

BRIDGE COMMUNITIES INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2025 AND 2024

BRIDGE COMMUNITIES INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2025 AND 2024

TABLE OF CONTENTS

| | PAGE |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1-2 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION..... | 3 |
| CONSOLIDATED STATEMENT OF ACTIVITIES..... | 4 |
| CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES..... | 5-6 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | 7 |
| CONSOLIDATED NOTES TO FINANCIAL STATEMENTS | 8-25 |



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, 2025 and 2024, 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, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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, 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.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC".

Elk Grove Village, Illinois
December 18, 2025

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

| | 2025 | 2024 (As restated) |
|--|----------------------|-------------------------------------|
| ASSETS | | |
| ASSETS | | |
| Cash (\$714,354 restricted as of June 30, 2024) | \$ 2,264,245 | \$ 1,412,941 |
| Investments | 5,259,822 | 4,379,828 |
| Grants and pledges receivable, net | 3,600,882 | 865,140 |
| Property and equipment, net | 11,104,497 | 11,002,422 |
| Operating lease right-of-use asset | 1,409,987 | 684,300 |
| Other assets | 525,485 | 493,118 |
| TOTAL ASSETS | \$ 24,164,918 | \$ 18,837,749 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable, accrued expenses and other liabilities | \$ 661,470 | \$ 576,385 |
| Agency liability | - | 714,354 |
| Operating lease liabilities | 1,488,667 | 764,716 |
| Notes payable | 1,101,752 | 1,166,795 |
| | <u>3,251,889</u> | <u>3,222,250</u> |
| NET ASSETS | | |
| Without donor restrictions | 13,380,721 | 12,671,059 |
| With donor restrictions | 7,532,308 | 2,944,440 |
| | <u>20,913,029</u> | <u>15,615,499</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ 24,164,918 | \$ 18,837,749 |

The accompanying notes are an integral part of these financial statements

BRIDGE COMMUNITIES INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | | | 2024 (As restated) | | |
|--|---|------------------------------------|----------------------|---|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 3,396,635 | \$ 4,962,209 | \$ 8,358,844 | \$ 3,519,069 | \$ 686,380 | \$ 4,205,449 |
| Rental income | 888,003 | - | 888,003 | 907,691 | - | 907,691 |
| Government grants | 572,878 | - | 572,878 | 1,010,378 | - | 1,010,378 |
| Special events, net of expense of \$230,594 and \$240,403 as of June 30, 2025 and 2024, respectively | 589,137 | - | 589,137 | 451,878 | - | 451,878 |
| Investment income (loss), net | 356,678 | 230,932 | 587,610 | 290,653 | 257,866 | 548,519 |
| Other income | 26,920 | - | 26,920 | 89,941 | - | 89,941 |
| Net assets released from restriction | 605,273 | (605,273) | - | 392,079 | (392,079) | - |
| | <u>6,435,524</u> | <u>4,587,868</u> | <u>11,023,392</u> | <u>6,661,689</u> | <u>552,167</u> | <u>7,213,856</u> |
| EXPENSES | | | | | | |
| Program services | 4,309,846 | - | 4,309,846 | 4,124,038 | - | 4,124,038 |
| Support services: | | | | | | |
| Management and general | 503,803 | - | 503,803 | 511,237 | - | 511,237 |
| Fundraising | 890,045 | - | 890,045 | 848,345 | - | 848,345 |
| Total support services | <u>1,393,848</u> | <u>-</u> | <u>1,393,848</u> | <u>1,359,582</u> | <u>-</u> | <u>1,359,582</u> |
| Total expenses | <u>5,703,694</u> | <u>-</u> | <u>5,703,694</u> | <u>5,483,620</u> | <u>-</u> | <u>5,483,620</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | <u>731,830</u> | <u>4,587,868</u> | <u>5,319,698</u> | <u>1,178,069</u> | <u>552,167</u> | <u>1,730,236</u> |
| NONOPERATING ACTIVITIES | | | | | | |
| Unrealized loss on interest rate swap agreement | (22,168) | - | (22,168) | (16,425) | - | (16,425) |
| CHANGE IN NET ASSETS | <u>709,662</u> | <u>4,587,868</u> | <u>5,297,530</u> | <u>1,161,644</u> | <u>552,167</u> | <u>1,713,811</u> |
| NET ASSETS, BEGINNING OF YEAR | <u>12,671,059</u> | <u>2,944,440</u> | <u>15,615,499</u> | <u>11,509,415</u> | <u>2,392,273</u> | <u>13,901,688</u> |
| NET ASSETS, END OF YEAR | <u>\$ 13,380,721</u> | <u>\$ 7,532,308</u> | <u>\$ 20,913,029</u> | <u>\$ 12,671,059</u> | <u>\$ 2,944,440</u> | <u>\$ 15,615,499</u> |

