

BRIDGEWAY BEHAVIORAL HEALTH SERVICES
Financial Statements

As of June 30, 2025 (Successor) and June 30, 2024 (Predecessor) and for the periods of January 1, 2025 to June 30, 2025 (Successor), July 1, 2024 to December 31, 2024 (Predecessor) and year ended June 30, 2024 (Predecessor)
With Independent Auditor's Report

Bridgeway Behavioral Health Services
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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 (the "Bridgeway" or "Successor") which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the period from January 1, 2025 to June 30, 2025 and the accompanying financial statements of Bridgeway Behavioral Health Services (the "Predecessor") which comprise the statement of financial position of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2024 and the period from July 1, 2024 to December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bridgeway as of June 30, 2025 and the changes in its net assets and its cash flows for the period from January 1, 2025 to June 30, 2025 and the financial position of the Predecessor as of June 30, 2024, and the changes in its net assets and its cash flows for the year ended June 30, 2024 and for the period from July 1, 2024 to December 31, 2024 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 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's' 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 Bridgeway's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridgeway'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.

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 21 and 22 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 23 and 24 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 25-12-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 March 10, 2026 on our consideration of Bridgeway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bridgeway'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 Bridgeway's internal control over financial reporting and compliance.

William Smith + Brown, PC

March 10, 2026

Bridgeway Behavioral Health Services
Statement of Financial Position
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

	<u>Successor June 30, 2025</u>	<u>Predecessor June 30, 2024</u>
Assets		
Cash and cash equivalents	\$ 6,759,356	\$ 10,817,760
Government grant receivables	1,222,997	389,433
Accounts receivable, net of expected credit loss of \$-0- and \$42,800	2,569,023	2,039,739
Investments	528,829	656,700
Prepaid expenses and other assets	281,316	280,926
Property, plant and equipment	15,351,818	7,292,409
Right-of-use assets, operating leases	<u>1,926,855</u>	<u>2,716,457</u>
 Total assets	 <u>\$ 28,640,194</u>	 <u>\$ 24,193,424</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 4,046,024	\$ 4,238,703
Notes payable - Department of Human Services	1,406,275	1,406,275
Mortgage loans payable	1,281,188	1,342,517
Operating lease liabilities	1,974,516	2,760,462
Due to Department of Human Services	1,745,203	3,880,263
Deferred revenue and refundable advances	<u>353,144</u>	<u>2,463,542</u>
Total liabilities	10,806,350	16,091,762
 Net assets without donor restrictions	 <u>17,833,844</u>	 <u>8,101,662</u>
 Total liabilities and net assets	 <u>\$ 28,640,194</u>	 <u>\$ 24,193,424</u>

The Notes to Financial Statements are an integral part of these statements.

Bridgeway Behavioral Health Services
Statement of Activities and Changes in Net Assets
Period from January 1, 2025 through June 30, 2025 (Successor) and July 1, 2024
through December 31, 2024 and year ended June 30, 2024 (Predecessor)

	Successor		Predecessor	
	Period from January 1, 2025 to June 30, 2025	Period from July 1, 2024 to December 31, 2024	Year ended June 30, 2024	
Revenues and support				
Government grants	\$ 8,046,031	\$ 7,742,412	\$ 12,965,753	
Medicaid and other fees	12,354,813	12,155,102	24,174,795	
Contributions	5,639	31,655	102,507	
Rental income	27,050	27,067	39,464	
Interest income	140,428	190,025	188,894	
Consulting and other contract revenue	54,343	67,821	140,611	
Total revenues and support	20,628,304	20,214,082	37,612,024	
Expenses				
Program services				
Partial care	423,065	509,836	995,122	
PACT teams	6,951,354	7,285,718	14,537,205	
PACT training programs	34,750	27,457	52,819	
Homeless	384,012	509,474	593,798	
Supported employment	263,067	252,229	617,369	
MCORT	984,497	797,911	152,431	
Designated screening services	1,115,589	1,069,789	1,939,606	
Supported housing	1,214,611	1,493,455	2,838,525	
RIST program	2,459,379	2,227,845	4,851,986	
Supported education	8,105	10,213	37,504	
EISS	1,253,160	1,273,532	2,390,604	
At risk	29,734	8,487	13,981	
Other programs	2,178,770	1,803,338	4,124,395	
Total program services	17,300,093	17,269,284	33,145,345	
Supporting services				
Fundraising	6,898	16,954	80,066	
Management and general	2,852,876	2,619,093	4,222,713	
Total supporting services	2,859,774	2,636,047	4,302,779	
Total expenses	20,159,867	19,905,331	37,448,124	
Change in net assets from operations	468,437	308,751	163,900	
Other changes in net assets				
Inherent contribution	7,554,994	-	-	
Contribution from Woods	-	1,400,000	-	
Total other changes in net assets	7,554,994	1,400,000	-	
Changes in net assets	8,023,431	1,708,751	163,900	
Net assets				
Beginning of year	9,810,413	8,101,662	7,937,762	
End of year	\$ 17,833,844	\$ 9,810,413	\$ 8,101,662	

