

BRIDGEWAY BEHAVIORAL HEALTH SERVICES
Financial Statements
June 30, 2024
With Independent Auditor's Report

Bridgeway Behavioral Health Services
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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bridgeway Behavioral Health Services:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bridgeway Behavioral Health Services which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Bridgeway Behavioral Health Services as of June 30, 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 ("GAAS") 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 Bridgeway Behavioral Health Services 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 the 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 Bridgeway Behavioral Health Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 GAAS 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 GAAS 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.
- Obtaining 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 the Bridgeway Behavioral Health Services' 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 the Bridgeway Behavioral Health Services' 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.

Supplementary Information

Our audits was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance on pages 20 and 21 as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* and State of New Jersey OMB Circular 15-08-OMB, is presented for purposes of additional analysis and is also 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 audits 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 May 14, 2025 on our consideration of the Bridgeway Behavioral Health Services' 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 the Organization'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 the Bridgeway Behavioral Health Services' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

May 14, 2025

Bridgeway Behavioral Health Services
Statement of Financial Position
June 30, 2024

Assets

Cash and cash equivalents	\$ 10,817,760
Investments	656,700
Accounts receivable – Medicaid, net of allowance for expected credit loss of \$42,800	2,035,834
Grants receivable	389,433
Other receivables	3,905
Prepaid expenses and other assets	280,926
Operating lease right-of-use assets	2,716,457
Property and equipment – net	<u>7,292,409</u>
 Total assets	 <u>\$ 24,193,424</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 4,238,703
Due to Department of Human Services	3,880,263
Deferred revenue and refundable advances	2,463,542
Notes payable - Department of Human Services	1,406,275
Mortgage payable	1,342,517
Operating lease liabilities	<u>2,760,462</u>
Total liabilities	16,091,762

Net assets without donor restrictions 8,101,662

Total liabilities and net assets \$ 24,193,424

The Notes to Financial Statements are an integral part of this statement.

Bridgeway Behavioral Health Services
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>
Revenues and support	
Government grants	\$ 12,884,007
Medicaid and other fees	24,174,795
Contributions	149,368
Rental income	39,464
Interest income	188,894
Consulting and other contract revenue	<u>175,496</u>
Total revenues and support	<u>37,612,024</u>
Expenses	
Program services	
Partial care	995,122
PACT teams	14,537,205
PACT training program	52,819
Homeless	593,798
Supported employment	408,743
MCORT	152,431
Sussex programs	1,016,375
Designated screening services	1,939,606
Supported housing	2,275,803
RIST program	4,851,986
Supported education	37,504
EISS	2,390,604
At risk	13,981
Other programs	<u>3,879,368</u>
Total program services	<u>33,145,345</u>
Supporting services	
Fundraising	80,066
Management and general	<u>4,222,713</u>
Total supporting services	<u>4,302,779</u>
Total expenses	<u>37,448,124</u>
Changes in net assets	163,900
Net assets	
Beginning of year	<u>7,937,762</u>
End of year	<u>\$ 8,101,662</u>

The Notes to Financial Statements are an integral part of this statement.

Bridgeway Behavioral Health Services
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services								
	<u>Partial Care</u>	<u>PACT Teams</u>	<u>PACT Training Program</u>	<u>Homeless</u>	<u>Supported Employment</u>	<u>MCORT</u>	<u>Sussex Programs</u>	<u>Designated Screening Services</u>	<u>Supported Housing</u>
Expenses									
Personnel services	\$ 585,337	\$ 10,685,913	\$ 45,444	\$ 487,824	\$ 332,840	\$ 90,269	\$ 889,931	\$ 1,397,905	\$ 1,868,689
Professionals and consultants	54,651	2,037,038	844	15,785	14,993	1,630	27,469	329,036	47,728
Materials and supplies	34,789	98,202	105	7,682	2,610	6,636	4,475	22,582	29,436
Facility costs	127,679	608,894	6,016	15,896	19,235	18	16,722	117,650	47,513
Assistance to clients	7,826	81,980	-	2,830	44	-	579	4,217	57,983
Other	116,401	900,629	410	54,461	33,328	29,770	76,763	56,125	210,501
Depreciation	68,439	124,549	-	9,320	5,693	24,108	436	12,091	13,953
 Total functional expenses	 <u>\$ 995,122</u>	 <u>\$ 14,537,205</u>	 <u>\$ 52,819</u>	 <u>\$ 593,798</u>	 <u>\$ 408,743</u>	 <u>\$ 152,431</u>	 <u>\$ 1,016,375</u>	 <u>\$ 1,939,606</u>	 <u>\$ 2,275,803</u>

The Notes to Financial Statements are an integral part of this statement.

