Bridges from School to Work

Independent Auditor's Report, Financial Statements, and Compliance Reports

December 31, 2023 and 2022

Contents

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Independent Auditor's Report

Board of Directors
Bridges from School to Work
Bethesda, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bridges from School to Work (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bridges from School to Work, as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("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 Bridges from School to Work and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Bridges from School to Work's ability to continue as a going concern for one year after the date that the financial statements are 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bridges from School to Work'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 Bridges from School to Work'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 were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards 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 August 13, 2024 on our consideration of the Bridges from School to Work'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 the Bridges from School to Work'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 Bridges from School to Work's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Tysons, Virginia
August 13, 2024

Bridges from School to Work
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,609,531	$ 4,657,316
Grants receivable	1,861,993	1,792,165
Contributions receivable	75,000	41,500
Prepaid expenses	72,486	156,836
Other assets	384,839	76,169
Receivable from related party	64,166	-
Total current assets	7,068,015	6,723,986
Property and equipment, net	-	25,693
Right of use assets on operating leases	35,200	68,024
Investments	5,010,908	4,384,408
Total assets	$ 12,114,123	$ 11,202,111
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to related party	$ -	$ 1,294,850
Accrued liabilities	1,068,942	125,692
Estimated liability	150,000	150,000
Current portion of operating lease liability	23,299	32,824
Total current liabilities	1,242,241	1,603,366
Long-term operating lease liability	11,901	35,200
Total liabilities	1,254,142	1,638,566
Net Assets		
Without donor restrictions		
Board, designated operating reserves	2,825,854	2,830,104
Undesignated, equity in fixed assets	-	25,693
Undesignated, operating funds	7,584,127	6,319,520
Total net assets without donor restrictions	10,409,981	9,175,317
Net assets with donor restrictions	450,000	388,228
Total net assets	10,859,981	9,563,545
Total liabilities and net assets	$ 12,114,123	$ 11,202,111

Bridges from School to Work
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Other Changes						
Grants and contracts	$ 4,630,180	$ 412,500	$ 5,042,680	$ 4,564,686	$ 388,228	$ 4,952,914
Forgiveness of Payroll Protection Program loan	-	-	-	953,264	-	953,264
Contributions and donations	4,083,637	-	4,083,637	4,020,136	-	4,020,136
Special events	2,255,338	-	2,255,338	2,202,899	-	2,202,899
Contributed nonfinancial services	516,499	-	516,499	135,615	-	135,615
Other income	79,590	-	79,590	-	-	-
Investment income (loss)	655,863	-	655,863	(724,274)	-	(724,274)
Net assets released from restrictions	350,728	(350,728)	-	125,000	(125,000)	-
Total revenue, support and other changes	12,571,835	61,772	12,633,607	11,277,326	263,228	11,540,554
Expenses						
Program services	7,269,549	-	7,269,549	6,694,501	-	6,694,501
Management and general	3,329,608	-	3,329,608	3,243,358	-	3,243,358
Fundraising	738,014	-	738,014	707,340	-	707,340
Total expenses	11,337,171	-	11,337,171	10,645,199	-	10,645,199
Change in Net Assets	1,234,664	61,772	1,296,436	632,127	263,228	895,355
Net Assets, Beginning of Year	9,175,317	388,228	9,563,545	8,543,190	125,000	8,668,190
Net Assets, End of Year	$ 10,409,981	$ 450,000	$ 10,859,981	$ 9,175,317	$ 388,228	$ 9,563,545