The Notes to Financial Statements are an integral part of these statements.

Bridgeway Behavioral Health Services
Statement of Functional Expenses
Period from January 1, 2025 through June 30, 2025 (Successor)

	<u>Partial Care</u>	<u>PACT Teams</u>	<u>PACT Training Program</u>	<u>Homeless</u>	<u>Supported Employment</u>	<u>MCORT</u>	<u>Designated Screening Services</u>	<u>Supported Housing</u>
Expenses								
Personnel services	\$ 305,052	\$ 4,757,986	\$ 31,405	\$ 318,840	\$ 208,104	\$ 850,131	\$ 858,948	\$ 936,668
Professionals and consultants	13,695	1,190,053	(57)	9,223	12,533	27,110	169,351	37,448
Materials and supplies	14,124	46,271	205	1,217	38	1,936	(562)	10,324
Facility costs	42,959	336,368	3,148	8,771	11,494	3,218	67,641	28,323
Assistance to clients	3,616	66,062	-	(2,636)	-	-	3,245	55,036
Other	34,233	506,980	49	45,196	28,052	53,886	3,517	128,010
Depreciation	<u>9,386</u>	<u>47,634</u>	<u>-</u>	<u>3,401</u>	<u>2,846</u>	<u>48,216</u>	<u>13,449</u>	<u>18,802</u>
Total functional expenses	<u>\$ 423,065</u>	<u>\$ 6,951,354</u>	<u>\$ 34,750</u>	<u>\$ 384,012</u>	<u>\$ 263,067</u>	<u>\$ 984,497</u>	<u>\$ 1,115,589</u>	<u>\$ 1,214,611</u>

	<u>RIST Program</u>	<u>Supported Education</u>	<u>EISS</u>	<u>At Risk</u>	<u>Other Programs</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Expenses									
Personnel services	\$ 1,977,472	\$ 95	\$ 1,077,483	\$ 7,806	\$ 1,564,529	\$ 12,894,519	\$ 6,902	\$ 1,777,820	\$ 14,679,241
Professionals and consultants	51,876	642	11,163	274	108,297	1,631,608	-	242,441	1,874,049
Materials and supplies	7,221	209	16,022	-	15,357	112,362	-	78,958	191,320
Facility costs	97,475	-	79,074	-	106,623	785,094	-	112,258	897,352
Assistance to clients	85,171	-	7,701	52	18,002	236,249	-	-	236,249
Other	219,473	4,313	53,571	21,602	315,421	1,414,303	(4)	374,424	1,788,723
Depreciation	<u>20,691</u>	<u>2,846</u>	<u>8,146</u>	<u>-</u>	<u>50,541</u>	<u>225,958</u>	<u>-</u>	<u>266,975</u>	<u>492,933</u>
Total functional expenses	<u>\$ 2,459,379</u>	<u>\$ 8,105</u>	<u>\$ 1,253,160</u>	<u>\$ 29,734</u>	<u>\$ 2,178,770</u>	<u>\$ 17,300,093</u>	<u>\$ 6,898</u>	<u>\$ 2,852,876</u>	<u>\$ 20,159,867</u>

The Notes to Financial Statements are an integral part of these statements.