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, 2025

| | Program Services | Management and General | Fundraising Services | Total |
|--------------------------------------|-----------------------------|-----------------------------------|---------------------------------|---------------------|
| EXPENSES | | | | |
| Compensation | | | | |
| Salaries | \$ 1,393,036 | \$ 233,558 | \$ 533,754 | \$ 2,160,348 |
| Benefits | 209,739 | 39,177 | 81,200 | 330,116 |
| Payroll taxes | 101,030 | 27,426 | 46,131 | 174,587 |
| Other compensation | 5,577 | 12,046 | 1,560 | 19,183 |
| Total Compensation | 1,709,382 | 312,207 | 662,645 | 2,684,234 |
| Program housing | | | | |
| Building maintenance | 590,289 | 714 | 1,304 | 592,307 |
| Property management fees | 104,304 | - | - | 104,304 |
| Utilities | 315,240 | 333 | 688 | 316,261 |
| Rent | 152,134 | - | 1,946 | 154,080 |
| Depreciation and amortization | 567,103 | 4,446 | 8,892 | 580,441 |
| Interest | 63,005 | - | - | 63,005 |
| Real estate taxes | 21,009 | - | - | 21,009 |
| Property insurance | 55,103 | - | - | 55,103 |
| Other housing | 61,353 | - | - | 61,353 |
| Total program housing | 1,929,540 | 5,493 | 12,830 | 1,947,863 |
| Administrative | | | | |
| Professional services | 60,511 | 49,645 | 22,590 | 132,746 |
| Telecom and IT | 81,624 | 25,440 | 24,727 | 131,791 |
| Reimbursed travel | 17,476 | 2,696 | 3,729 | 23,901 |
| Office depreciation | 66,328 | 12,910 | 23,542 | 102,780 |
| Office supplies | 4,272 | 6,903 | 8,713 | 19,888 |
| Conference, meetings, and events | 11,899 | 18,069 | 8,027 | 37,995 |
| Liability insurance | 6,536 | 4,104 | - | 10,640 |
| Other | 2,030 | 9,123 | 5,614 | 16,767 |
| Total administrative | 250,676 | 128,890 | 96,942 | 476,508 |
| Family assistance | | | | |
| Auto program | 83,795 | - | - | 83,795 |
| Professional services | 86,261 | - | - | 86,261 |
| Program events | 46,858 | - | - | 46,858 |
| Tuition/education/scholarships | 46,720 | - | - | 46,720 |
| Other | 108,037 | 99 | - | 108,136 |
| Total family assistance | 371,671 | 99 | - | 371,770 |
| Marketing-development and marketing | 872 | 6,367 | 115,323 | 122,562 |
| In-kind expense | 37,081 | - | 2,073 | 39,154 |
| Capital campaign expense | - | 49,677 | - | 49,677 |
| Miscellaneous expense | 10,624 | 1,070 | 232 | 11,926 |
| | 48,577 | 57,114 | 117,628 | 223,319 |
| TOTAL EXPENSES | 4,309,846 | 503,803 | 890,045 | 5,703,694 |
| Special events | - | - | 230,594 | 230,594 |
| TOTAL FUNCTIONAL EXPENSES | \$ 4,309,846 | \$ 503,803 | \$ 1,120,639 | \$ 5,934,288 |