Bridgeway Behavioral Health Services
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program Services</u>					<u>Support Services</u>			<u>Total</u>
	<u>RIST Program</u>	<u>Supported Education</u>	<u>EISS</u>	<u>At Risk</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Expenses									
Personnel services	\$ 3,925,915	\$ 17,724	\$ 1,914,153	\$ 6,778	\$ 2,979,335	\$ 25,228,057	\$ 31,809	\$ 3,148,748	\$ 28,408,614
Professionals and consultants	112,842	173	104,604	-	208,188	2,954,981	3,165	119,077	3,077,223
Materials and supplies	22,382	489	31,451	-	39,489	300,328	55	48,572	348,955
Facility costs	185,630	-	173,943	-	206,058	1,525,254	-	244,439	1,769,693
Assistance to clients	111,793	519	65,326	-	61,066	394,163	-	290	394,453
Other	474,751	12,907	76,683	7,203	311,738	2,361,670	45,037	504,811	2,911,518
Depreciation	18,673	5,692	24,444	-	73,494	380,892	-	156,776	537,668
Total functional expenses	<u>\$ 4,851,986</u>	<u>\$ 37,504</u>	<u>\$ 2,390,604</u>	<u>\$ 13,981</u>	<u>\$ 3,879,368</u>	<u>\$ 33,145,345</u>	<u>\$ 80,066</u>	<u>\$ 4,222,713</u>	<u>\$ 37,448,124</u>

The Notes to Financial Statements are an integral part of this statement.

Bridgeway Behavioral Health Services
Statement of Cash Flows
Years Ended June 30, 2024

Operating activities

Change in net assets	\$ 163,900
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	537,668
Amortization of right-of-use assets	751,530
Bad debt expense	62,842
Change in	
Accounts receivable - Medicaid	4,795,585
Grants receivable	497,980
Other receivables	4,984
Prepaid expenses and other assets	28,298
Change in	
Accounts payable and accrued expenses	211,963
Due to Department of Human Services	(427,767)
Deferred revenue and refundable advances	2,296,435
Lease liabilities	<u>(743,686)</u>
Net cash provided by operating activities	<u>8,179,732</u>

Investing activities

Purchases of investments	(365,328)
Sales of investments	126,814
Purchase of property and equipment	<u>(597,616)</u>
Net cash used in investing activities	<u>(836,130)</u>

Financing activities

Payments on mortgage payable	<u>(58,703)</u>
Net cash used in financing activities	<u>(58,703)</u>

Net change in cash and cash equivalents 7,284,899

Cash and cash equivalents

Beginning of year	<u>3,532,861</u>
End of year	<u>\$ 10,817,760</u>

Supplemental Information

Cash paid for interest	<u>\$ 54,743</u>
Non cash financing activity - initial recording of lease liability	<u>\$ 727,091</u>

The Notes to Financial Statements are an integral part of this statement.

Bridgeway Behavioral Health Services

Notes to Financial Statements

June 30, 2024

1. ORGANIZATION

Bridgeway Behavioral Health Services ("Bridgeway") is a nonprofit organization which provides mental health services to adults through a variety of programs in eleven counties throughout New Jersey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Bridgeway have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require it to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Bridgeway. These net assets may be used at the discretion of Bridgeway's management and the board of trustees.

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 Bridgeway or by passage of time. When restrictions are satisfied, they are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Bridgeway had no net assets with donor restrictions at June 30, 2024.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. There were significant estimates recorded in these financial statements for the useful lives of fixed assets, allowance for doubtful accounts and the allocation of expenses among functional categories.

Cash and Cash Equivalents

Bridgeway considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Certificates of deposit have original maturity dates greater than 90 days from the purchase date and are valued at cost plus accrued interest, which approximates fair value. Investment income is recorded as earned.

