

BRIDGE HOUSE CORPORATION
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bridge House Corporation
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bridge House Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, and for 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.

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



To the Board of Directors of
Bridge House Corporation
April 23, 2025

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bridge House Corporation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridge House Corporation'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.



To the Board of Directors of
Bridge House Corporation
April 23, 2025

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule “1” 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2025, on our consideration of Bridge House Corporation’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 House Corporation’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 House Corporation’s internal control over financial reporting and compliance.

April 23, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

BRIDGE HOUSE CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023 (As Restated)
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 1,599,984	\$ 853,913
Contracts receivable, net of allowance of \$24,561 and \$29,191, respectively	397,835	453,968
Promises to give, net	508,925	787,268
Inventories	99,516	92,072
Prepaid expenses	268,416	172,735
Investments	10,489,958	10,904,677
Property and equipment, net	11,768,049	11,493,998
Beneficial interest in endowment fund	61,628	55,416
Deposits	21,042	22,038
Operating lease right of use asset, net	979,547	1,099,597
	<u>\$ 26,194,900</u>	<u>\$ 25,935,682</u>
<u>LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 270,586	\$ 275,128
Operating lease liability:		
Current portion	127,066	120,049
Long-term portion	852,481	979,548
	<u>1,250,133</u>	<u>1,374,725</u>
<u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	24,408,370	23,808,514
	24,408,370	23,808,514
With donor restrictions	536,397	752,443
	<u>24,944,767</u>	<u>24,560,957</u>
	<u>\$ 26,194,900</u>	<u>\$ 25,935,682</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Public Support:</u>			
Contributions	\$ 2,442,993	\$ 139,047	\$ 2,582,040
Grants and contracts:			
Prevention and treatment of substance abuse	491,970	-	491,970
Medicaid, net of contractual adjustments	2,710,159	-	2,710,159
Emergency food and shelter	-	-	-
Contributed nonfinancial assets	2,760,544	-	2,760,544
Food stamps	283,497	-	283,497
Net assets released from restrictions	<u>361,305</u>	<u>(361,305)</u>	<u>-</u>
 Total public support	 <u>9,050,468</u>	 <u>(222,258)</u>	 <u>8,828,210</u>
 <u>Other Revenue:</u>			
Client service fees	60,299	-	60,299
Vending	2,928	-	2,928
Thrift stores and auto sales	2,931,426	-	2,931,426
Cost of goods sold	(2,865,073)	-	(2,865,073)
Gain on sale of assets	-	-	-
Tax credit proceeds	-	-	-
Investment return (loss) and interest income, net	<u>1,015,401</u>	<u>6,212</u>	<u>1,021,613</u>
 Total other revenue	 <u>1,144,981</u>	 <u>6,212</u>	 <u>1,151,193</u>
 Total revenue	 <u>10,195,449</u>	 <u>(216,046)</u>	 <u>9,979,403</u>
 <u>Expenses:</u>			
Program services	8,140,103	-	8,140,103
Supporting services:			
Management and general	986,876	-	986,876
