CONSOLIDATED FINANCIAL STATEMENTS

BUILDING BRIDGES ACROSS THE RIVER, INC.
AND AFFILIATES

FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Building Bridges Across the River, Inc. and Affiliates
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of Building Bridges Across the River, Inc. and Affiliates, collectively, the Organizations, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2023, and the consolidated change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' 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.

Report on Summarized Comparative Information

We have previously audited the Organizations' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on page 19, Consolidating Schedule of Activities on page 20, Consolidating Schedule of Change in Net Assets on page 21 and Consolidating Schedule of Cash Flows on page 22 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Gelman Rosenberg & Freedman

March 31, 2025

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 24,916,383	$ 19,190,713
Grants and pledges receivable	2,710,560	4,217,893
Accounts receivable, net	17,890	110,085
Land use contribution receivable	50,633	44,500
Prepaid expenses	20,772	79,122
Total current assets	27,716,238	23,642,313
PROPERTY AND EQUIPMENT		
Buildings and improvements	52,388,704	52,388,705
Equipment	1,249,384	1,231,825
Furniture	158,715	36,062
Vehicles	50,463	50,463
Construction in progress	2,276,107	1,198,534
	56,123,373	54,905,589
Less: Accumulated depreciation and amortization	(15,126,796)	(13,608,475)
Net property and equipment	40,996,577	41,297,114
NONCURRENT ASSETS		
Investments - Board designated	-	636,506
Grants and pledges receivable, net	642,943	1,622,276
Land use contribution receivable, net	3,366,500	3,411,000
Loan receivable from TDIF	-	21,944,125
Total noncurrent assets	4,009,443	27,613,907
TOTAL ASSETS	**$ 72,722,258**	**$ 92,553,334**

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Notes payable	$ 222,571	$ 6,711,762
Accounts payable and accrued expenses	712,238	560,214
Deferred rental income	4,385,807	1,770,462
Interest rate swap obligation	-	26,724
Total current liabilities	5,320,616	9,069,162
NONCURRENT LIABILITIES		
Notes payable, net	2,650,279	31,448,387
Total liabilities	7,970,895	40,517,549
NET ASSETS		
Without donor restrictions:		
Undesignated	21,252,691	10,463,610
Board designated	181,357	1,639,106
Invested in property and equipment	15,021,428	14,638,036
Total without donor restrictions	36,455,476	26,740,752
With donor restrictions	28,295,887	25,295,033
Total net assets	64,751,363	52,035,785
TOTAL LIABILITIES AND NET ASSETS	**$ 72,722,258**	**$ 92,553,334**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions and grants	$ 1,828,265	$ 7,048,498	$ 8,876,763	$ 14,797,438
Rental income and tenant expense reimbursements	3,049,441	-	3,049,441	2,909,073
Interest and investment income, net	602,646	-	602,646	375,320
Other revenue	248,637	-	248,637	76,719
Net assets released from donor restrictions	4,047,644	(4,047,644)	-	-
Total support and revenue	9,776,633	3,000,854	12,777,487	18,158,550
EXPENSES				
Program Services	5,259,713	-	5,259,713	6,057,986
Supporting Services:				
Management and General	3,892,407	-	3,892,407	2,109,749
Fundraising	1,196,874	-	1,196,874	1,607,416
Total supporting services	5,089,281	-	5,089,281	3,717,165
Total expenses	10,348,994	-	10,348,994	9,775,151
Change in net assets before other items	(572,361)	3,000,854	2,428,493	8,383,399
OTHER ITEMS				
Employee retention credit income	868,147	-	868,147	-
Realized and unrealized gain and (loss) on interest rate swap	26,724	-	26,724	(121,151)
Contribution due to unwind of NMTC	9,392,214	-	9,392,214	-
Total other items	10,287,085	-	10,287,085	(121,151)
Change in net assets	9,714,724	3,000,854	12,715,578	8,262,248
Net assets at beginning of year, as restated	26,740,752	25,295,033	52,035,785	43,773,537
NET ASSETS AT END OF YEAR	$ 36,455,476	$ 28,295,887	$ 64,751,363	$ 52,035,785