Fair Value of Financial Instruments

Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The pronouncement describes a fair value hierarchy based on three levels of input, of which the first two are considered observable and the last unobservable.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

These levels are as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect one's estimates of assumptions that a market participant would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Accounts Receivable

Accounts receivable for which Bridgeway receives payment under fee for service or cost reimbursement contracts are uncollateralized and reported at amounts billed less an allowance for expected credit losses. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. An allowance for expected credit loss is recognized to reduce accounts receivable to their net realizable value. The allowance for expected loss is estimated by management during periodic review of individual accounts and based on factors such as aging of the accounts receivable, and anticipated collection based on expectations of current and future conditions. Accounts receivable as of July 1, 2023 were \$6,894,261. The allowance for expected credit losses was as follows for the year ended June 30, 2024:

Allowance for expected credit loss at June 30, 2023	\$ 2,354
Bad debt expense	62,842
Write off of accounts receivable	<u>(22,396)</u>
Allowance for expected credit loss at June 30, 2024	<u>\$ 42,800</u>

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Contributed property and equipment are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in the consolidated statements of operations and changes in net assets. The useful lives are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings and improvements	10–28
Furniture, fixtures, equipment and vehicles	4–10

Maintenance and repairs, which do not improve the life of the respective assets, are expensed as incurred.

Impairment of Long-Lived Assets

Bridgeway reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the year ended June 30, 2024, there were no impairment losses recognized for long-lived assets.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

Leases

Bridgeway has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of twelve months or less. Bridgeway recognizes the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.

Bridgeway accounts for leases with a term greater than twelve months in accordance with Accounting Standard Codification (“ASC”) 842. In accordance with ASC 842, Bridgeway determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use asset and lease liability at the lease commencement date.

Contract terms determine if a lease will be accounted for as an operating lease or finance lease. Finance leases are generally those leases that allow Bridgeway to substantially utilize or pay for the entire asset over its estimated useful life. At June 30, 2024, Bridgeway has no financing leases.

Based on the lease contracts, non-lease components are separated and recorded as expense, as applicable. As a result, the non-lease components are not included in the lease calculation. The lease terms used to calculate the right-of-use asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that Bridgeway will exercise that option.

For operating leases, the lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on the incremental borrowing rate for Bridgeway. Right-of-use assets are recognized based on the initial present value of the fixed lease payments, plus initial direct costs from executing the lease. Leased assets are tested for impairment in the same manner as long-lived assets used in operations.

Several key estimates and judgements are used to determine the right-of-use assets and operating lease liabilities including the discount rate used to discount the unpaid lease payments to present value, lease term, and lease payments. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease. If that rate cannot be readily determinable, Bridgeway has elected to utilize the incremental borrowing rate.

Due to Department of Human Services

The balance in this account consists of amounts owed to the Department of Human Services due to under spending of grant amounts.

Deferred Revenue and Refundable Advances

Fees received in advance for which services will be provided in future periods are recorded as deferred revenue and refundable advances are recognized as income as such services are provided. Total deferred revenue and refundable advances at July 1, 2023 were \$167,107

Revenue Recognition

Grant Revenue

For cost reimbursement grants, Bridgeway recognizes revenue (up to the contract amount) to the extent of the expenses incurred. Revenue recognition depends on the terms of the contract, which primarily is based on costs incurred and is recognized as conditions in the contracts are substantially met after the contracts are fully executed. Bridgeway has transitioned to fee for service reimbursement for most mental health services. Accordingly, Department of Human Services (“DHS”) and the Department of Mental Health and Addiction Services (“DMHAS”) offered an opportunity for providers to have the option to retain net contract surpluses as indicated on their final contract expenditure report, subject to certain conditions, for most deficit-funded contracts in place since fiscal year 2017. During fiscal year 2023, \$122,736 was expended and thus, recognized as income as result of the surplus retention.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

Medicaid and Other Fees

Medicaid and other fee revenue is reported at the amounts that reflect the consideration to which Bridgeway is expected to be entitled to in exchange for providing client care within each of its programs. These amounts include variable consideration for retroactive adjustments due to settlement of future audits. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits. Clients and third-party payors are billed as services are performed, in accordance with the payor agreements. Revenue is recognized in the period in which the performance obligations are satisfied under contracts by transferring services to clients.

Performance obligations are determined based on the nature of the services provided. Bridgeway recognizes revenues for performance obligations satisfied over time.

Revenue is reported on the accrual basis of accounting in the period in which services are rendered at established rates, net of contractual adjustments and discounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Bridgeway determines its implicit price concession based on historical collection experience.

Bridgeway has elected the practical expedient allowed and does not adjust the promised amount of consideration from clients and third-party payers for the effects of a significant financing component due to Bridgeway's expectation that the period between the time the service is provided to a client and the time that the client or third-party payers pays for that service will be one year or less.