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 |

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, 2025 AND 2024

| | 2025 | 2024 (As restated) |
|--|----------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets: | \$ 5,297,530 | \$ 1,713,811 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 617,725 | 616,826 |
| Gain on investments | (443,934) | (444,726) |
| Gain on sale of investments - real estate | - | (56,736) |
| Unrealized loss on interest rate swap agreement | 22,168 | 16,425 |
| Reduction of operating lease right of use assets | 141,037 | 173,130 |
| Changes in: | | |
| Grants and pledges receivable, net | (2,735,742) | (822,703) |
| Other assets | (54,535) | (12,404) |
| Accounts payable, accrued expenses and other liabilities | 85,085 | 124,603 |
| Agency liability | (714,354) | 138,766 |
| Operating lease liabilities | (142,773) | (162,855) |
| Net cash provided by operating activities | <u>2,072,207</u> | <u>1,284,137</u> |
| INVESTING ACTIVITIES | | |
| Purchase and reinvestments of investments | (575,940) | (177,286) |
| Proceeds from sale of investments | 139,880 | 132,068 |
| Proceeds from sale of investments - real estate | - | 110,236 |
| Purchase of property and equipment | <u>(719,800)</u> | <u>(1,315,395)</u> |
| Net cash used by investing activities | <u>(1,155,860)</u> | <u>(1,250,377)</u> |
| FINANCING ACTIVITIES | | |
| Repayments on notes payable | <u>(65,043)</u> | <u>(61,533)</u> |
| Net cash used by financing activities | <u>(65,043)</u> | <u>(61,533)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 851,304 | (27,773) |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>1,412,941</u> | <u>1,440,714</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$ 2,264,245</u></u> | <u><u>\$ 1,412,941</u></u> |
| SUPPLEMENTAL INFORMATION TO CASH FLOWS | | |
| Cash paid during the year for: | | |
| Income taxes | \$ - | \$ - |
| Interest | 63,005 | 62,322 |
| Non-cash activities: | | |
| Increase/(decrease) in fair value of investments | \$ 443,934 | \$ (933,156) |
| Operating lease assets obtained in exchange for lease liabilities | 866,724 | - |

The accompanying notes are an integral part of these financial statements

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 held cash as part of an agency relationship with Families Helping Families (FHF). This amount is restricted until it is remitted to FHF. During the year ended June 30, 2025, the agency relationship was terminated. 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:

| | 2025 | 2024 |
|------------------|---------------------|---------------------|
| Cash | \$ 2,264,245 | \$ 698,587 |
| Cash- restricted | - | 714,354 |
| | <u>\$ 2,264,245</u> | <u>\$ 1,412,941</u> |

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. Grant revenue is recognized as services are rendered. All grants receivable are expected to be collected in the next year; therefore, no allowance for doubtful accounts has been established at June 30, 2025 and 2024.

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, 2025 and 2024 was approximately \$1,100 and \$1,600, respectively.

PLEDGES RECEIVABLE

The present value discount on pledges receivable is calculated using the daily treasury yield curve rates. Included in pledges receivable are the following unconditional promises to give as of June 30, 2025:

| | <u>2025</u> |
|--|---------------------|
| Unconditional promises to give before unamortized discount | \$ 3,585,544 |
| Less: unamortized discount | <u>(322,794)</u> |
| Net unconditional promises to give | <u>\$ 3,262,750</u> |
| Amounts due in: | |
| Less than one year | \$ 1,074,371 |
| One to five years | <u>2,188,379</u> |
| | <u>\$ 3,262,750</u> |

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 2025 and 2024. 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.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 market rate 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, 2025 and 2024. These advance payments are recognized as deferred revenue until the event has occurred, at which time they are recorded as revenue.

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. During the year ended June 30, 2025, the agency relationship was terminated.

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 \$888,003 and \$907,691 for the years ended June 30, 2025 and 2024, 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 transitional 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.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Detail of contributions by source for the years ended June 30, 2025 and 2024 are as follows:

| | <u>2025</u> | <u>2024</u> |
|---|----------------------------|----------------------------|
| Program partners | \$ 1,137,525 | \$ 849,465 |
| Contributions - individuals | 2,105,452 | 2,065,836 |
| Contributions - corporate and foundations | 1,075,464 | 1,196,644 |
| Contributions - community organizations | 68,325 | 55,652 |
| Contributions - capital | 3,929,824 | - |
| In-kind contributions | <u>39,254</u> | <u>37,852</u> |
| | <u><u>\$ 8,355,844</u></u> | <u><u>\$ 4,205,449</u></u> |

SPECIAL EVENTS

The Organization has various special events. Significant special events are reported net of costs of direct benefit to donors. Peripheral or incidental special events report revenue net of direct expense.