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023					2022
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Personnel	$ 1,852,809	$ 1,595,043	$ 588,817	$ 2,183,860	$ 4,036,669	$ 3,776,704
Depreciation and amortization	1,132,317	386,006	-	386,006	1,518,323	965,218
Building and maintenance costs	638,609	549,764	202,948	752,712	1,391,321	1,048,520
Consulting fees	493,874	425,166	156,952	582,118	1,075,992	1,044,564
Rent	344,933	296,946	-	296,946	641,879	612,510
Professional fees	251,010	175,860	64,920	240,780	491,790	161,849
Supplies	216,092	186,029	68,673	254,702	470,794	427,757
Interest expense	57,876	49,825	18,393	68,218	126,094	784,439
Insurance	42,309	36,423	13,446	49,869	92,178	55,907
Other	40,976	35,275	13,022	48,297	89,273	59,347
Bank fees	36,924	25,231	9,314	34,545	71,469	162,078
Equipment	28,502	24,537	9,058	33,595	62,097	61,886
Travel and entertainment	28,419	24,465	9,032	33,497	61,916	20,696
Marketing	27,846	23,972	8,849	32,821	60,667	128,158
Telephone	25,012	21,532	7,949	29,481	54,493	53,196
Printing and production	22,786	19,616	7,241	26,857	49,643	56,213
Contract services	15,759	13,566	5,008	18,574	34,333	339,111
Events and fundraising costs	-	-	12,090	12,090	12,090	7,763
Bad debt	2,295	1,976	729	2,705	5,000	6,720
Postage and delivery	942	811	299	1,110	2,052	1,552
Repairs and maintenance	423	364	134	498	921	963
TOTAL	**$ 5,259,713**	**$ 3,892,407**	**$ 1,196,874**	**$ 5,089,281**	**$ 10,348,994**	**$ 9,775,151**

See accompanying notes to consolidated financial statements.

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 12,715,578	$ 8,262,248
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,518,323	965,217
Amortization of deferred financing costs	-	7,742
Realized and unrealized (gain) and loss on interest rate swap	(26,724)	121,151
Change in present value discount on noncurrent grants and pledges receivable	27,007	(5,508)
Change in allowance for credit loss	4,913	-
Unrealized loss on investments	142,448	156,925
Realized (gain) loss on sale of investments	(156,687)	71,508
Proceeds from the sale of donated securities	-	6,961
Receipt of donated securities	-	(6,961)
Forgiveness of loan receivable due to unwind of NMTC	21,944,125	-
Extinguishment of debt due to unwind of NMTC	(31,450,000)	-
Decrease (increase) in:		
Grants and pledges receivable	2,459,659	573,717
Accounts receivable	87,282	(37,649)
Land use contribution receivable	38,367	(3,455,500)
Prepaid expenses	58,350	2,912
Increase (decrease) in:		
Accounts payable and accrued expenses	152,024	52,470
Deferred rental income	2,615,345	(130,961)
Net cash provided by operating activities	10,130,010	6,584,272
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,217,786)	(1,525,249)
Purchases of investments	-	(81,087)
Proceeds from sales of investments	650,745	18,309
Net cash used by investing activities	(567,041)	(1,588,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(3,837,299)	(159,092)
Net cash used by financing activities	(3,837,299)	(159,092)
Net increase in cash and cash equivalents	5,725,670	4,837,153
Cash and cash equivalents at beginning of year	19,190,713	14,353,560
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 24,916,383**	**$ 19,190,713**
SUPPLEMENTAL INFORMATION		
Interest Paid	**$ 126,095**	**$ 784,439**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

Building Bridges Across the River, Inc. (BBAR) was established in May 1997, and was organized to raise funds, acquire land, develop, construct and oversee the operation of the Town Hall, Education, Arts and Recreation Center (THEARC) located in the southeast quadrant of the District of Columbia.

Building Bridges Development Corporation (BBDC) was established during 2015 to act as the “qualified active low-income community business” (“QALICB”) under the New Markets Tax Credit Program.

Building Bridges Across the River Phase IV Corporation (BIVC) was established in March 2022, to act as the “qualified active low-income community business” (“QALICB”) under the New Markets Tax Credit Program. There was no activity for BIVC during the year ended December 31, 2023.

Principles of consolidation -

The accounts of the BBAR have been consolidated with the BBDC and BIVC (collectively, the Organizations) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets with Donor Restrictions -** Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The adoption of ASU 2016-13 did not have a material impact on the consolidated financial statements and resulted primarily in enhanced disclosures.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Property and equipment -

Property and equipment acquisitions in excess of $5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets; generally five years for furniture and equipment or thirty-nine years for buildings and improvements. The cost of maintenance and repairs is recorded as expenses are incurred.