Bridges from School to Work
Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 6,304,141	$ 1,755,002	$ 45,948	$ 8,105,091	$ 5,809,863	$ 1,747,357	$ 79,030	$ 7,636,250
Conference, events, and meetings	39,272	1,813	325,606	366,691	3,355	156,427	329,486	489,268
Accounting and auditing fees	-	80,654	-	80,654	-	36,251	-	36,251
Legal fees	-	521,498	-	521,498	-	135,615	-	135,615
Office lease and utilities	470,670	13,899	-	484,569	406,172	101,516	-	507,688
Consultants	49,026	267,982	342,926	659,934	19,822	408,968	266,618	695,408
Internet and MCN connection	73,929	120,245	6,070	200,244	110,007	120,551	1,832	232,390
Travel	50,283	73,757	6,066	130,106	72,783	78,649	2,158	153,590
Telephone and cellular	60,323	8,728	611	69,662	63,474	13,460	-	76,934
Depreciation expense	-	-	-	-	767	-	-	767
Human resource services	-	307,475	-	307,475	-	139,808	-	139,808
Student related	102,653	-	-	102,653	47,904	-	-	47,904
Office supplies	5,565	3,960	394	9,919	4,885	6,755	-	11,640
Training and development	71,709	19,813	-	91,522	35,102	31,487	-	66,589
Postage	1,414	5,009	2	6,425	2,347	8,325	-	10,672
Printing	5,846	1,912	730	8,488	4,441	2,333	-	6,774
Office expense, non supplies	8,237	5,548	-	13,785	5,122	55,694	-	60,816
Noncapitalized office equipment	12,522	19,119	-	31,641	103,182	75,629	-	178,811
Maintenance and repairs	386	405	-	791	486	4,618	-	5,104
Recruitment	4,282	890	-	5,172	3,103	4,835	-	7,938
Dues and fees	4,572	20,793	8,925	34,290	1,686	-	28,216	29,902
Insurance	2,297	43,604	-	45,901	-	9,482	-	9,482
Office relocation / moving expenses	138	9,147	-	9,285	-	3,395	-	3,395
Uncollectible grant receivables	-	44,959	-	44,959	-	89,970	-	89,970
Miscellaneous other	2,284	3,396	736	6,416	-	12,233	-	12,233
Total expenses	$ 7,269,549	$ 3,329,608	$ 738,014	$ 11,337,171	$ 6,694,501	$ 3,243,358	$ 707,340	$ 10,645,199

Bridges from School to Work
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 1,296,436	$ 895,355
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Unrealized (gain) loss on investments	(418,370)	743,055
Realized (gain) loss on investments	(104,954)	112,757
Loss on disposal of fixed assets	25,693	767
Uncollectible grant receivable	44,959	89,970
Forgiveness of Paycheck Protection Plan loan	-	(953,264)
Noncash donated securities	(4,010,826)	-
Noncash operating lease expense	32,824	151,055
Change in		
Grants receivable	(114,787)	(728,041)
Contributions receivable	(33,500)	(21,500)
Prepaid expenses	84,350	(55,954)
Other assets	(308,670)	(6,747)
Payable to related party	(1,359,016)	677,273
Accrued liabilities	943,250	91,671
Operating lease liability	(32,824)	(138,987)
Estimated liability	-	150,000
Net cash (used in) provided by operating activities	(3,955,435)	1,007,410
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(25,693)
Purchase of investments	(950,372)	(4,915,399)
Proceeds on sale of investment	4,858,022	4,741,926
Net cash provided by (used in) investing activities	3,907,650	(199,166)
Net Increase (Decrease) in Cash and Cash Equivalents	(47,785)	808,244
Cash and Cash Equivalents, Beginning of Year	4,657,316	3,849,072
Cash and Cash Equivalents, End of Year	$ 4,609,531	$ 4,657,316

Supplemental Disclosure of Noncash Operating Activities

	2023	2022
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 68,930

Note 1. Organization and Nature of Activities

Bridges from School to Work ("Bridges" or "Organization"), a non-stock, not-for-profit corporation located in Bethesda, Maryland, was established in 1989 by the family of J. Willard Marriott, with the mission to transform the lives of young adults with disabilities through the power of a job. Throughout its 34-year history, Bridges has facilitated the placement of more than 22,000 young adults with disabilities exiting special education programs in competitive, integrated jobs with more than 5,200 employers, large and small, across a wide range of industries. With a long-term focus on job retention, the program continues to work with these youth after placement to help them grow and advance on the job. Through Bridges, young adults receive intensive training that prepares them for the world of work. Simultaneously, the program staff reaches out to the business community to identify employers who are enthusiastic about tapping this rich and diverse applicant pool. Central to the program's success is facilitating job matches that meet employer needs and that align with the young adults' interests and capabilities. Bridges operates in 12 major urban markets across the U.S.