Detail of special events for the year ended June 30, 2025 are as follows:

| | <u>Gross Revenue</u> | <u>Less: Direct Costs</u> | <u>Net Revenue</u> |
|--------------------------------------|--------------------------|-------------------------------|--------------------------|
| Wine, Women, & Shoes | \$ 450,001 | \$ 160,590 | \$ 289,411 |
| Celebrating Women Transforming Lives | 156,817 | 23,753 | 133,064 |
| Sleep Out Saturday | 101,496 | 6,948 | 94,548 |
| Glen Ellyn Backyard BBQ | 57,551 | 33,344 | 24,207 |
| Taylor Swift Concert | 31,038 | 2,211 | 28,827 |
| Pickleball Tournament | <u>22,828</u> | <u>3,748</u> | <u>19,080</u> |
| | <u><u>\$ 819,731</u></u> | <u><u>\$ 230,594</u></u> | <u><u>\$ 589,137</u></u> |

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

SPECIAL EVENTS (Continued)

Detail of special events for the year ended June 30, 2024 are as follows:

| | Gross Revenue | Less: Direct Costs | Net Revenue |
|--------------------------------------|-------------------|-----------------------|-------------------|
| Wine, Women, & Shoes | \$ 371,160 | \$ 134,806 | \$ 236,354 |
| Celebrating Women Transforming Lives | 110,783 | 23,232 | 87,551 |
| Golf Outing | 86,489 | 38,396 | 48,093 |
| Sleep Out Saturday | 73,472 | 11,106 | 62,366 |
| Glen Ellyn Backyard BBQ | 50,377 | 32,863 | 17,514 |
| | <u>\$ 692,281</u> | <u>\$ 240,403</u> | <u>\$ 451,878</u> |

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.

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.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

CLASSIFICATION OF NET ASSETS (Continued)

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.

PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for the year ended June 30, 2024 have been restated to record pledges receivable. The effect of the restatement was to increase pledges receivable and net assets by \$352,000, increase contributions – individuals by \$232,000 and increase contributions – corporate and foundations by \$120,000 for the year ended June 30, 2024.

SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 18, 2025, the date which the financial statements were available to be issued.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LIQUIDITY

The following reflects the Corporation's financial assets as of June 30, 2025 and 2024, 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:

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Cash | \$ 2,264,245 | \$ 1,412,941 |
| Grants and pledges receivable, net | 3,600,882 | 865,140 |
| Investments | 5,259,822 | 4,379,828 |
| Other assets | 10,435 | 14,197 |
| Total financial assets | 11,135,384 | 6,672,106 |
| Less those unavailable for general expenditures within one year due to: | | |
| Contractual or donor imposed restrictions | 7,514,582 | 2,907,381 |
| Board designations | 1,931,597 | 1,668,454 |
| Cash restricted for use | - | 714,354 |
| | 9,446,179 | 5,290,189 |
| Financial assets available to meet general expenditures within one year | <u>\$ 1,689,205</u> | <u>\$ 1,381,917</u> |

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.

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 \$1,000,000 and \$750,000 at June 30, 2025 and 2024, respectively, 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, 2025 and 2024 was \$26,225 and \$21,996, respectively.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2025 and 2024 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.

Assets at fair value as of June 30, 2025 consist of:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------|---------------------|-----------------|-------------|------------------|
| Mutual funds | \$ 5,259,822 | \$ - | \$ - | \$ 5,259,822 |
| Interest rate swap | - | 1,679 | - | 1,679 |
| | <u>\$ 5,259,822</u> | <u>\$ 1,679</u> | <u>\$ -</u> | <u>5,261,501</u> |

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 |
| | <u>\$ 4,069,785</u> | <u>\$ 23,847</u> | <u>\$ -</u> | <u>\$ 4,093,632</u> |

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

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:

| | <u>Lives in Years</u> | <u>2025</u> | <u>2024</u> |
|---------------------------------|-----------------------|----------------------|----------------------|
| Land | - | \$ 1,925,339 | \$ 1,925,339 |
| Buildings | 40 | 14,058,816 | 13,471,086 |
| Furniture and fixtures | 3 - 7 | 314,702 | 314,702 |
| Computer equipment and software | 3 - 7 | 247,767 | 247,767 |
| Leasehold improvements | 10 | <u>1,128,288</u> | <u>996,220</u> |
| Total Cost | | 17,674,912 | 16,955,114 |
| Accumulated depreciation | | <u>(6,570,415)</u> | <u>(5,952,692)</u> |
| Net property and equipment | | <u>\$ 11,104,497</u> | <u>\$ 11,002,422</u> |

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 \$617,725 and \$616,826 for 2025 and 2024, respectively.