THEARC project includes three buildings (Phase I, II and III) on land leased from the District of Columbia. The Phase I building is for the use of the Covenant House Washington (CHW) pursuant to a 99-year ground sub-lease between BBAR and CHW. The Phase I costs were paid by (and capitalized on the books of) CHW. Phase II and Phase III building costs have been capitalized as an asset of the Organizations. Construction of a fourth building (Phase IV) is included in construction in progress. Depreciation and amortization expense for the year ended December 31, 2023 totaled $1,518,323.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

Grants and pledges receivable -

Grants and pledges receivable are recorded at their net realizable value, which approximates fair value. Grants and pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and pledges receivable (continued) -

Amortization of the discounts is included in contributions and grants revenue. All grants and pledges receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to rental income. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions.

Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. However, there was no allowance for credit losses as of December 31, 2023. The allowance for credit losses totaled $4,913 as of January 1, 2023.

Debt issuance costs -

In accordance with the FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* the Organizations present debt issuance costs in the consolidated financial statement as a direct deduction from the related debt liability. Amortization of the costs is reported as amortization expense.

Support and revenue -

Contributions and grants -

The Organizations receive grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. The Organizations perform an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Support and revenue (continued) -

Contributions and grants (continued) -

Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organizations had no refundable advances as of December 31, 2023.

In addition, the Organizations have obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organizations did not have any unrecognized conditional contributions to be received in future years as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets consist of donated land use which is recorded at the fair value as of the date of the gift. The Organizations may receive gifts of cash or other assets restricted for use to acquire or construct a long-lived asset. In accordance with *Financial Accounting Standards Board* (FASB) Accounting Standards Update (ASU) 2016-14, the Organizations adopted the placed-in-service approach for reporting the expirations of donor restrictions used to acquire or construct long-lived assets.

Rental income -

Rental income is classified as an exchange transaction which follows ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded as revenue at a point in time when the performance obligations are met. The Organizations have elected to opt out of all (or certain) disclosures not required for nonpublic entities. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases with tenants are considered to be operating leases.

Income taxes -

The Organizations are exempt from Federal income tax under Section 501(a) of the Internal Revenue Code "IRC", as an organization described in IRC Section 501(c)(3). BBDC is a Type I supporting organization to BBAR under Section 509(a)(3) of the IRC. BIVC is a Type I supporting organization to BBAR under Section 509(a)(3) of the IRC. The Organizations are not private foundations.

Use of estimates -

The preparation of the consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

2. GRANTS AND PLEDGES RECEIVABLE

As of December 31, 2023, the Organizations have received promises to give, which have yet to be collected, aggregating $3,379,220. Payments expected to be collected more than one year from the Consolidated Statement of Financial Position date are recorded at their net present value of the estimated cash flows, using discount rates between 0.1% and 4%.

Grants and pledges receivable are due as follows as of December 31, 2023:

Less than one year	$ 2,710,560
One to five years	668,660
Subtotal	3,379,220
Less: Current portion	(2,710,560)
Less: Present value discount	(25,717)
NONCURRENT GRANTS AND PLEDGES RECEIVABLE, NET OF PRESENT VALUE DISCOUNT	**$ 642,943**

3. NEW MARKETS TAX CREDIT PROGRAM

BBAR obtained financing for the Phase III Expansion of THEARC under the New Markets Tax Credit Program (“NMTC"). The NMTC Program permits taxpayers to claim a credit against Federal income taxes for Qualified Equity Investments in designated Community Development Entities (“CDEs”). These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (“QLICIs”). The investor is provided with a tax credit, which is claimed over a seven-year period. BBDC acts as the “qualified active low-income community business” (“QALICB”) under the NMTC.

Also, during 2015, SunTrust Bank established a special purpose entity called THEARC DC Investment Fund, LLC (the “TDIF”) of which SunTrust Community Capital, LLC (“STCC”) is the sole member.

3. NEW MARKETS TAX CREDIT PROGRAM (Continued)

On February 3, 2016, STCC made a $10,690,875 capital contribution and BBAR made a leveraged loan to TDIF totaling $21,944,125. The note receivable has a maturity date of March 1, 2051, and bears interest at the rate of 2.184% per annum. Interest-only was payable until March 10, 2023, and thereafter blended payments were due of principal and interest sufficient to amortize the note fully over the remaining term. The note was collateralized by a security interest in the CDEs and any distributions from them. Interest earned on the note during the year ended December 31, 2023 totaled $30,985 and is included in interest and investment income in the accompanying Consolidated Statement of Activities and Change in Net Assets.