Laws and regulations governing these programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount if, under audit, charges are disallowed. Management periodically reviews recorded amounts receivable from, or payable to third-party payors and adjusts these balances as new information becomes available.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis based on a direct costing method for charging expenses to each function, which is consistent with the benefit derived by each program.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel services	Time and effort
Professionals and consultants	Direct cost
Materials and supplies	Direct cost
Facility costs	Direct cost and square footage
Assistance to clients	Direct cost
Other	Direct cost
Equipment purchases	Direct cost
Depreciation	Direct cost

Additionally, certain management and general and property expenses have been allocated to program services based on the percentage of each program's direct expenses to total expense or each program's personnel expense to total personnel expense.

Advertising

Bridgeway expenses all advertising costs when incurred. Amounts expensed for advertising amounted to \$88,586 for the year ended June 30, 2024.

Concentration of Credit Risk

Bridgeway maintains various bank accounts, some of which may have cash balances that throughout the year exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access of such funds could have a significant adverse impact on Bridgeway's financial condition, changes in net assets, and cash flows.

Income Taxes

Bridgeway is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision or liability for income taxes is included in the accompanying consolidated financial statements.

A tax position is recognized or derecognized by Bridgeway based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. Bridgeway does not believe its financial statements include any material uncertain tax positions.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update ("ASU") amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure, and other financial instruments recorded at amortized cost. Bridgeway adopted the new standard effective July 1, 2023, using the modified retrospective approach. The implementation of this ASU did not have a material impact on the consolidated financial statements.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The composition of investments at June 30, 2024 is set forth in the following table. Certificates of deposit are recorded based on Level 2 inputs based on the pricing of similar securities.

	<u>Level 2</u>
Certificates of deposit	\$ <u>656,700</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024:

Land	\$ 1,017,593
Building and improvements	9,571,964
Furniture, fixtures and equipment	1,936,223
Vehicles	<u>3,438,105</u>
	15,963,885
Less: Accumulated depreciation	<u>(8,783,961)</u>
	7,179,924
Construction in progress	<u>112,485</u>
	<u>\$ 7,292,409</u>

Depreciation for the years ended June 30, 2024 was \$537,668. The Department of Human Services (the Department) requires Bridgeway to report acquisitions of fixed assets in filings with the Department, but to exclude depreciation from such reports. Federal and state grant agencies retain an reversionary interest in equipment purchased from grant funds.

5. NOTES PAYABLE - DEPARTMENT OF HUMAN SERVICES

Facilities

Bridgeway has purchased various facilities with state funds specifically designated for the purpose of carrying out grant assistance under Capital Funding Agreements as follows:

	<u>#1</u>	<u>#2</u>	<u>#3</u>
Date of Note	10/12/98	08/05/97	01/01/12
Original Amount of Note	\$ 456,003	\$ 139,285	\$ 856,272
Principal Balance	\$ 456,003	\$ 94,000	\$ 856,272
Maturity Date	01/10/16	06/15/17	12/31/31
Interest Rate	N/A	N/A	N/A
Date to which interest paid	N/A	N/A	N/A

Bridgeway holds title to the buildings during the term of the Capital Funding Agreement; the funds remain payable on demand to the Department upon default or expiration of the agreement.

Notes #1 and #2 have matured. Bridgeway and the State of New Jersey are in negotiations for the renewal of these notes.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

6. LINE OF CREDIT

Bridgeway opened a line of credit in December 2017 for \$2,000,000 that matures on May 31, 2024. The interest rate is prime rate plus .50%, not less than 4.25%. The interest rate at June 30, 2024 was 9.00%. There was no balance due as of June 30, 2024. The line is secured by certain assets of Bridgeway.

7. MORTGAGE PAYABLE

On July 2, 2020, Bridgeway entered into a mortgage with a local bank to purchase property at 373 Clermont Terrace in Union, New Jersey. The mortgage is for an original principal amount of \$1,566,000, secured by the purchased property, interest of 3.90%, amortized over a 20-year period. Fixed payments of principal and interest are \$9,454 per month beginning on September 1, 2020. Terms of the mortgage are subject to revision after 10 years.

The future payments under the mortgage are as follows:

2025	\$ 61,031
2026	63,489
2027	66,045
2028	68,582
2029	71,459
Thereafter	<u>1,011,911</u>
Total	<u>\$ 1,342,517</u>

Total interest expense for the years ended June 30, 2024 was \$54,743.