Fundraising	<u>468,614</u>	<u>-</u>	<u>468,614</u>
 Total expenses	 <u>9,595,593</u>	 <u>-</u>	 <u>9,595,593</u>
 Change in net assets	 <u>599,856</u>	 <u>(216,046)</u>	 <u>383,810</u>
 Net assets, beginning of year	 <u>23,808,514</u>	 <u>752,443</u>	 <u>24,560,957</u>
 Net assets, end of year	 <u><u>\$ 24,408,370</u></u>	 <u><u>\$ 536,397</u></u>	 <u><u>\$ 24,944,767</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total (As Restated)</u>
<u>Public Support:</u>			
Contributions	\$ 1,361,192	\$ 639,223	\$ 2,000,415
Grants and contracts:			
Prevention and treatment of substance abuse	360,203	-	360,203
Medicaid, net of contractual adjustments	2,676,477	-	2,676,477
Emergency food and shelter	7,500	-	7,500
Contributed nonfinancial assets	2,823,486	-	2,823,486
Food stamps	268,878	-	268,878
Net assets released from restrictions	<u>313,353</u>	<u>(313,353)</u>	<u>-</u>
 Total public support	 <u>7,811,089</u>	 <u>325,870</u>	 <u>8,136,959</u>
 <u>Other Revenue:</u>			
Client service fees	51,293	-	51,293
Vending	2,694	-	2,694
Thrift stores and auto sales	3,086,692	-	3,086,692
Cost of goods sold	(3,041,231)	-	(3,041,231)
Gain on sale of assets	-	-	-
Tax credit proceeds	237,768	-	237,768
Investment return (loss) and interest income, net	<u>1,726,302</u>	<u>6,268</u>	<u>1,732,570</u>
 Total other revenue	 <u>2,063,518</u>	 <u>6,268</u>	 <u>2,069,786</u>
 Total revenue	 <u>9,874,607</u>	 <u>332,138</u>	 <u>10,206,745</u>
 <u>Expenses:</u>			
Program services	8,107,931	-	8,107,931
Supporting services:			
Management and general	1,210,814	-	1,210,814
Fundraising	<u>570,014</u>	<u>-</u>	<u>570,014</u>
 Total expenses	 <u>9,888,759</u>	 <u>-</u>	 <u>9,888,759</u>
 Change in net assets	 <u>(14,152)</u>	 <u>332,138</u>	 <u>317,986</u>
 Net assets, beginning of year	 <u>23,822,666</u>	 <u>420,305</u>	 <u>24,242,971</u>
 Net assets, end of year	 <u><u>\$ 23,808,514</u></u>	 <u><u>\$ 752,443</u></u>	 <u><u>\$ 24,560,957</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 4,192,870	\$ 406,805	\$ 167,138	\$ 4,766,813
Payroll taxes	313,513	30,467	12,731	356,711
Benefits	371,562	134,351	6,351	512,264
Total salaries and related expenses	4,877,945	571,623	186,220	5,635,788
Auto expenses	73,874	5,720	-	79,594
Computer expenses	101,340	-	27,573	128,913
Food	403,092	13,101	-	416,193
Household supplies	33,222	3,271	-	36,493
Insurance	497,030	38,240	-	535,270
Interest	-	-	-	-
Licenses and taxes	66,365	-	-	66,365
Maintenance and repairs	354,921	14,958	213	370,092
Office	67,017	6,344	21,551	94,912
Professional services	193,445	23,934	1,700	219,079
Clinical supplies and services	195,200	7,539	1,009	203,748
Rent	150,000	-	-	150,000
Telephone	84,784	8,679	2,909	96,372
Travel and education	-	27,865	-	27,865
Utilities	284,762	77,576	6,381	368,719
Depreciation and amortization	381,815	181,608	-	563,423
Bad debts	165,709	-	-	165,709
Event expenses	-	-	218,754	218,754
Miscellaneous	66,027	6,418	2,304	74,749
Cost of goods sold	2,865,073	-	-	2,865,073
Advertising and promotions	143,555	-	-	143,555
Total expenses	11,005,176	986,876	468,614	12,460,666
Less expenses included with revenues on the statement of activities:				
Cost of goods sold	(2,865,073)	-	-	(2,865,073)
Total expenses included in the expense section of the statement of activities	\$ 8,140,103	\$ 986,876	\$ 468,614	\$ 9,595,593