Bridgeway Behavioral Health Services
Statement of Functional Expenses
Period from July 1, 2024 through December 31, 2024 (Predecessor)

	<u>Partial Care</u>	<u>PACT Teams</u>	<u>PACT Training Program</u>	<u>Homeless</u>	<u>Supported Employment</u>	<u>MCORT</u>	<u>Designated Screening Services</u>	<u>Supported Housing</u>	
Expenses									
Personnel services	\$ 272,192	\$ 5,176,811	\$ 23,711	\$ 321,880	\$ 213,625	\$ 752,737	\$ 746,925	\$ 1,229,716	
Professionals and consultants	5,824	1,211,479	419	5,619	5,556	3,214	159,788	21,110	
Materials and supplies	18,811	42,616	221	647	351	9,753	21,266	4,769	
Facility costs	82,265	302,973	3,093	7,110	10,065	2,050	66,205	43,571	
Assistance to clients	4,223	33,595	-	134,516	(100)	-	2,331	52,669	
Other	64,676	460,126	13	36,302	19,885	30,157	67,712	125,529	
Depreciation	<u>61,845</u>	<u>58,118</u>	<u>-</u>	<u>3,400</u>	<u>2,847</u>	<u>-</u>	<u>5,562</u>	<u>16,091</u>	
Total functional expenses	<u>\$ 509,836</u>	<u>\$ 7,285,718</u>	<u>\$ 27,457</u>	<u>\$ 509,474</u>	<u>\$ 252,229</u>	<u>\$ 797,911</u>	<u>\$ 1,069,789</u>	<u>\$ 1,493,455</u>	
	<u>RIST Program</u>	<u>Supported Education</u>	<u>EISS</u>	<u>At Risk</u>	<u>Other Programs</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Expenses									
Personnel services	\$ 1,738,505	\$ 979	\$ 1,081,540	\$ 6,323	\$ 1,537,446	\$ 13,102,390	\$ 16,777	\$ 1,885,457	\$ 15,004,624
Professionals and consultants	50,595	-	49,336	-	67,664	1,580,604	1	242,395	1,823,000
Materials and supplies	6,845	-	11,199	-	8,909	125,387	-	29,698	155,085
Facility costs	88,499	-	77,709	-	93,581	777,121	-	102,563	879,684
Assistance to clients	69,227	-	9,264	45	25,983	331,753	-	-	331,753
Other	258,359	6,388	35,554	2,119	59,688	1,166,508	176	250,579	1,417,263
Depreciation	<u>15,815</u>	<u>2,846</u>	<u>8,930</u>	<u>-</u>	<u>10,067</u>	<u>185,521</u>	<u>-</u>	<u>108,401</u>	<u>293,922</u>
Total functional expenses	<u>\$ 2,227,845</u>	<u>\$ 10,213</u>	<u>\$ 1,273,532</u>	<u>\$ 8,487</u>	<u>\$ 1,803,338</u>	<u>\$ 17,269,284</u>	<u>\$ 16,954</u>	<u>\$ 2,619,093</u>	<u>\$ 19,905,331</u>

The Notes to Financial Statements are an integral part of these statements.

Bridgeway Behavioral Health Services
Statement of Functional Expenses
Year ended June 30, 2024 (Predecessor)

	<u>Partial Care</u>	<u>PACT Teams</u>	<u>PACT Training Program</u>	<u>Homeless</u>	<u>Supported Employment</u>	<u>MCORT</u>	<u>Designated Screening Services</u>	<u>Supported Housing</u>	
Expenses									
Personnel services	\$ 585,337	\$ 10,685,913	\$ 45,444	\$ 487,824	\$ 518,213	\$ 90,269	\$ 1,397,905	\$ 2,375,828	
Professionals and consultants	54,651	2,037,038	844	15,785	20,556	1,630	329,036	64,974	
Materials and supplies	34,789	98,202	105	7,682	3,326	6,636	22,582	32,399	
Facility costs	127,679	608,894	6,016	15,896	24,776	18	117,650	54,524	
Assistance to clients	7,826	81,980	-	2,830	44	-	4,217	58,174	
Other	116,401	900,629	410	54,461	44,761	29,770	56,125	238,673	
Unfunded depreciation	<u>68,439</u>	<u>124,549</u>	<u>-</u>	<u>9,320</u>	<u>5,693</u>	<u>24,108</u>	<u>12,091</u>	<u>13,953</u>	
 Total functional expenses	 <u>\$ 995,122</u>	 <u>\$ 14,537,205</u>	 <u>\$ 52,819</u>	 <u>\$ 593,798</u>	 <u>\$ 617,369</u>	 <u>\$ 152,431</u>	 <u>\$ 1,939,606</u>	 <u>\$ 2,838,525</u>	
	<u>RIST Program</u>	<u>Supported Education</u>	<u>EISS</u>	<u>At Risk</u>	<u>Other Programs</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Expenses									
Personnel services	\$ 3,925,915	\$ 17,724	\$ 1,914,153	\$ 6,778	\$ 3,176,754	\$ 25,228,057	\$ 31,809	\$ 3,148,748	\$ 28,408,614
Professionals and consultants	112,842	173	104,604	-	212,848	2,954,981	3,165	119,077	3,077,223
Materials and supplies	22,382	489	31,451	-	40,285	300,328	55	48,572	348,955
Facility costs	185,630	-	173,943	-	210,228	1,525,254	-	244,439	1,769,693
Assistance to clients	111,793	519	65,326	-	61,454	394,163	-	290	394,453
Other	474,751	12,907	76,683	7,203	348,896	2,361,670	45,037	504,811	2,911,518
Unfunded depreciation	<u>18,673</u>	<u>5,692</u>	<u>24,444</u>	<u>-</u>	<u>73,930</u>	<u>380,892</u>	<u>-</u>	<u>156,776</u>	<u>537,668</u>
 Total functional expenses	 <u>\$ 4,851,986</u>	 <u>\$ 37,504</u>	 <u>\$ 2,390,604</u>	 <u>\$ 13,981</u>	 <u>\$ 4,124,395</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 these statements.