BBAR raised funds for the leveraged loan from grants, loans, private financing and cash reserves.

On February 3, 2016, TDIF made Qualified Equity Investments ("QEIs") totaling $32,250,000 in exchange for a 99% interest in the following CDEs: City First Capital 40, LLC ("CFC"), ESIC New Markets Partners LXV Limited Partnership, ("ESIC"), LIIF Sub-CDE XXXIV, LLC, ("LIIF") and ST CDE XXIV, LLC, ("ST"). The CDEs used the proceeds of the QEI to make two qualified low-income community investments structured as secured loans ("Project Loans") to BBDC in the aggregate principal amount of $31,450,000, and secured by a deed of trust. The QLICI Loans were divided into eight separate notes with a maturity date of December 1, 2055 and interest rate of 1.788% per annum.

In February 2023, when the NMTC period expired, STCC exercised its put option to sell its ownership interest in TDIF. TDIF was liquidated and its assets were distributed to BBAR. In conjunction with this event, the CDEs were liquidated, and BBAR acquired the $31,450,000 Project Loans in satisfaction of BBAR's leveraged loan to TDIF totaling $21,944,125.

As a result of these exit transactions, and the offsetting of the project loans and leverage loans, a contribution of $9,392,214 was recognized during the year ended December 31, 2023.

4. BOARD DESIGNATED NET ASSETS

Included in net assets without donor restrictions are amounts that the Board has identified as designated for certain purposes. As of December 31, 2023, the aggregate amount designated was $181,357.

5. INVESTED IN PROPERTY AND EQUIPMENT NET ASSETS

Included in net assets without donor restrictions are amounts that have been been identified as invested in property and equipment. As of December 31, 2023, the aggregate amount totaled $15,021,428 and includes property and equipment, net of accumulated depreciation.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023:

11th Street Bridge	$ 21,189,362
Gala	698,841
Land use contribution	3,417,133
ICAN	141,273
Phase IV	2,032,165
Initiatives	392,830
Subject to passage of time	424,283
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 28,295,887**

7. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2023:

11th Street Bridge	$ 2,502,387
ICAN	55,082
Skyland Workforce Center	221,000
Gala	570,048
Initiatives	125,077
Farm and wellness	185,681
Land use contribution	38,369
Passage of time	350,000
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 4,047,644**

8. LIQUIDITY

The Organizations' financial assets available within one year of the Consolidated Statement of Financial Position date for general expenditures comprise the following at December 31, 2023:

Cash and cash equivalents	$ 24,916,383
Grants and pledges receivable	2,710,560
Accounts receivable, net	17,890
Subtotal financial assets available within one year	27,644,833
Less: Donor restricted funds	(24,454,471)
Less: Board designated funds	(181,357)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 3,009,005**

The Organizations are substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organizations' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The reserve funds established by the governing Board may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

9. NOTE PAYABLE

On May 3, 2023, BBAR entered into a note agreement with United Bank for $3,000,000 which matures on May 3, 2028. The note payable bears interest of 1.5%. The note calls for monthly principal and interest payments of $22,000. The note is collateralized by an interest in BBAR's United Bank Money Market account.	$ 2,872,850
Less: Current portion	(222,571)
NONCURRENT PORTION	**$ 2,650,279**

9. NOTE PAYABLE (Continued)

Future estimated maturities of the aforementioned note are as follows:

Year Ending December 31,	
2024	$ 222,571
2025	225,932
2026	229,344
2027	232,808
2028	1,962,195
	$ 2,872,850

Interest expense related to the note payable totaled $126,095 for the year ended December 31, 2023.

10. INTEREST RATE SWAP

In order to reduce its exposure to volatility in the variable rate index, BBAR entered into an interest rate swap agreement with SunTrust Bank on the note payable. The intention of the swap agreement was to synthetically fix the interest rate on the note.

The note and the related swap agreement matured February 3, 2023 due to the unwinding of the NMTC, and the Organizations recognized a realized gain of $26,724 for the year ended December 31, 2023.

11. GROUND LEASE AGREEMENT

BBAR entered into a lease agreement on July 18, 2001, with the District of Columbia, to lease land for the purpose of constructing, maintaining and operating THEARC. The 99-year lease requires an annual payment of $100 until July 18, 2100.