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Supporting Services		
	Program Services	Management and General	Fundraising	Total (As Restated)
Salaries	\$ 4,192,871	\$ 355,824	\$ 253,230	\$ 4,801,925
Payroll taxes	316,007	26,977	19,075	362,059
Benefits	361,383	102,436	23,085	486,904
Total salaries and related expenses	4,870,261	485,237	295,390	5,650,888
Auto expenses	73,591	22,633	-	96,224
Computer expenses	73,282	-	21,214	94,496
Food	349,605	20,526	-	370,131
Household supplies	31,512	3,095	-	34,607
Insurance	616,974	52,273	7,725	676,972
Interest	-	176,090	-	176,090
Licenses and taxes	77,702	2,152	-	79,854
Maintenance and repairs	367,848	29,577	102	397,527
Office	123,773	9,972	14,717	148,462
Professional services	290,951	101,784	2,350	395,085
Clinical supplies and services	191,989	-	853	192,842
Rent	144,122	-	-	144,122
Telephone	65,131	9,506	2,025	76,662
Travel and education	-	23,574	-	23,574
Utilities	311,057	81,480	344	392,881
Depreciation and amortization	392,021	180,440	-	572,461
Bad debt (recovery)	(78,511)	-	-	(78,511)
Event expenses	-	-	222,111	222,111
Miscellaneous	65,000	12,475	3,183	80,658
Cost of goods sold	3,041,231	-	-	3,041,231
Advertising and promotions	141,623	-	-	141,623
Total expenses	11,149,162	1,210,814	570,014	12,929,990
Less expenses included with revenues on the statement of activities:				
Cost of goods sold	(3,041,231)	-	-	(3,041,231)
Total expenses included in the expense section of the statement of activities	\$ 8,107,931	\$ 1,210,814	\$ 570,014	\$ 9,888,759

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u> (As Restated)
<u>CASH FLOWS PROVIDED BY (USED BY)</u>		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 383,810	\$ 317,986
Adjustments to reconcile change in net assets to cash provided by (used by) operating activities:		
Depreciation and amortization	563,423	572,461
Provision for bad debts	165,709	(78,511)
Change in discount on promises to give	34,157	24,260
Net unrealized (gain) on investments	(439,926)	(739,556)
Net realized (gain) on sale of investments	(366,783)	(680,124)
Investment (income) on restricted funds	(6,212)	(6,268)
(Increase) decrease in:		
Contracts receivable	(109,576)	73,058
Promises to give	244,186	(362,500)
Inventories	(7,444)	8,758
Prepaid expenses	(95,681)	24,686
Deposits	996	11,491
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,542)	25,304
Net cash provided by (used by) operating activities	<u>362,117</u>	<u>(808,955)</u>
<u>CASH FLOWS PROVIDED BY (USED BY)</u>		
<u>INVESTING ACTIVITIES:</u>		
Capital expenditures	(837,474)	(291,640)
Proceeds from sale of investments	3,001,386	7,846,298
Purchase of investments	(1,779,958)	(3,160,655)
Net cash provided by investing activities	<u>383,954</u>	<u>4,394,003</u>
<u>CASH FLOWS PROVIDED BY (USED BY)</u>		
<u>FINANCING ACTIVITIES:</u>		
Principal payments on notes payable	-	(4,055,000)
Net cash (used by) financing activities	<u>-</u>	<u>(4,055,000)</u>
Net increase (decrease) in cash and cash equivalents	746,071	(469,952)
Cash and cash equivalents at beginning of year	<u>853,913</u>	<u>1,323,865</u>
Cash and cash equivalents at end of year	<u>\$ 1,599,984</u>	<u>\$ 853,913</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Bridge House Corporation (Bridge House) is a non-profit corporation organized to provide treatment and long-term residential care for individuals with drug and alcohol addictions in the Greater New Orleans area. Bridge House is supported primarily through donor contributions, thrift store and donated auto sales, and governmental grants and contracts.

Method of Accounting and Financial Reporting Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, Bridge House is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets With Donor Restrictions - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets Without Donor Restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, except for assets held in its investment portfolio, Bridge House considers all certificates of deposits and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash and Funded Reserves

Restricted cash and funded reserves consist of balances in cash accounts that are required by loan agreements.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts Receivable

Bridge House receives funding from federal, state, and local agencies for administering various grants and contracts. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Bridge House records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2024 and 2023, management has determined that all amounts were collectible and no allowance was necessary.