Bridgeway Behavioral Health Services

Statement of Cash Flows

Period from January 1, 2025 through June 30, 2025 (Successor) and July 1, 2024 through December 31, 2024 and year ended June 30, 2024 (Predecessor)

	Successor		Predecessor	
	Period from January 1, 2025 to June 30, 2025		Period from July 1, 2024 to December 31, 2024	Year ended June 30, 2024
Operating activities				
Change in net assets	\$ 8,023,431		\$ 1,708,751	\$ 163,900
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	492,933		293,922	537,668
Amortization of right-of-use assets	389,224		400,378	751,530
Inherent contribution	(7,554,994)		-	-
Bad debt expense	-		-	62,842
Change in				
Government grants receivable	(590,186)		(243,378)	497,980
Accounts receivable	(226,961)		(302,323)	4,800,569
Prepaid expenses and other assets	52,637		(53,027)	28,298
Accounts payable and accrued expenses	550,525		(743,204)	211,963
Due to Department of Human Services	91,219		(2,226,279)	(427,767)
Deferred revenue and refundable advances	(3,816,891)		1,706,493	2,296,435
Lease liabilities	(389,438)		(396,508)	(743,686)
Net cash provided by (used in) operating activities	<u>(2,978,501)</u>		<u>144,825</u>	<u>8,179,732</u>
Investing activities				
Purchases of investments	(528,829)		-	(365,328)
Sales of investments	524,381		132,319	126,814
Purchase of property, plant and equipment	(768,751)		(522,519)	(597,616)
Net cash used in investing activities	<u>(773,199)</u>		<u>(390,200)</u>	<u>(836,130)</u>
Financing activities				
Payments on mortgage payable	(31,201)		(30,128)	(58,703)
Net cash used in financing activities	<u>(31,201)</u>		<u>(30,128)</u>	<u>(58,703)</u>
Net change in cash and cash equivalents	(3,782,901)		(275,503)	7,284,899
Cash and cash equivalents				
Beginning of year	<u>10,542,257</u>		<u>10,817,760</u>	<u>3,532,861</u>
End of year	<u>6,759,356</u>		<u>10,542,257</u>	<u>10,817,760</u>
Supplemental Information				
Cash paid for interest	\$ 25,522		\$ 26,595	\$ 54,743
Non cash financing activity - initial recording of lease liability	\$ -		\$ -	\$ 727,091
Non cash financing activity - inherent contribution adjustment to property and equipment	\$ 7,554,994		\$ -	\$ -

The Notes to Financial Statements are an integral part of these statements.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

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.

Bridgeway entered into an affiliation agreement ("Agreement") with Woods Services, Inc. ("Woods"). Effective December 31, 2024, Bridgeway became an affiliated subsidiary of Woods.