NOTE 7 - LINE OF CREDIT

The Corporation has a revolving line of credit with a bank that allows for borrowings of up to \$1,000,000 and \$750,000 as of June 30, 2025 and 2024, respectively, bears interest at the prime rate, and is secured by real property. The effective interest rate was 7.50% and 8.50% at June 30, 2025 and 2024, respectively. The line of credit matures on July 3, 2026. There was no balance outstanding as of June 30, 2025 and 2024.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - NOTE PAYABLE

The Corporation's note payable consists of the following:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------------|-------------------------|
| 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. Subsequent to year end, the loan was refinanced. The new terms of the loan are for monthly payments of \$6,659, principal and interest at 6.02%, with a final balloon payment of \$1,022,864, maturing July 22, 2030. | <u>\$ 1,101,752</u> | <u>\$ 1,166,795</u> |
| Less current portion | <u>(15,993)</u> | <u>(65,043)</u> |
| Long-term portion | <u><u>\$ 1,085,759</u></u> | <u><u>1,101,752</u></u> |

The future maturities of the note payable as of June 30, 2025 are as follows:

| | |
|---------------------------|----------------------------|
| Year-ending June 30, | |
| 2026 | \$ 15,993 |
| 2027 | 14,019 |
| 2028 | 14,718 |
| 2029 | 15,823 |
| 2030 | 16,815 |
| 2031 and subsequent years | <u>1,024,384</u> |
| | <u><u>\$ 1,101,752</u></u> |

The net amount of interest under the debt obligations expensed by the Corporation for the years ended June 30, 2025 and 2024 was \$63,005 and \$62,322 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.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2025 and 2024, the notional amount was \$1,101,548 and \$1,166,591, 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 \$1,679 and \$23,847 and at June 30, 2025 and 2024, 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 of \$22,168 and \$16,425 for the years ended June 30, 2025 and 2024, 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 date of the leases is December 2034. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - OPERATING LEASES (Continued)

Operating lease expense included in the statement of functional expenses was \$193,515 and \$181,980 for the years ended June 30, 2025 and 2024, respectively.

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 other information about leases as of June 30:

| | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Operating leases | | |
| Weighted Average Remaining Lease Term | 8.73 Years | 5.23 Years |
| Weighted Average Discount Rate | 3.76% | 2.28% |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | \$ 198,105 | \$ 181,980 |

The maturities of lease liabilities as of June 30, 2025 are as follows:

| Year-ending June 30, | <u>Operating</u> |
|------------------------------------|----------------------------|
| 2025 | \$ 199,632 |
| 2026 | 201,195 |
| 2027 | 202,803 |
| 2028 | 204,450 |
| 2029 | 206,133 |
| 2030 and subsequent years | <u>741,672</u> |
| Total lease payments | 1,755,885 |
| Less: Interest | <u>(267,218)</u> |
| Present value of lease liabilities | <u><u>\$ 1,488,667</u></u> |

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – ENDOWMENT

The Corporation has endowments that have been contributed by donors herein referred to as “Endowments.” The original principal amount of these funds cannot be used by the Corporation. The income is available for use as designated by the donors. Besides these formal endowments, the Board of Directors established an Endowment Program in 2002 whereby certain charitable gifts are set aside like formal endowments. These funds are referred to herein as “Quasi-Endowments.” The Board of Directors has the authority to change the Quasi-Endowments at any time.

As a general rule, the majority of the gifts to the Corporation are not designated for a particular purpose. All Corporation receipts from unrestricted bequests (valued at \$5,000 or more), annuities, charitable remainder trusts and charitable lead trusts become part of the Quasi-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.