Bridge House also receives payment for services rendered from Medicaid programs. Bridge House manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. Bridge House records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance.

On January 1, 2023, Bridge House adopted the Current Expected Credit Losses (CECL) accounting standard, as further described under the “New Accounting Standards Adopted” subheading. Bridge House now maintains an allowance for credit losses based on an estimate of the losses it would incur if the Managed Care Organizations do not make payments rendered from Medicaid programs. At the end of each month, Bridge House groups its remaining Medicaid accounts receivable on a collective (pool) basis. For Medicaid receivables, Bridge House provides reserves for uncollectible accounts based on its accounts receivable aging. These reserves range to up to 5% for amounts just past due and accounts that are more than 90 days past due. As of December 31, 2024 and 2023, the amount recorded as the allowance credit losses from contracts was \$24,561 and \$29,191.

The following represents a rollforward of Bridge House’s estimate of current expected credit losses for the year ended December 31, 2024:

Allowance for bad debt, 12/31/2023	\$ 29,191
Provisions for credit losses	(4,630)
Write offs	-
Recoveries	-
	<hr/>
Current expected credit losses, 12/31/2024	<u>\$ 24,561</u>

Inventories

Inventories are stated at the lower of cost, fair value at date of donation plus the cost of repairs, or net realizable value.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless their use is with restrictions by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restriction unless the use is restricted by the donor.

Certificates of deposit (CDs) represent CDs with initial maturities of greater than three months but less than one year, the use of which is restricted for specific purposes by the Board of Directors. They are recorded at the face value plus accrued interest, which approximates fair value.

FASB ASC topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

No Level 2 or Level 3 inputs were used by Bridge House.

Property and Equipment

Bridge House follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$10,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	30 Years
Furniture, fixtures, and equipment	5 - 15 Years
Building improvements	7 - 30 Years
Leasehold improvements	5 Years
Vehicles	5 - 7 Years

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the remaining lease term. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Bridge House reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Bridge House reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Leases

Bridge House applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. Bridge House defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that Bridge House will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

Bridge House also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether Bridge House can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

Bridge House is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. Bridge House generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

Bridge House determines the incremental borrowing rate of each lease by estimating the credit rating of Bridge House at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Promises to Give, Grants, and Contributions

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. There were no conditional promises to give as of December 31, 2024 and 2023.

Contributions of donated noncash assets are recorded at their fair values in the period received. Absent donor imposed restrictions contributions of donated financial assets are converted nearly immediately into cash. Bridge House receives a substantial amount of services donated by its clients and supporters in carrying out Bridge House's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

Contracts

Bridge House receives Medicaid revenue arising from contracts with the State of Louisiana – Department of Health and Hospitals. Generally, Bridge House is reimbursed on a fee-for-service basis based on predetermined reimbursement rate schedules. Bridge House determines the transaction price based on established billing rates reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients and implicit price concessions. Contractual adjustments and discounts are based on contractual agreements, discount policies and historical experience. Implicit price concessions are based on historical collection experience.

Thrift Store and Used Cars

Thrift Store and Used Car sales are recognized at the point of sale when the exchange transaction occurs, as one performance obligation.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements of Bridge House report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort or specific identification. However, several expenses (e.g., salaries and related expenditures, advertising, and professional fees, etc.) require allocation based on usage (e.g., time studies, estimated consumption, etc.) by each function.

Income Tax Status

Bridge House is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to Bridge House's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, Bridge House qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

As of December 31, 2024, Bridge House had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The 2021 through 2023 tax years remain subject to examination by the IRS. Bridge House does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Advertising

All non-direct response advertising costs are expensed as incurred and included in advertising and promotions expenses. Advertising expense amounted to \$143,555 and \$141,623 for the years ended December 31, 2024 and 2023, respectively.