The year end June 30, 2024 and the period from July 1, 2024 to December 31, 2024 reflect the historical basis of accounting of Bridgeway that existed prior to the affiliation with Woods. These periods are referred to as "Year ended June 30, 2024 and period from July 1, 2024 to December 31, 2024 (Predecessor) or June 30, 2024 (Predecessor)".

The period from January 1, 2025 to June 30, 2025 is referred as "Successor period". The Successor period reflects the activities as well as recognition of assets and liabilities of Bridgeway at their fair values as of the consummation of the affiliation agreement under the push-down accounting election. Due to the application of acquisition accounting and the conforming of significant accounting policies, the activities, cash flows and other financial information for the Successor period are not comparable to the Predecessor period.

An inherent contribution was recorded for \$7,554,994 to reflect the adjustment of assets and liabilities to fair value. The following table summarizes the estimated fair value of assets acquired and liabilities assumed by Woods and pushed down to Bridgeway at the acquisition date:

Assets	
Cash and cash equivalents	\$ 10,542,257
Grants and accounts receivable	2,974,873
Investments	524,066
Other assets	2,650,032
Property, plant and equipment	<u>15,076,000</u>
Total assets acquired	<u>31,767,228</u>
Liabilities	
Accounts payable and accrued expenses	5,149,483
Deferred revenue	4,170,035
Other liabilities	2,363,639
Long-term debt	<u>2,718,664</u>
Total liabilities assumed	<u>14,401,821</u>
Fair value of net assets	17,365,407
Net assets at date of acquisition	<u>9,810,413</u>
Inherent contribution	<u>\$ 7,554,994</u>

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:

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

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, 2025 and 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.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on the change in net assets.

Cash and Cash Equivalents

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

Investments

Bridgeway records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income and realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment return is reported in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis and the cost of securities sold is determined using the specific identification method.

Dividends and interest are recognized as earned. Net realized gains or losses and changes in net appreciation or depreciation in fair value are determined by comparing cost to proceeds and fair market value, respectively. Gains and losses on sales of securities are recorded in the statements of activities and changes in net assets in the period in which the securities are sold.

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.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

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.

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.

Government Grants Receivable

Bridgeway has grants from federal and state agencies that are contingent upon Bridgeway meeting grantor requirements which include carrying out certain activities and/or incurring qualified expenditures stipulated by the grants. Bridgeway considers all grants and receivable to be fully collectible; accordingly, no allowances for doubtful amounts are required. If amounts become uncollectible; they will be charged to the change in net assets when that determination is made.

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 \$6,894,291. The allowance for expected credit losses was as follows:

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

	Successor		Predecessor			
	Period from January 1, 2025 to June 30, 2025		Period from July 1, 2024 to December 31, 2024	Year ended June 30, 2024		
Allowance for expected credit loss at beginning of period	\$	42,800	\$	42,800	\$	2,354
Bad debt expense		-		-		62,842
Write off of accounts receivable		(42,800)		-		(22,396)
Allowance for expected credit loss at end of period	\$	-	\$	42,800	\$	42,800

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.

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 2025 and 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

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

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.

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 Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

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.

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 \$41,871 for the period from January 1, 2025 to June 30, 2025, \$47,540 for the period July 1, 2024 to December 31, 2024 and \$88,586 for the year ended June 30, 2024.

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

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 tax under Section 501(c)(3) of the United States Internal Revenue Code and exempt from state income taxes under state law, and no provision for such income tax has been reflected in the accompanying financial statements. Bridgeway has evaluated uncertain tax positions with respect to its operations and concluded there are no such positions at June 30, 2025 and 2024. Bridgeway did not recognize any tax-related interest or penalties during the period presented in these financial statements.

Adoption of New Accounting Pronouncement

In July 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”)2025-05, Financial Instruments—Credit Losses (Topic 326): Improvements to the Measurement of Current Accounts Receivable and Current Contract Assets. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

Bridgeway has early adopted ASU 2025-05 prospectively as of July 1, 2024.