The Organization legally changed its name from Marriott Foundation for People with Disabilities, Inc. to Bridges from School to Work in 2019.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying policies of the Organization are in accordance with accounting principles generally accepted in the United States of America, applied on a basis consistent with that of the preceding years. The Organization reports information regarding its financial position and activities under standards for not-for-profit organizations issued by the Financial Accounting Standards Board ("*FASB*").

Basis of Accounting

These financial statements are prepared under the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Adoption of New Accounting Standard

Effective January 1, 2023, the Organization adopted *ASU 2016-13, Financial Instrument - Credit Losses (Topic 326)*, Measurement of Credit Losses on Financial Instruments related to the impairment of financial instruments. This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable, contract assets and notes receivables. It also applies to off-balance-sheet credit exposures and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell. The adoption did not have a material impact on the financial statements.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates also affect the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates and assumptions.

Classification of Net Assets

Under the standards for not-for-profit organizations issued by the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), the Organization is required to report information regarding its financial position and activities in two classes of net assets as follows:

Net assets without donor restrictions include undesignated and net assets designated by the Board of Directors. Undesignated net assets consist of revenues and expenses associated with the principal mission of the Organization which are not restricted by donor stipulations.

Net assets with donor restrictions are subject to stipulations imposed by donors that will be met either by actions of the Organization and/or the passage of time.

Cash and Cash Equivalents

Cash and cash equivalents reflected on the statements of financial position are comprised of demand deposits and money market funds and are stated at cost, which approximates fair value. The Organization considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Grants and Contributions Receivable

Receivables are stated at net realizable value. Accounts are individually analyzed for collectability. All receivables are deemed collectible by management at December 31, 2023 and 2022. There was no allowance for doubtful accounts at December 31, 2023 and 2022.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term for new leases or the remaining term for existing leases at date of adoption.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Property and Equipment

Property and equipment are depreciated using the straight-line method over the assets' estimated useful lives, which range from 3 to 8 years. The Organization capitalizes all property and equipment valued over $2,500. Repairs and maintenance are expensed in the period incurred while renewals and betterments are capitalized. Depreciation expense totaled $0 and $767 for the years ended 2023 and 2022, respectively.

Investments

The Organization invests in various securities, including mutual funds, hedge funds and tangible assets. Mutual funds are recorded at fair value and certificates of deposit are recorded at cost plus accrued interest which approximates fair value. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Estimated Liability

In 2022, management identified certain funds that were received from the Social Security Administration ("SSA") due to reporting errors. These funds were received in years ranging from 2004 to 2022; over the six-year period from 2017-2022, the estimated value of the excess funds received is approximately $150,000. Therefore, an estimated liability has been accrued and reflected in the Statement of Financial Position, pending resolution with SSA.

Grant Revenue

The Organization has four types of grants: (1) cost reimbursement, (2) performance-based, (3) fee-for-service, and (4) non-criteria based. Cost reimbursement grants are those that pay award amounts based on expenses that are incurred to carry out the grant objective. These grants generally require a monthly invoice to be submitted for reimbursement. Performance-based grants are those that require a specific task to be performed or completed before award amounts are paid (i.e. number of student enrollments, placements or completions, or a combination of all three). These grants generally do not have a specific invoicing pattern due to the nature of the required criteria. Invoicing is done when a significant amount of the required criteria has been completed or when it is required by the grant contract. Fee-for-service grants are those that have a set fee, dictated by the grantor, for each student service. These grants are generally invoiced on a monthly basis based on the number of hours a student is served. Non-criteria-based grants are those that have no stipulations attached to them, and that are generally paid out in quarterly installments.