Date of Management's Review

Subsequent events have been evaluated through April 23, 2025, which is the date the financial statements were available to be issued.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Bridge House's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for future required funding of debt. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2024</u>	<u>2023</u>
Financial assets, at year end	\$ 13,058,330	\$ 13,055,242
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Beneficial interest in endowment fund	(61,628)	(55,416)
Restricted by donor - time/purpose restrictions	<u>(233,221)</u>	<u>(590,936)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,763,481</u>	<u>\$ 12,408,890</u>

Bridge House is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Bridge House must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Bridge House's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(3) STATEMENT OF CASH FLOWS SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information:

	<u>2024</u>	<u>2023</u>
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ 176,090</u>

(4) INVENTORIES

Inventories consist of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Donated thrift store items	\$ 73,210	\$ 73,605
Donated used cars	<u>26,306</u>	<u>18,467</u>
	<u>\$ 99,516</u>	<u>\$ 92,072</u>

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(5) INVESTMENTS

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1) and are as follows at December 31st:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 509,261	\$ 181,432
Equities	4,631,703	4,979,362
Fixed income	2,009,838	2,660,477
Alternatives	2,088,341	2,032,796
Structured investments	<u>1,250,815</u>	<u>1,050,610</u>
Total investments	<u>\$ 10,489,958</u>	<u>\$ 10,904,677</u>

The following schedule summarizes the investment return without donor restrictions and its classification in the statement of activities for the years ended December 31st:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 260,721	\$ 386,914
Net realized gains	366,783	680,124
Management fees	(52,029)	(80,292)
Net unrealized gains	<u>439,926</u>	<u>739,556</u>
Total return (loss) on investments	<u>\$ 1,015,401</u>	<u>\$ 1,726,302</u>

(6) PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 200,000	\$ 212,500
Receivable in one to five years	350,000	650,000
Receivable in more than five years	<u>-</u>	<u>-</u>
Promises to give, gross	550,000	862,500
Less: discounts	<u>(41,075)</u>	<u>(75,232)</u>
Promises to give, net	<u>\$ 508,925</u>	<u>\$ 787,268</u>

Unconditional promises to give in more than one year are discounted at 5%.

Uncollectible promises are expected to be insignificant; therefore, no allowance has been recorded for the years ended December 31, 2024 and 2023.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(7) PROPERTY AND EQUIPMENT AND DEPRECIATION

Costs of property and equipment consist of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Land and buildings	\$ 16,193,214	\$ 16,176,034
Furniture, fixtures, and equipment	806,231	791,288
Building improvements	262,633	215,215
Leasehold improvements	87,791	87,791
Construction in progress	769,507	53,276
Vehicles	<u>595,840</u>	<u>557,175</u>
	18,715,216	17,880,779
Less accumulated depreciation	<u>(6,947,167)</u>	<u>(6,386,781)</u>
Total	<u>\$ 11,768,049</u>	<u>\$ 11,493,998</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$563,423 and \$572,461, respectively.

(8) BENEFICIAL INTEREST IN ENDOWMENT FUND

Bridge House is the beneficiary of an endowment fund created by donors, the assets of which are not in the possession of Bridge House. The fund is held by the Greater New Orleans Foundation. Bridge House has legally enforceable rights and claims to such assets, including the sole right to income there from. The principal portion of the endowment fund is a net asset with donor restrictions. Income earned by the fund is distributed to Bridge House at the discretion of the Greater New Orleans Foundation. At December 31, 2024 and 2023, the beneficial interest in The Greater New Orleans Foundation's Bridge House Fund was a fair value of \$61,628 and \$55,416, respectively.

During the year ended December 31, 2024 and 2023, Bridge House incurred \$6,212 and \$6,268 of investment income/losses from the fund, respectively. Bridge House reinvested these amounts back into the endowment fund.