Measure of Operations

The statement of activities and changes in net assets include an intermediate measure of operations labeled changes in net assets from operations. The changes which are excluded from this intermediate measure include the equity transfer from Woods and the inherent contribution associated with the affiliation agreement with Woods.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The composition of investments at June 30, 2025 and 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>June 30, 2025</u> <u>(Successor)</u>	<u>June 30, 2024</u> <u>(Predecessor)</u>
Certificates of deposit	\$ 528,829	\$ 656,700

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2025 and 2024:

	<u>June 30, 2025</u> <u>(Successor)</u>	<u>June 30, 2024</u> <u>(Predecessor)</u>
Land	\$ 1,311,000	\$ 1,017,593
Building and improvements	14,267,908	9,571,964
Furniture, fixtures and equipment	2,482,711	1,936,223
Vehicles	<u>6,047,147</u>	<u>3,438,105</u>
	24,108,766	15,963,885
Less: Accumulated depreciation	<u>(9,435,265)</u>	<u>(8,783,961)</u>
	14,673,501	7,179,924
Construction in progress	<u>678,317</u>	<u>112,485</u>
	<u>\$ 15,351,818</u>	<u>\$ 7,292,409</u>

Depreciation was \$517,486 for the period January 1, 2025 to June 30, 2025, \$269,369 for the period July 1, 2024 to December 31, 2024 and \$538,668 for the year ended June 30, 2024. 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>June 30, 2025 (Successor)</u>		
	<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 Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

	June 30, 2024 (Predecessor)		
	#1	#2	#3
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.

6. LINE OF CREDIT

Bridgeway opened a line of credit in December 2017 for \$2,000,000 that matures on May 31, 2026. The interest rate is prime rate plus .50%, not less than 4.25%. The interest rate at June 30, 2025 and 2024 was 8.00% and 9.00%, respectively. There was no balance due as of June 30, 2025 and 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:

2026	\$	63,489
2027		66,045
2028		68,582
2029		71,459
2030		74,344
Thereafter		937,269
Total	\$	<u>1,281,188</u>

Total interest expense was \$25,523 for the period January 1, 2025 to June 30, 2025, \$26,595 for the period July 1, 2024 to December 31, 2024 and \$54,743 for the year ended June 30, 2024.

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, :

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

	June 30, 2025 (Successor)	June 30, 2024 (Predecessor)
Operating lease right-of-use assets, gross	\$ 4,081,633	\$ 4,081,633
Less: Accumulated amortization of right-of-use assets	<u>(2,154,778)</u>	<u>(1,365,176)</u>
Total operating lease right-of-use assets, net	<u>\$ 1,926,855</u>	<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, 2025 (Successor) :

June 30, 2025	\$ 720,310
June 30, 2026	569,268
June 30, 2027	263,131
June 30, 2028	265,597
June 30, 2029	139,626
Thereafter	<u>146,667</u>
Total lease payments	2,104,599
Less imputed interest	<u>(130,083)</u>
Total lease obligations	<u>\$ 1,974,516</u>

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

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>

The weighted average lease term is approximately 2.63 years and weighed average discount rate was approximately 3.12% at June 30, 2025 The weighted average lease term was 4.44 years and the weighted average discount rate was approximately 3.24% at June 30, 2024.

The following table summarizes the composition of lease expense for the period ended:

	Successor	Predecessor	
	Period from January 1, 2025 to June 30, 2025	Period from July 1, 2024 to December 31, 2024	Year ended June 30, 2024
Operating lease expense	\$ 416,024	\$ 410,111	\$ 842,939
Short-term lease expense	56,083	36,921	34,213
Total lease expense	<u>\$ 472,107</u>	<u>\$ 447,032</u>	<u>\$ 877,152</u>

Bridgeway Behavioral Health Services
Notes to Financial Statements
June 30, 2025 (Successor) and June 30, 2024 (Predecessor)

9. REVENUE CONCENTRATION

The following funding sources represented significant revenue concentrations for the period ended :

	Successor	Predecessor	
	Period from January 1, 2025 to June 30, 2025	Period from July 1, 2024 to December 31, 2024	Year ended June 30, 2024
DMHAS	31%	33%	26%
Medicaid	36%	40%	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 period July 1, 2024 to December 31, 2024 and the full year ended June 30, 2024. Effective January 1, 2025, Bridgeway changed the employer contribution percentage to 3% . Pension expense was \$262,304 for the period January 1, 2025 to June 30, 2025, \$331,593 for the period July 1, 2024 to December 31, 2024 and \$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, 2025 and 2024, Bridgeway has no net assets with donor restrictions. Additionally, Bridgeway has a \$2,000,000 credit line available.