Contribution Revenue

Revenues from contributions are considered to be available for unrestricted use and are recognized as revenue when an unconditional pledge is received, or when cash is received if no pledge exists. Contributions that are restricted for use in a later time period or purpose restricted are recognized as net assets with donor restrictions. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or when the purpose restrictions are met.

The Organization recognizes contributions of cash, securities, or other assets when an unconditional promise to give or notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Consequently, at December 31, 2023 and 2022, contributions approximating $4,737,035 and $8,997,861, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not yet been met. Of the total contributions, $3,987,035 in 2023 and

$7,997,861 in 2022, depend upon the grantor having available funds to make each bi-annual payment. In addition, at December 31, 2023 and 2022, $750,000 and $1,000,000, respectively, of the contributions were dependent upon the Organization raising additional contributions from corporate and/or private donors of $250,000 per year for 2023 - 2026.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization was awarded cost-reimbursable grants of $1,129,855 and $916,533 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. The Organization did not receive any advance payments in 2023 or 2022.

Revenue Recognition

The Organization follows Accounting Standards Update ("ASU") No 2014-09 - *Revenue from Contracts with Customers* (Topic 606).

For the years ended December 31, 2023 and 2022, the Organization recognized $1,223,260 and $432,125, respectively, revenue from unit of service exchange type transactions. These transactions originated from performance-based grants which require a specific task be performed or completed before award amounts are paid (i.e. number of student enrollments, placements or completions, or a combination of all three).

For the year ended December 31, 2023, the Organization recognized $2,044,538 unconditional contribution revenue and $210,800 exchange revenue from its annual fundraising gala. The Organization hosted 1,054 guests for dinner at the gala at a cost of $200 per person with a total value of $210,800. For the year ended December 31, 2022, the Organization recognized $2,101,814 unconditional contribution revenue and $101,085 exchange revenue from its annual fundraising gala. The Organization hosted 879 guests for dinner at the gala at a cost of $115 per person with a total value of $101,085.

	2023	2022
Revenue outside the scope of ASC 606	$ 11,199,547	$ 11,007,344
Performance obligations satisfied at a point in time	1,434,060	533,210
	$ 12,633,607	$ 11,540,554

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the State of Maryland, except to the extent of any unrelated business income. Therefore, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2023 and 2022.

Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services. Salaries and benefits are allocated on a basis of time and effort. Other shared costs such as office rent, utilities, information technology, telephone, and depreciation expense are allocated using a Full Time Equivalent ("FTE") basis.

Program services are the activities that result in services being performed for beneficiaries that fulfill the purposes for whom the Organization exists. Those services are the major purpose for the Organization. Supporting activities are all the activities of the Organization other than program services. They include management and general and fundraising activities.

Management and general activities are those that are not identified with a single program but are indispensable to the conduct of those activities and to an organization's existence. They include oversight, business management, general record keeping, budgeting, financing, soliciting revenue from exchange transactions, such as government contracts and related administrative activities, and all management and administrative except for direct conduct of program services or fund-raising activities. The cost of oversight and management includes the salaries and expenses of the chief executive officer of the organization and the supporting staff.

Fundraising activities include publicizing and conducting fundraising events, maintaining donor lists, and conducting special fundraising events.

Note 3. Concentrations

Credit Risk

Financial instruments which subject the Organization to a concentration of credit risk consist of demand deposits placed with financial institutions. At times during the year, the Organization has funds invested with local financial institutions in excess of the Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses on such deposits.

Revenue Risk

During the year ended December 31, 2023, the Organization received approximately 34% of its total support and revenue from a single contributor During the year ended December 31, 2022, the Organization received approximately 34% of its total support and revenue from a single contributor.