8. LEASES

Bridgeway leases various under noncancelable operating leases expiring in various fiscal years ending during the year ended June 30, 2032.

The statement of financial position include operating lease right-of-use assets as follows at June 30, 2024:

Operating lease right-of-use assets, gross	\$ 4,081,633
Less: Accumulated amortization of right-of-use assets	<u>(1,365,176)</u>
Total operating lease right-of-use assets, net	<u>\$ 2,716,457</u>

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2024:

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

Fiscal Year Ending

June 30, 2025	\$ 846,685
June 30, 2026	720,310
June 30, 2027	569,268
June 30, 2028	263,131
June 30, 2029	265,597
Thereafter	<u>286,293</u>
Total lease payments	2,951,284
Less imputed interest	<u>190,822</u>
Total lease obligations	<u>\$ 2,760,462</u>

Cash paid on lease liabilities was \$832,932 for the year ended June 30, 2024.

The weighted average lease term is approximately 4.44 years and the weighted average discount rate was approximately 3.24%.

The following table summarizes the composition of lease expense for the year ended June 30, 2024:

Operating lease expense	\$ 842,939
Short-term lease expense	<u>34,213</u>
Total lease expense	<u>\$ 877,152</u>

9. REVENUE CONCENTRATION

The following funding sources represented significant revenue concentrations for the years ended June 30, 2024:

DMHAS	26%
Medicaid	46%

10. RETIREMENT PLAN

Bridgeway provides a contributory defined contribution pension plan for all employees. All employees are eligible to contribute on their first day of employment. All employees having completed one year with a minimum of 1,000 hours of service are eligible for employer contribution. Contributions are made at the discretion of management. The employee can contribute up to the maximum allowed by the IRS. Bridgeway contributed an additional 5% of each eligible employee's salary for the year ended June 30, 2024. Pension expense was \$875,053, for the year ended June 30, 2024.

11. LIQUIDITY AND AVAILABILITY

Bridgeway's goal is generally to maintain financial assets to meet six months of operating expenses. As part of its liquidity plan, excess cash is invested in money market funds and certificates of deposit. These funds are available if the need arises. At June 30, 2024, Bridgeway has no net assets with donor restrictions. Additionally, Bridgeway has a \$2,000,000 credit line available.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2024

The following represents the financial assets available within one year at June 30, 2024:

Financial assets	
Cash and cash equivalents	\$ 10,817,760
Investments	656,700
Accounts receivable - Medicaid, net	2,035,834
Grants receivable	389,433
Other receivables	<u>3,905</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,903,632</u>

12. SUBSEQUENT EVENTS

Management evaluated all activity through May 14, 2025, the date these financial statements were available to be issued, and concluded that no subsequent events occurred that would require recognition or disclosure in the financial statements, except as noted below.

On July 18, 2023, Bridgeway entered into an agreement with Woods Services, Inc. ("Woods"), in which Bridgeway agrees to become an Affiliate of Woods. In consideration of this agreement, Woods will transfer to Bridgeway a total of \$3,000,000, to be paid in three installments within two years of the closing date. In December 2024, the transaction closed and Bridgeway became an affiliate of Woods.

SUPPLEMENTARY INFORMATION

**Bridgeway Behavioral Health Services
Reconciliation of Financial Statements with Final Report of Expenditures to the State of
New Jersey
Division of Mental Health and Addiction Services
Year Ended June 30, 2024**

	<u>PACT Training Programs</u>	<u>Homeless</u>	<u>MCORT</u>	<u>Designated Screening Services</u>
Total Functional Expenses	\$ 52,920	\$ 593,798	\$ 152,433	\$ 1,801,287
Equipment purchases	-	-	255,196	26,335
Less: Depreciation	<u>-</u>	<u>9,320</u>	<u>24,108</u>	<u>12,092</u>
Toal Expenses and Equipment Purchases - Net	52,920	584,478	383,521	1,815,530
Allocation of Management and General Expenses	<u>6,624</u>	<u>72,773</u>	<u>16,239</u>	<u>225,087</u>
Toal Expenses and Equipment Purchases	59,544	657,251	399,760	2,040,617
Total Support and Revenue Excluding DMHAS Funding	<u>-</u>	<u>452,094</u>	<u>-</u>	<u>719,827</u>
Net Cost	<u>\$ 59,544</u>	<u>\$ 205,157</u>	<u>\$ 399,760</u>	<u>\$ 1,320,790</u>
Amount per Final ROE	<u>59,174</u>	<u>187,874</u>	<u>400,269</u>	<u>1,318,713</u>
Over/(under) funded	<u>\$ (370)</u>	<u>\$ (17,283)</u>	<u>\$ 509</u>	<u>\$ (2,077)</u>

Note: Management and general expenses have been allocated in accordance with the prescribed policies of the Department of Human Services.