Changes in endowment net assets for the years ended December 31, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 55,416	\$ 49,148
Interest and dividend income	699	703
Administrative fees	(474)	(424)
Net realized gains	2,460	43
Net unrealized gains (losses)	<u>3,527</u>	<u>5,946</u>
Endowment net assets, end of year	<u>\$ 61,628</u>	<u>\$ 55,416</u>

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(9) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Accounts payable	\$ 95,092	\$ 103,397
Accrued salaries and payroll taxes	137,667	107,781
Accrued sales taxes	15,911	13,873
Other accrued expenses	<u>21,916</u>	<u>50,077</u>
	<u>\$ 270,586</u>	<u>\$ 275,128</u>

(10) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Beneficial interest in endowment fund	\$ 61,628	\$ 55,416
Charitable bequest	17,500	20,000
Generator fund	318,222	573,436
Fundraising events	<u>139,047</u>	<u>103,591</u>
Net assets with donor restrictions	<u>\$ 536,397</u>	<u>\$ 752,443</u>

Net assets released from donor restrictions consisted of the following at December 31st:

	<u>2024</u>	<u>2023</u>
Charitable bequest	\$ 2,500	\$ 2,500
Generator fund	255,214	181,687
Fundraising events	<u>103,591</u>	<u>129,166</u>
Net assets released from restrictions	<u>\$ 361,305</u>	<u>\$ 313,353</u>

(11) LEASES

Bridge House makes payments monthly for the use of treatment, housing, thrift store and used car facilities. Presently, Bridge House has short-term and long-term agreements with the owners of these properties. Short-term arrangements could be terminated at the discretion of either party to the rental agreements. Long-term leases are non-cancelable operating leases, by Bridge House, that expire at various dates through December 31, 2031. Certain leases generally contain renewal options for periods ranging from two to ten years, include escalation clauses, and require Bridge House to pay executor costs such as taxes, maintenance and insurance.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(11) LEASES (CONTINUED)

Lease Term and Discount Rate:

	<u>2024</u>	<u>2023</u>
<u>Weighted Average Remaining Lease Term (years)</u>		
Operating leases	7	8
<u>Weighted Average Discount Rate</u>		
Operating leases	2.61%	2.61%

The maturities of lease liabilities as of December 31, 2023 are as follows:

2025	\$ 150,792
2026	150,792
2027	150,792
2028	154,680
2029	154,680
Thereafter	<u>309,360</u>
Total lease payments	1,071,096
Lease: imputed interest	<u>(91,549)</u>
Total, net	<u>\$ 979,547</u>

(12) CONTRIBUTED NONFINANCIAL ASSETS

In-kind contributions for the years ended December 31, 2024 and 2023, included in the financial statements, were as follows:

	<u>2024</u>	<u>2023</u>
Thrift stores	\$ 2,580,812	\$ 2,670,123
Food commodities	<u>179,732</u>	<u>153,363</u>
Total contributed nonfinancial assets	<u>\$ 2,760,544</u>	<u>\$ 2,823,486</u>

Bridge House thrift stores received donated goods ranging from mattresses, cars, clothes, and home furniture from the public to be sold at Bridge House's thrift stores. The assets are determined at fair market value based on the items cost or by the sale of comparable items. These amounts are recorded as contributed nonfinancial asset revenues and program service expenses on the accompanying statements of activities.

Bridge House participated in the United States Department of Agriculture Food Distribution Program for the years ended December 31, 2024 and 2023. The program provides food commodities to Bridge House to use in the preparation of meals for clients. The value of the food commodities is determined at fair market value indicated by the donor. These amounts are recorded as contributed nonfinancial asset revenues and program service expenses on the accompanying statements of activities.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(12) CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

All contributed nonfinancial assets received by Bridge House for the years ended December 31, 2024 and 2023 were considered without donor restrictions and able to be used by Bridge House as determined by the board of directors and management.

(13) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Bridge House to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Bridge House's policy is to not require accounts receivable to be collateralized.