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

	June 30, 2025 (Successor)	June 30, 2024 (Predecessor)
Financial assets		
Cash and cash equivalents	\$ 6,759,356	\$ 10,817,760
Investments	528,829	656,700
Government grants receivable	1,222,997	389,433
Accounts receivable	2,569,023	2,039,739
	\$ 11,080,205	\$ 13,903,632

12. SUBSEQUENT EVENTS

Management evaluated all activity through March 10, 2026, 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.

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 30,2025

	<u>PACT Training Programs</u>	<u>Homeless</u>	<u>MCORT</u>	<u>Designated Screening Services</u>
Total Functional Expenses	\$ 62,207	\$ 656,082	\$ 1,782,408	\$ 1,744,325
Equipment purchases	-	-	-	-
Less: Depreciation	<u>-</u>	<u>6,801</u>	<u>48,216</u>	<u>15,513</u>
Toal Expenses and Equipment Purchases - Net	62,207	649,281	1,734,192	1,728,812
Allocation of Management and General Expenses	<u>9,512</u>	<u>99,280</u>	<u>265,171</u>	<u>264,354</u>
Toal Expenses and Equipment Purchases	71,719	748,561	1,999,363	1,993,166
Total Support and Revenue Excluding DMHAS Funding	<u>-</u>	<u>363,329</u>	<u>-</u>	<u>643,696</u>
Net Cost	<u>\$ 71,719</u>	<u>\$ 385,232</u>	<u>\$ 1,999,363</u>	<u>\$ 1,349,470</u>

See Independent Auditor's Report

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 30,2025

	<u>RIST</u>	<u>Supported Housing</u>	<u>At Risk</u>	<u>EISS</u>	<u>Total Expenses</u>
Total Functional Expenses	\$ 4,687,224	\$ 2,708,066	\$ 38,221	\$ 2,526,692	\$ 14,205,225
Equipment purchases	312,841	384,759	-	-	697,600
Less: Depreciation	<u>36,506</u>	<u>34,893</u>	<u>-</u>	<u>17,076</u>	<u>159,005</u>
Toal Expenses and Equipment Purchases - Net	4,963,559	3,057,932	38,221	2,509,616	14,743,820
Allocation of Management and General Expenses	<u>707,632</u>	<u>411,936</u>	<u>5,815</u>	<u>384,663</u>	<u>2,148,363</u>
Toal Expenses and Equipment Purchases	5,671,191	3,469,868	44,036	2,894,279	16,892,183
Total Support and Revenue Excluding DMHAS Funding	<u>1,460,816</u>	<u>997,021</u>	<u>-</u>	<u>548,484</u>	<u>4,013,346</u>
Net Cost	<u>\$ 4,210,375</u>	<u>\$ 2,472,847</u>	<u>\$ 44,036</u>	<u>\$ 2,345,795</u>	<u>\$ 12,878,837</u>
Net Cost of Programs funded by State of New Jersey Division of Mental Health and Addiction Services					<u>\$ 12,873,243</u>

See Independent Auditor's Report

Bridgeway Behavioral Health Services
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Federal Program Title	Assistance	Pass Through		Total	Expenditures
	Listing	Grantor's	Grant Period	Program	
	Number	Number		Award	
Federal					
U.S. Department of Health and Human Services					
Passed through New Jersey State Department of Human Services Block Grants for Community Mental Health Services	93.958	20401	7/1/24 - 6/30/25	5,088,891	4,742,701
Projects for Assistance in Transition from Homelessness (PATH)	93.150	20401	7/1/24 - 6/30/25	109,365	101,925
Mental Health Block Grant COVID Supplemental (MHBG SUPP); Mental Health Block Grant American Rescue Plan Act (MHBG ARPA)					
PESS Peer Support	93.958	75021	3/6/23 - 3/14/25	281,729	13,225
Older Adults Sussex and Union	93.958	20430	10/27/23 - 3/14/25	427,626	192,612
EISS SUD Peer Support	93.958	20401	7/1/24 - 3/14/25	355,770	182,241
				1,065,125	388,078
Passed through Substance Abuse and Mental Health Services					
Certified Community Behavioral Health Clinic	93.696	1H79SM088961-01	9/30/23 - 9/29/24	1,000,000	213,961
Certified Community Behavioral Health Clinic	93.696	1H79SM088961-02	9/30/24 - 9/29/25	1,000,000	750,000
				2,000,000	963,961
Passed through New Jersey Department of Community Affairs, Division of Housing and Community Resources					
NJ FamilyCare Housing Supports Provider Readiness 2025	93.778	2025-05277-0285-00	3/1/25 - 2/28/26	130,500	16,560
Passed through the County of Union Department of Human Services					
2023-2025 Congressional Directives - SARC	93.493	23-CDG-100	9/30/23 - 6/30/25	121,566	53,576
Total U.S. Department of Health and Human Services				8,515,447	6,266,801
Total Federal Awards				<u>\$ 8,515,447</u>	<u>\$ 6,266,801</u>