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 expenditure. 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 has 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:

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

Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

The Corporation has adopted investment and spending policies for Endowment and Quasi Endowment assets that attempt to provide a predictable stream of funding to programs supported by its Endowment and Quasi Endowment, while seeking to maintain the purchasing power of the Endowment and Quasi Endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Quasi-Endowment funds.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – ENDOWMENT (Continued)

Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives (Continued)

The Endowment and Quasi-Endowment funds are managed and invested under the terms of the Endowment Charter by institutions approved in advance by the Board of Directors. The investments are currently managed by the DuPage Foundation for a negotiated fee. The Endowment and Quasi-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, an investment time horizon of “long-term”

The Corporation expects its Endowment and Quasi-Endowment funds, over time, to provide an average rate of return of approximately 3-5 percent annually to support the annual spending policy. Actual returns in any given year may vary from this amount.

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 5 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 5 percent.

Underwater Endowment Funds

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. There were no such deficiencies for the years ending June 30, 2025 and 2024.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – ENDOWMENT (Continued)

Endowment net asset composition by type of funds at June 30, 2025 is as follows:

| | Without donor restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|---------------------|
| Board-designated endowment funds | \$ 1,931,597 | \$ - | \$ 1,931,597 |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 2,373,946 | 2,373,946 |
| Accumulated investment gains | - | 954,279 | 954,279 |
| | <u>\$ 1,931,597</u> | <u>\$ 3,328,225</u> | <u>\$ 5,259,822</u> |

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

| | Without donor restrictions | With donor restrictions | Total |
|--|----------------------------------|----------------------------|---------------------|
| Endowment net assets - Beginning of year | \$ 1,668,454 | \$ 2,401,331 | \$ 4,069,785 |
| Investment income | 264,515 | 271,842 | 536,357 |
| Contributions | 98,578 | 695,962 | 794,540 |
| Distributions | (99,950) | (40,910) | (140,860) |
| Endowment net assets - end of year | <u>\$ 1,931,597</u> | <u>\$ 3,328,225</u> | <u>\$ 5,259,822</u> |

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 |
| | <u>\$ 1,668,454</u> | <u>\$ 2,401,331</u> | <u>\$ 4,069,785</u> |

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – 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 | <u>\$ 1,668,454</u> | <u>\$ 2,401,331</u> | <u>\$ 4,069,785</u> |

Endowment funds consist of the following as of June 30:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Capital campaign endowment | \$ 800,000 | \$ 800,000 |
| Karen Stewart Memorial Fund | 90,647 | 90,547 |
| Hinsdale Junior Women's Club endowment | 200,000 | 200,000 |
| Founders Fund endowment | 381,019 | 372,437 |
| Jahn Fund endowment | 200,000 | 200,000 |
| Amber Fund endowment | 20,000 | 15,000 |
| 2025 Capital campaign endowment | 682,280 | - |
| | <u>\$ 2,373,946</u> | <u>\$ 1,677,984</u> |

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Purpose restrictions, available for spending: | | |
| Investment return on endowment | \$ 954,279 | \$ 723,347 |
| Acquisition and rehabilitation grants | 17,726 | 37,059 |
| Transitional housing | 154,975 | 178,450 |
| Purpose restricted - other | 37,520 | 7,600 |
| | <u>1,164,500</u> | <u>946,456</u> |
| Time restrictions, some of which may also be subject to purpose restrictions: | | |
| Restricted for use in FY25 | - | 160,000 |
| Restricted for use in FY26 | 460,000 | 160,000 |
| Restricted for use in FY27 | 300,000 | - |
| | <u>760,000</u> | <u>320,000</u> |
| Capital campaign commitments | 3,233,862 | - |
| Endowment funds | 2,373,946 | 1,677,984 |
| | <u>\$ 7,532,308</u> | <u>\$ 2,944,440</u> |

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:

| | 2025 | 2024 |
|---------------------------------------|-------------------|-------------------|
| Acquisition and rehabilitation grants | \$ 19,333 | \$ 19,330 |
| Transitional housing | 345,975 | 120,065 |
| Other | 239,965 | 252,684 |
| | <u>\$ 605,273</u> | <u>\$ 392,079</u> |

NOTE 13 - 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 \$148,982 and \$73,851 to the plan for the years ended June 30, 2025 and 2024, respectively.

BRIDGE COMMUNITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets recognized by the Corporation for the years ended June 30, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---------------|------------------|------------------|
| Vehicles | \$ 39,254 | \$ 30,979 |
| Miscellaneous | - | 6,873 |
| | <u>\$ 39,254</u> | <u>\$ 37,852</u> |

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.