Note 4. Availability of Liquidity

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's sources of revenue by percentage are grants and contracts (45% in 2023 and 38% in 2022), contributions from the J.W. and Alice S. Marriott Foundation (35% in 2023 and 2022) and annual fundraising event (20% in 2023 and 19% in 2022), and the forgiveness of the 2023 and 2022 Paycheck Protection Program Loans (0% in 2023 and 8% in 2022). Cash flow from grants and contracts is generated evenly throughout the year and proceeds from the annual fundraising gala are received April through July of each year, all of which is deposited in the Organization's operating bank account. Contributions from the J.W. and Alice S. Marriott Foundation are received in June and December and are usually shares of stock which the Organization sells soon after they are received. They are not held for investment. The proceeds from the sale are deposited in a money market fund and are drawn down as needed for operating expenses.

The Organization owns an investment portfolio made up of equity and fixed income securities that is actively managed by an investment institution. Investment objectives include: i) preserve and grow with moderate risk, the Organization's net assets, at a rate that exceeds the rate of inflation as determined by C.P.I.; ii) provide income from interest and dividends to supplement Organization grant, service contract, and fundraising revenue; and iii) maintain liquidity in the portfolio sufficient to meet Organization obligations as they come due and ensure there are assets available to meet unforeseen expenses.

The Organization's board established a Board-Designated Operating Reserve Fund in 2016 to achieve the following objectives: i) to enable the Organization to sustain operations through delays in payments of committed funding and to accept reimbursable contracts and grants without jeopardizing ongoing operations; ii) to create an internal line of credit to manage cash flow and maintain financial flexibility; and iii) to enable the Organization to pay for one-time, nonrecurring expenses that will build long-term capacity, such as site expansion, staff development, research, research and development, or investment in infrastructure. The amount of the operating reserve is approximately 25% of the Organization's budgeted operating expenses for the subsequent year.

Financial assets available for general expenditure within one year of the statements of financial position, consist of the following at December 31:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 4,609,531	$ 4,657,316
Grants receivable	1,861,993	1,792,165
Contributions receivable	75,000	41,500
Investments	5,010,908	4,384,408
	11,557,432	10,875,389
Those unavailable for general expenditure within one year		
Board designated operating reserves	(2,825,854)	(2,830,104)
Total unavailable for general expenditure within one year	(2,825,854)	(2,830,104)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,731,578	$ 8,045,285

Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the governing board has set aside the funds for a specific contingency reserve. These board designations could be drawn upon if the board approves the action.

Note 5. Property and Equipment

Equipment consisted of the following at December 31:

	2023	2022
Computer and office equipment	$ 12,979	$ 12,958
Leasehold improvements	-	25,714
Accumulated depreciation	(12,979)	(12,979)
	$ -	$ 25,693

Note 6. Fair Value Measurement

Financial Accounting Standards Board ("*FASB*") *Accounting Standards Codification* ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level, within the fair value hierarchy, is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 or 2022.

Level 1 assets include mutual funds and publicly traded partnerships which are valued at the net asset value ("NAV") of shares held at year-end, and equity securities which are valued at the closing price reported in the active market in which individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The tables below summarize investments, by level, for items measured at fair value on a recurring basis as of December 31:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds - equities	$ 3,025,070	$ -	$ -	$ 3,025,070
Mutual funds - fixed income	794,316	-	-	794,316
Hedge funds	1,003,646	-	-	1,003,646
Commodities	187,876	-	-	187,876
Total investments	$ 5,010,908	$ -	$ -	$ 5,010,908

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds - equities	$ 2,645,391	$ -	$ -	$ 2,645,391
Mutual funds - fixed income	984,547	-	-	984,547
Hedge funds	597,792	-	-	597,792
Commodities	156,678	-	-	156,678
Total investments	$ 4,384,408	$ -	$ -	$ 4,384,408

Net investment income (loss) reflected in the statements of activities consisted of the following at December 31:

	2023	**2022**
Interest and dividends	$ 152,087	$ 150,311
Realized gain (loss) on investments	104,954	(112,757)
Unrealized gain (loss) on investments	418,370	(743,055)
Investment fees	(19,548)	(18,773)
	$ 655,863	$ (724,274)

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions by nature of restriction and program location are as follows as of and for the years ending December 31, 2023 and 2022:

	2022	Additions	Releases	2023
Time and Purpose Restricted				
Pinkerton Foundation	$ -	$ 100,000	$ -	$ 100,000
PWC Charitable Foundation	-	15,000	-	15,000
2024 Gala Contribution	-	65,000	-	65,000
Smith Charitable Trust - San Francisco, CA	33,333	-	(33,333)	-
Smith Charitable Trust - Los Angeles, CA	22,222	-	(22,222)	-
Smith Charitable Trust - Dallas, TX	22,222	-	(22,222)	-
Smith Charitable Trust - Oakland	22,222	-	(22,222)	-
Taft Foundation	135,000	232,500	(135,000)	232,500
Boston Public Schools	87,500	-	(50,000)	37,500
The Boston Foundation	25,000	-	(25,000)	-
Purpose Restricted				
Richard and Nancy Marriott Foundation	40,729	-	(40,729)	-
Total	$ 388,228	$ 412,500	$ (350,728)	$ 450,000

Note 8. Retirement Plan

The Organization sponsors a 401(k) defined contribution plan covering generally any employee who has completed 1,000 hours in an anniversary year and is at least 21 years old. Participants under the 401(k) plan may contribute up to 15% of weekly pay before tax. In addition, the Organization will contribute a match of up to 3% of employees' salaries, plus 50 cents for every additional dollar an employee contributes on the next 3% of annual salary. All contributions are fully vested immediately. The Organization's contributions to the plan were $109,512 and $161,251 for the years ended December 31, 2023 and 2022, respectively.

Note 9. Related Parties

In July 2021, the J. Willard and Alice S. Marriott Foundation (the "Foundation") approved an unrestricted grant in the amount of $12,000,000 to the Organization in support of the Bridges' programs. The grant amount is payable over a maximum of three years beginning in 2022 and is contingent as to whether the Foundation has available funds in any given year to make such payments. For the years ended December 31, 2023 and 2022, the Organization received payments of $4,010,826 and $4,002,139, respectively, which are recorded as contribution revenue in the accompanying statements of activities.

The Organization had a management agreement with Marriott International ("Marriott"). Under the terms of the agreement, Marriott provides staff, overhead, and administrative services for the Organization. The management agreement ended on December 23, 2022. Amounts payable to Marriott are included in the accompanying financial statements as follows at December 31:

	2023	2022
Amount payable to Marriott, January 1	$ 1,294,850	$ 617,577
Amount paid to Marriott during year	(1,294,850)	(7,195,328)
Services incurred and billed by Marriott	-	7,872,601
Amount payable to Marriott, December 31	$ -	$ 1,294,850

Note 10. Office Lease and Utilities

During 2022, the Organization leased office space for its headquarters under an operating lease agreement which could be terminated with 60 days of notice by either party. In addition, the Organization procured office space through membership in shared workspace companies in Washington, D.C., Philadelphia, New York, Boston, Oakland and Los Angeles, which can be terminated with 30 days of notice from the Organization. All other locations conduct their operations in leased facilities with third parties under noncancelable operating leases that expire at various times through 2025.

The office lease and utilities (formerly office rent and utilities) and other required information for the years ended December 31 are:

	2023	2022
Operating lease cost		
Fixed lease cost	$ 26,000	$ 149,791
Short-term lease cost	408,442	326,304
Variable lease cost	50,127	31,586
Total lease cost	$ 484,569	$ 507,681
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 34,182	151,055
Right-of-use assets obtained in exchange for new operating lease liabilities after adopted ASC 842	$ -	68,930
Weighted-average remaining lease term	1.50 years	2.14 years
Weighted-average discount rate	2.85%	2.49%

Minimum future payments under these non-cancelable operating leases are as follows:

2024	$ 24,000
2025	12,000
Total	36,000
Less, interest	800
Total expected payments	$ 35,200

Presentation on the statement of financial position at December 31, 2023:

Current portion	$ 23,299
Long-term	11,901
	$ 35,200

Note 11. Contingencies and Estimated Liability

The Organization participates in a number of federally assisted grant programs which are subject to financial and compliance audits by the federal agencies or their representatives. Revenue from government grants is recognized in the year when expenses are incurred and/or activities have occurred on the basis of the direct costs, plus allowable indirect costs as allowable by the government grants and contracts. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditure allowable under these grants and contracts, the Organization will record such disallowance at the time the final assessment is made.