Bridgeway Behavioral Health Services
Reconciliation of Financial Statements with Final Report of Expenditures to the State of
New Jersey
Division of Mental Health and Addiction Services
Year Ended June 30, 2024

	<u>CSS Program</u>	<u>EISS</u>	<u>Total Expenses</u>
Total Functional Expenses	\$ 7,706,494	\$ 2,390,608	\$ 12,697,540
Equipment purchases	-	-	281,531
Less: Depreciation	<u>32,626</u>	<u>24,444</u>	<u>102,590</u>
Toal Expenses and Equipment Purchases - Net	7,673,868	2,366,164	12,876,481
Allocation of Management and General Expenses	<u>953,687</u>	<u>294,233</u>	<u>1,568,643</u>
Toal Expenses and Equipment Purchases	8,627,555	2,660,397	14,445,124
Total Support and Revenue Excluding DMHAS Funding	<u>3,184,464</u>	<u>426,343</u>	<u>4,782,728</u>
Net Cost	<u>\$ 5,443,091</u>	<u>\$ 2,234,054</u>	9,662,396
Amount per Final ROE	<u>5,411,311</u>	<u>2,203,615</u>	<u>9,580,956</u>
Over/(under) funded	<u>\$ (31,780)</u>	<u>\$ (30,439)</u>	<u>\$ (81,440)</u>

Note: Management and general expenses have been allocated in accordance with the prescribed policies of the Department of Human Services.

Bridgeway Behavioral Health Services
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Federal Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period</u>	<u>Total Program Award</u>	<u>Expenditures</u>
<u>Federal</u>					
<u>U.S. Department of Health and Human Services</u>					
Passed through New Jersey State Department of Human Services					
Block Grants for Community Mental Health Services	93.958	20401	7/1/23 - 6/30/234	\$ 4,367,825	\$ 3,413,363
Block Grants for Community Mental Health Services	93.958	1H79SM085435-01	9/30/22 - 9/29/23	1,500,000	263,595
Block Grants for Community Mental Health Services	93.958	1H79SM085435-01	9/30/23 - 9/29/24	1,500,000	474,292
				<u>7,367,825</u>	<u>4,151,250</u>
Projects for Assistance in Transition from Homelessness (PATH)	93.150	20401	7/1/23 - 6/30/24	109,287	84,405
Passed through Substance Abuse and Mental Health Services					
Projects of Regional National Significance (PRNS)					
Homeless Outreach and Support Team (HOST)	93.243	5H79SM080764-03	9/30/22 - 9/29/23	448,422	84,942
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	1H79SM085211-01	8/31/22 - 8/30/23	2,000,000	371,988
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	1H79SM085211-01	8/31/23 - 8/30/24	2,000,000	339,559
				<u>4,000,000</u>	<u>711,547</u>
Certified Community Behavioral Health Clinic	93.696	1H79SM088961-01	9/30/23 - 9/29/24	1,000,000	786,039
Passed through the County of Union Department of Human Services					
Congressional Directives - SARC	93.493	23-CDG-100	9/30/23 - 9/29/24	98,593	67,990
Total U.S. Department of Health and Human Services				13,024,127	5,886,173
U.S. Department of Housing and Urban Development					
HUD Continuum of Care Program	14.267	22-COC-100	7/1/23 - 6/30/24	30,149	25,361
Total Federal awards				<u>\$ 13,054,276</u>	<u>\$ 5,911,534</u>

See Notes to Schedule of Expenditures of Federal and State Financial Assistance
See Independent Auditor's Report