Bridge House maintains its cash and cash equivalents in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. The uninsured portion of cash balances as of December 31, 2024 and 2023 totaled \$1,346,785 and \$318,197, respectively.

Bridge House maintains certificates of deposit, stocks, bonds, and mutual funds with Morgan Stanley Smith Barney LLC, who is a member of SIPC, which protects securities up to \$500,000. As of December 31, 2024 and 2023, amounts in excess of insured limits totaled \$10,239,959 and \$10,654,678, respectively.

Approximately 25% of Bridge House's total revenue and 100% of the grants and contracts receivable for the year ended December 31, 2024 was awarded by the State of Louisiana -Department of Health and Hospitals. Approximately 30% of Bridge House's total revenue and 100% of the grants and contracts receivable for the year ended December 31, 2023 was awarded by the State of Louisiana Department of Health and Hospitals.

Promises to give were from three donors as of December 31, 2024. Promises to give were from one donor as of December 31, 2023.

(14) EMPLOYEE RETENTION TAX CREDITS

During 2022, Bridge House applied for Employee Retention Credits (Credits) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which is presented on the statement of activities. During 2023, Bridge House was awarded Credits under the CARES Act amounting to \$237,768 relating to 2020 payroll taxes.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

(15) TAX-DEFERRED ANNUITY PLAN

Bridge House has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of Bridge House. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. For fiscal years end December 31, 2024 and 2023, Bridge House Corporation made matching contributions up to 2.5% of the employee's qualifying compensation and an additional 1.5% profit sharing contribution. Plan expenses for the years ended December 31, 2024 and 2023 were \$122,350 and \$115,867, respectively.

(16) CONSTRUCTION COMMITMENT

During the year ended December 31, 2023, Bridge House entered into a contract for architectural and construction services related to a generator project in the amount of \$854,600. During 2024, Bridge House added an additional \$16,117 to the contract changing the total amount to \$870,717. As of December 31, 2024, \$168,130 was remaining on the contract.

(17) PRIOR YEAR ADJUSTMENT

During the year ended December 31, 2024, Bridge House identified an error in the accounting for Medicaid receivables in the prior year. Specifically, Bridge House did not record bad debt expense related to certain outstanding Medicaid receivables as of December 31, 2023. As a result, accounts receivable and net assets without donor restrictions were overstated in the previously issued financial statements.

In accordance with U.S. GAAP, Bridge House has corrected this error by restating the beginning net asset balances. The correction resulted in a decrease of \$140,153 in net assets without donor restrictions to reflect the proper valuation of Medicaid receivables.

The correction had no impact on the change in net assets for the year ended December 31, 2024. Comparative information for 2023 has been restated in the accompanying financial statements

(18) RECLASSIFICATIONS

Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net assets.

BRIDGE HOUSE CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Kevin Gardere</u>
Time served	1/1/24 through 12/31/24
Salary	\$ -
Benefits - insurance (health)	-
Benefits - insurance (vision and dental)	-
Benefits - retirement 403b match	-
Benefits - retirement profit sharing	-
Benefits - cell phone	-
	<hr/>
Total compensation, benefits, and other payments	\$ <u><u>-</u></u>

*Note: Kevin Gardere did not receive salary or related benefits from public sources.



**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 House Corporation
New Orleans, LA

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 House Corporation (a non-profit corporation), which comprise the statement of financial position as of December 31, 2024, 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 April 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridge House Corporation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridge House Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bridge House Corporation'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 or significant deficiencies may exist that were not identified.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors
Bridge House Corporation
April 23, 2025

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridge House Corporation'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 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 Bridge House 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 Bridge House Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

April 23, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

BRIDGE HOUSE CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Bridge House Corporation.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2024.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

NOT APPLICABLE

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

NOT APPLICABLE

BRIDGE HOUSE CORPORATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

**II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL
AWARD PROGRAMS**

NOT APPLICABLE

III. MANAGEMENT LETTER

NOT APPLICABLE