
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,676,688	1,676,688
Accumulated investment gains	-	500,731	500,731
	$ 1,445,258	$ 2,177,419	$ 3,622,677

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets - Beginning of year	$ 1,366,560	$ 2,000,498	$ 3,367,058
Investment income	177,928	191,479	369,407
Contributions	-	11,494	11,494
Distributions	(99,230)	(26,052)	(125,282)
Endowment net assets - end of year	$ 1,445,258	$ 2,177,419	$ 3,622,677

NOTE 12 – ENDOWMENT (Continued)

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 or SPMIFA requires the Corporation to retain as a fund of perpetual duration. As of June 30, 2024 and 2023, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Corporation adopted an investment and spending policy for the endowment assets that was approved by the Board of Directors. The endowment investment principles are as follows:

- Conservation of principal
- Regular income at a reasonable market rate, consistent with a conservative investment approach
- Long-term growth of income and principal over and above that necessary to offset cost of living or inflation increases
- Maintenance of sufficient liquidity to provide for anticipated distributions
- Investment in a well-diversified pool of assets in institutions, companies, corporations, or funds with the particular investment mix to be determined by the endowment committee from time to time
- In general, the investment time horizon will be considered long term.

Strategies Employed for Achieving Objectives

The principal is managed and invested under the terms of the endowment policy by institutions approved in advance by the Board of Directors. The investments are managed by DuPage Foundation in seven mutual funds for a negotiated fee.

Spending Policy and How the Investment Objectives Relate to Spending Policy

As a general rule, gifts to the endowment program are not designated for particular purposes. All receipts from unrestricted bequests valued at $10,000 or more, annuities, charitable remainder trusts, and charitable lead trusts become a part of the endowment unless the endowment committee determines that a specific unrestricted gift should be deposited in a different account or the donor has specified other restrictions upon the gift. If the value of the endowment is at least $2 million, an annual distribution up to 4 percent of the rolling average amount of the endowment value for the past 12 quarters can be made to the Corporation to be used either for capital purposes or as a complement to the Corporation's general operating budget. The Board of Directors approves the annual distribution, if any, and may, in unusual circumstances and at its discretion, approve distributions in excess of 4 percent.

NOTE 13 - AGENCY LIABILITY

The Corporation provides accounting services and acts as a custodian for cash deposited by FHF, a program partner. At June 30, 2024 and 2023, the Corporation's liability as an agent was $714,425 and $575,588, respectively.

NOTE 14 - DEFINED CONTRIBUTION PENSION PLAN

On July 1, 1998, the Corporation established a defined contribution pension plan covering all full-time employees who have met certain service requirements. The plan provides for matching contributions and discretionary contributions by the Corporation, as determined annually by the Board of Directors, up to the maximum amount permitted under the Internal Revenue Code. The Corporation contributed $73,851 and $48,994 to the plan for the years ended June 30, 2024 and 2023, respectively.

NOTE 15 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets recognized by the Corporation for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Vehicles	$ 30,979	$ 29,270
Employment counseling services	-	1,365
Miscellaneous	6,873	1,500
	$ 37,852	$ 32,135

Donated vehicles are either used or monetized by the Corporation. Depending on the condition of the vehicle, it will either be given to a client family in DuPage County, Illinois needing transportation to reach work, school, or job training or monetized by selling the vehicle for scrap value. If the vehicle is monetized, the proceeds are used for programmatic activities. The vehicles are valued using marketplace fair values for similar vehicles for sale at the time of donation. Vehicles were donated without donor restrictions.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Bridge Communities Inc.
500 East Roosevelt Road
Glen Ellyn, IL 60137

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 consolidated financial statements of Bridge Communities Inc. (a nonprofit organization), which comprise the statement of consolidated financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Bridge Communities Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridge Communities Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Bridge Communities Inc.'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 consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridge Communities Inc.'s consolidated 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 consolidated financial statements. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PORTE BROWN LLC
Certified Public Accountants

Porte Brown LLC

Elk Grove Village, Illinois
December 13, 2024