**Bridgeway Behavioral Health Services
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/ Federal Program Title</u>	<u>Pass Through</u>		<u>Total Program Award</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
	<u>Grantor's Number</u>	<u>Grant Period</u>			
<u>State</u>					
<u>New Jersey State Department of Human Services</u>	20401	7/1/23 - 6/30/24	\$ 7,680,041	\$ 5,916,385	\$ 5,916,385
Block Grants for Community Mental Health Services					
<u>County of Union Department of Human Services</u>					
HEARTH Emergency Solutions	22-HES-100	8/1/22 - 7/31/23	16,891	1,408	16,891
HEARTH Emergency Solutions	23-HES-100	8/1/23 - 7/31/24	17,126	15,699	15,699
			34,017	17,107	32,590
Alcohol Program	24-ALC-100	1/1/24 - 12/31/24	123,087	12,726	12,726
Homeless Trust Fund	22-HTF-135	9/1/22-9/30/23	99,004	13,151	70,236
Homeless Trust Fund	23-HTF-135	10/1/23 - 12/31/23	22,500	22,500	22,500
			121,504	35,651	92,736
Social Services for the Homeless	23-SSH-100	1/1/23 - 12/31/23	16,875	4,070	13,915
Social Services for the Homeless	24-SSH-100	1/1/24 - 06/30/24	6,964	2,420	2,420
			23,839	6,490	16,335
<u>New Jersey Department of Community Affairs</u>					
Homeless Diversion Pilot	2024-05224-0125-000	2/1/23-1/31/25	230,000	44,842	44,842
Total State financial assistance			<u>\$ 8,212,488</u>	<u>\$ 6,033,201</u>	<u>\$ 6,115,614</u>

See Notes to Schedule of Expenditures of Federal and State Financial Assistance
See Independent Auditor's Report

Bridgeway Behavioral Health Services
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bridgeway Behavioral Health Services under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

Bridgeway Behavioral Health Services has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bridgeway Behavioral Health Services:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bridgeway Behavioral Health Services, which comprise the statement of financial position as of June 30, 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 May 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridgeway Behavioral Health Services' 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 our opinion on the effectiveness of Bridgeway Behavioral Health Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Bridgeway Behavioral Health Services' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

This 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 Bridgeway Behavioral Health Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridgeway Behavioral Health Services' internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

May 14, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF NEW JERSEY OMB CIRCULAR 15-08-OMB

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bridgeway Behavioral Health Services:

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Bridgeway Behavioral Health Services' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and State of New Jersey Compliance Supplement that could have a direct and material effect on Bridgeway Behavioral Health Services' major federal and state programs for the year ended June 30, 2024. Bridgeway Behavioral Health Services' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bridgeway Behavioral Health Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and State of New Jersey, Department of the Treasury, OMB Policy Circular 15-08-OMB ("NJ Circular 15-08-OMB"). Our responsibilities under those standards and the Uniform Guidance and NJ Circular 15-08-OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bridgeway Behavioral Health Services and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Bridgeway Behavioral Health Services' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bridgeway Behavioral Health Services' federal and state programs. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements above.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bridgeway Behavioral Health Services' compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and NJ Circular 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bridgeway Behavioral Health Services' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Bridgeway Behavioral Health Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bridgeway Behavioral Health Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of Bridgeway Behavioral Health Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

May 14, 2025

**Bridgeway Behavioral Health Services
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over federal programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

Yes No

Identification of major federal programs:

<u>Assistance Listing Number (s)</u>	<u>Name of Federal Program</u>
93.958	Block Grants for Community Mental Health Services
93.696	Certified Community Behavioral Health Clinic

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

**Bridgeway Behavioral Health Services
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024**

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over state programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported

Type of auditor's report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

Yes No

Identification of major state programs:

<u>Grant ID</u>	<u>Name of State Program</u>
20401	New Jersey State Department of Human Services Block Grants for Community Mental Health Services

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

**Bridgeway Behavioral Health Services
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

Section II – Findings Relating to the Financial Statements which are Required to be Reported in Accordance with GAGAS

None.

Section III – Findings and Questioned Costs for Federal and State Awards

None.

Section III– Prior Audit Findings

Finding 2023-001 Significant Deficiency

The Controller was reviewing the statement of financial position and identified an error in the deferred revenue account. Upon further investigation, it was found that a duplicate entry was booked that was not identified when the bank reconciliations were prepared and reviewed resulting in an overstatement of cash and deferred revenue. Due to the timing of the control activity being performed, which was seven months after year end, HBK determined this to be a significant deficiency in the internal control

Status of Prior Year Finding

Management has implemented reconciliation controls to ensure the timely reconciliation and recording of adjustments to the deferred revenue and other balance sheet accounts.