Note 12. Line of Credit

In April 2020, the Organization established a line of credit with Bank of America to borrow funds up to $1,000,000. The line is due on demand, collateralized by the Organization's assets held in the financial institution, and bears interest at LIBOR daily floating rate plus 2.25%. At December 31, 2023 and 2022, the Organization had no outstanding balance on the line of credit.

Note 13. Contributed Nonfinancial Services

During 2023 and 2022, the Organization recognized the following contributed nonfinancial assets and services:

	2023	2022
Legal Services	$ 516,499	$ 135,615

Contributed items were utilized in the following programs:

Contributed Items	**Programs**
Legal Services	Management and General

The following basis was used for valuing contributed items:

Contributed Items	**Valuation Basis**
Legal Services	Estimated fair value based on estimate provided by law firm

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Note 14. Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (“CARES”) Act was signed into law on March 27, 2020. The CARES Act provides for the establishment of the Payroll Protection Program (“PPP”), a new loan program under the Small Business Administration’s (“SBA”) 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

In 2021, the Organization received a PPP loan totaling $941,196 and elected to account for the funds received in accordance with ASC Topic 470, Debt. The loan accrued interest at a rate of 1% and had an original maturity date of two years. Payments were deferred during the deferral period, which began on the loan origination date and extended for 10 months beyond the last day of the Organization’s covered period. The loan and related interest of $12,068 was forgiven by the bank and SBA in 2022 and is shown as forgiveness of Payroll Protection Program loan on the statements of activities.

Note 15. Subsequent Event

The Organization entered into a Services Agreement with Marriott Family Philanthropies, Inc. (“MFP”) on June 9, 2023. The agreement provides the Organization the right to use office space and to engage MFP for the purpose of providing office supplies, furniture, equipment, and related support. The term of the services agreement is 8 years. The Organization’s portion of the rent, based on square footage of office space and 1/3 of common area space, is 22.6% which is an initial monthly rate of $7,396, not including the variable cost of office supplies, equipment, and related support. The Organization anticipates occupying the new office space mid-year 2024.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 13, 2024, the date the financial statements were available to be issued.

Supplementary Information

Bridges from School to Work
Schedule of Expenditures of Federal Awards
December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Labor				
Pass Through Chicago Cook Workforce Partnership				
WIOA Cluster				
WIA YOUTH ACTIVITIES	17.259	2022-575	$ -	$ 226,504
WIA YOUTH ACTIVITIES	17.259	2023-575	-	167,747
Subtotal - WIA YOUTH ACTIVITIES			-	394,251
Pass-through from State of California, Employment Development Department				
WIA ADULT PROGRAM	17.258	AA211087	-	77,378
Total WIOA Cluster			-	471,629
Total U.S. Department of Labor			-	471,629
U.S. Department of Education				
Pass Through from the Philadelphia Intermediate Unit				
Special Education Cluster (IDEA)				
SPECIAL EDUCATION_GRANTS TO STATES	84.027	3346	-	54,000
SPECIAL EDUCATION_GRANTS TO STATES	84.027	4350	-	40,000
Subtotal - Special Education Cluster (IDEA)			-	94,000
Pass-through from New York State Education Department				
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	C014008	-	11,600
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	C013510	-	15,988
			-	27,588
Pass Through from Los Angeles Department of Rehabilitation				
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126A	32074	-	42,331
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126A	32074	-	29,130
			-	71,461
Pass Through from Massachusetts Rehabilitation Commission				
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	Pre-ETS 1-2019		159,018
Pass-through from State of Illinois Department of Human Services				
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	46CBF03251	-	58,050
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	46CCF03251	-	15,910
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	46CBF03495	-	65,332
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	46CCF03495	-	40,088
			-	179,380
Subtotal - Rehabilitation Services- Vocational Rehabilitation Grants to States			-	437,447
Total U.S. Department of Education			-	531,447
Department of Health and Human Services				
Pass-through from Texas Workforce Commission				
Temporary Assistance for Needy Families	93.558	0622SSF001	-	58,255
Temporary Assistance for Needy Families	93.558	0623SSF001	-	126,565
Total Temporary Assistance for Needy Families			-	184,820
Total U.S. Department of Health and Human Services			-	184,820
Total awards expended			$ -	$ 1,187,896