See Notes to Schedule of Expenditures of Federal Awards 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, 2025**

Federal Grantor/Pass-Through Grantor/ Federal Program Title	Pass Through		Total Program Award	Expenditures	Cumulative Expenditures
	Grantor's Number	Grant Period			
State					
New Jersey State Department of Human Services					
Block Grants for Community Mental Health Services	20401	7/1/24 - 6/30/25	\$ 8,422,934	\$ 7,849,933	\$ 7,849,933
New Jersey Statement Department of Human Services through the State of New Jersey Office of the Attorney General Department of Law and Public Safety					
ARRIVE Together Program in Somerset County	MOU 208	9/12/2023 - 6/30/25	478,000	421,528	421,528
ARRIVE Together Program in Somerset County		4/1/25 - 6/30/26	<u>365,000</u>	<u>61,970</u>	<u>61,970</u>
			843,000	483,498	483,498
County of Union Department of Human Services					
HEARTH Emergency Solutions	23-HES-100	8/1/23 - 7/31/24	17,126	1,427	1,427
HEARTH Emergency Solutions	24-HES-100	8/1/24 - 7/31/25	<u>16,996</u>	<u>15,580</u>	<u>15,580</u>
			34,122	17,007	17,007
Alcohol/Drug Abuse Grant	24-ALC-100	1/1/24 - 12/31/24	123,087	26,586	26,586
Alcohol/Drug Abuse Grant	25-ALC-100	1/1/25 - 12/31/25	<u>123,087</u>	<u>13,679</u>	<u>13,679</u>
			246,174	40,265	40,265
Social Services for the Homeless	24-SSH-100	1/1/24 - 12/31/24	13,928	6,930	6,930
Social Services for the Homeless	25-SSH-100	1/1/25 - 06/30/25	<u>6,964</u>	<u>6,930</u>	<u>6,930</u>
			20,892	13,860	13,860
New Jersey Department of Community Affairs					
Homeless Diversion Pilot	2024-05224-0125-000	2/1/23-1/31/25	310,000	185,158	185,158
NJ Family Care Housing Supports Provider Readiness 2025	2025-05277-0285-00	3/1/25 - 2/28/26	119,500	15,286	15,286
Community and Cultural 2024	2024-05208-1222-00	7/1/23 - 6/30/25	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
			929,500	700,444	700,444
Total State Financial Assistance			<u>\$ 10,496,622</u>	<u>\$ 9,105,007</u>	<u>\$ 9,105,007</u>

See Notes to Schedule of Expenditures of Federal Awards 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, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of Bridgeway Behavioral Health Services under programs of the federal government for the year ended June 30, 2025. 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"). Because the Schedule presents only a selected portion of the operations of Bridgeway Behavioral Health, it is not intended to and does not present the financial position, changes in net position, or cash flows of Bridgeway Behavioral Health.

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 not 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, 2025, 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 March 10, 2026.

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.

William Smith + Brown, PC

March 10, 2026

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 25-12-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, 2025. 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, 2025.

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 25-12-OMB ("NJ Circular 25-12-OMB"). Our responsibilities under those standards and the Uniform Guidance and NJ Circular 25-12-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 25-12-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 25-12-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 25-12-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 25-12-OMB. Accordingly, this report is not suitable for any other purpose.

William Smith + Brown, PC

March 10, 2026

**Bridgeway Behavioral Health Services
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025**

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?
- Significant deficiency (ies) identified?

_____ Yes X No
 _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over federal programs:

- Material weakness (es) identified?
- Significant deficiency (ies) identified?

_____ Yes X No
 _____ Yes X 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 X 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

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

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**Bridgeway Behavioral Health Services
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2025**

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

State Financial Assistance

Internal control over state programs:

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

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

_____ Unmodified _____

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

_____ Yes X 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 X No