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of Bridges from School to Work under programs of the federal government for the year ended December 31, 2023. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Contingency

The grant revenue amounts received and expenses are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become liability of the Organization. In the opinion of management all grant expenditures are materially in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

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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

Board of Directors
Bridges from School to Work
Bethesda, Maryland

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 (Government Auditing Standards), the financial statements of Bridges from School to Work (the "Organization"), which comprise the statement of financial position as of December 31, 2023, 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 August 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridges from School to Work's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridges from School to Work's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bridges from School to Work's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Tysons, Virginia
August 13, 2024

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Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Bridges from School to Work
Bethesda, Maryland

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Bridges from School to Work's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Bridges from School to Work's major federal program for the year ended December 31, 2023. Bridges from School to Work's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bridges from School to Work complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Bridges from School to Work 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 program. Our audit does not provide a legal determination of Bridges from School to Work's 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 Bridges from School to Work's federal programs.

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 Bridges from School to Work's 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 Bridges from School to Work's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Bridges from School to Work's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bridges from School to Work's 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, but not for the purpose of expressing an opinion on the effectiveness of Bridges from School to Work's 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 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 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 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. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

Tysons, Virginia
August 13, 2024

Bridges from School to Work
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

I. Summary of Auditor's Results

Financial Statements

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

   ☒ **Unmodified** ☐ **Qualified** ☐ **Adverse** ☐ **Disclaimer**

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ **Yes** ☒ **No**

   Significant deficiency(ies) identified? ☐ **Yes** ☒ **None Reported**

3. Noncompliance material to the financial statements noted?

   ☐ **Yes** ☒ **No**

Federal Awards

4. Internal control over the major federal awards program:

   Material weakness(es) identified? ☐ **Yes** ☒ **No**

   Significant deficiency(ies) identified? ☐ **Yes** ☒ **None Reported**

5. Type of auditor's report issued on compliance for the major federal award program:

   ☒ **Unmodified** ☐ **Qualified** ☐ **Adverse** ☐ **Disclaimer**

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

   ☐ **Yes** ☒ **No**

7. Identification of major federal program:

Assistance Listing Number	**Name of Federal Program or Cluster**
84.126	Rehabilitation Services- Vocational Rehabilitation Grants to States

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000

9. Auditee qualified as a low-risk auditee? ☒ **Yes** ☐ **No**

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No matters were reported.

IV. Status of Prior Year Findings

Finding 2022-001 - Ineffective Program Recordkeeping and Review Controls

Type of Finding: Significant deficiency in internal controls over financial reporting

Criteria:	An Organization's internal control over financial reporting is a process designed to provide reasonable assurance that the financial statements are free of material errors.
Condition:	During 2022, it was identified that an individual with the responsibility of program director for one of the Organization's contracts was negligent in performing required recordkeeping responsibilities to terminate students from a program, therefore resulting in excess funds received from the government under the contract. In addition, a mitigating control of the review of the program participants did not identify the errors.
Effect:	Unauthorized receipt of funds requiring an estimated liability to be recorded for the potential return of funds. For the six year period from 2017-2022, the estimated value of excess receipts of funds was approximately $150,000.
Cause:	This significant deficiency in controls provided the opportunity for unauthorized receipts to occur and not be prevented.
Repeat finding:	No.
Current Status:	Corrected.