THEARC project is subject to certain restrictions, limiting the use for the enhancement of the lives of local residents of Ward 8, as approved by the District of Columbia. Since BBAR is paying a "below-market" rate for use of the land, it has recorded a land use contribution receivable and a donor-restricted contribution for the estimated fair market value of the land.

As of December 31, 2023, the facility use contribution receivable is due as follows:

Year Ending December 31,	
2024	$ 50,633
2025	50,633
2026	50,633
2027	50,633
2028	50,633
Thereafter	3,594,936
	3,848,101
Less: Discount	(430,968)
LAND USE CONTRIBUTION RECEIVABLE	**$ 3,417,133**

11. GROUND LEASE AGREEMENT (Continued)

The land use contribution receivable has been discounted using a 6% rate. During the year ended December 31, 2023, BBAR recognized $50,633 of donated rent related to this land use contribution as noted in Note 1.

12. LEASE COMMITMENTS

On December 12, 2018, BBAR amended its Skyland Workforce Center lease agreement to extend it for an additional five years. Base rent is $123,000 per year. The amount of rent expense for the year ended December 31, 2023 totaled $175,010.

On March 20, 2023, BBAR entered into a new lease agreement for space with a commencement date of January 1, 2024 for a term of 20 years. Base annual rent is approximately $74,000 increasing by a factor of 3% per year.

13. RENTAL INCOME FROM OPERATING LEASES

The Organizations currently lease space to several tenants and charge rental income based on each tenant's proportionate share of the building's annual operating expenses. Lease agreements currently in force expire between 2022 and 2100. During the year ended December 31, 2023, the Organizations entered into a new lease agreement maturing in 2067, which required a prepayment of rent in the amount of $2,800,000. This amount is included in deferred rental income in the accompanying Consolidated Statement of Financial Position as of December 31, 2023. During the year ended December 31, 2023, the Organizations received $3,049,441 of tenant rental income and tenant expense reimbursements.

14. RETIREMENT PLAN

The Organizations offer qualified employees the option to participate in a 401(k) retirement plan. Employees who have attained the age of 21 and have completed 1,000 hours of service may participate in the Plan. The Organizations match all employee contributions up to six percent of eligible compensation. Retirement plan expense during December 31, 2023 totaled $54,755.

15. CONTINGENCY

Various lawsuits and other contingent liabilities arise in the ordinary course of the Organizations' activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Organizations’ consolidated financial statements.

16. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2023, management conducted an analysis of property and equipment and concluded that certain assets should have been removed and/or adjusted in previous years. As a result, the Organizations recorded a prior period adjustment to their net assets to adjust the opening balances of property and equipment and accumulated depreciation and amortization.

16. PRIOR PERIOD ADJUSTMENT (Continued)

Below is a summary of the effects of the adjustments:

	As Originally Stated	Adjustment	As Restated
Net Assets Without Donor Restrictions:			
BBAR	$ 30,805,834	$ (576,758)	$ 31,382,592
BBDC	(4,641,841)	-	(4,641,841)
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ 26,163,993**	**$ (576,758)**	**$ 26,740,751**
Net Property and Equipment	**$ 40,720,356**	**$ 576,758**	**$ 41,297,114**
Depreciation and Amortization Expense	**$ 1,541,976**	**$ (576,758)**	**$ 965,218**

17. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through March 31, 2025, the date the consolidated financial statements were issued.

New Markets Tax Credit Program -

BBAR obtained financing for the Phase IV Expansion of THEARC under the New Markets Tax Credit Program (“NMTC"). The NMTC Program permits taxpayers to claim a credit against Federal income taxes for Qualified Equity Investments in designated Community Development Entities (“CDEs”). These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (“QLICIs”). The investor is provided with a tax credit, which is claimed over a seven-year period. BBAR Phase IV Corporation acts as the “qualified active low-income community business” (“QALICB”) under the NMTC.

During 2024, Truist Bank established a special purpose entity called THEARC *IV* DC Investment Fund, LLC (the “T*IV*IF”) of which Truist Community Capital, LLC (“TCC”) is the sole member.

On March 7, 2024, TCC made a $7,488,000.00 capital contribution and BBAR made a leveraged loan to T*IV*IF totaling $16,712,000.00. The note receivable has a maturity date of March 1, 2053, and bears interest at the rate of 1.046% per annum. Interest-only is payable until February 29, 2032, and thereafter blended payments are due of principal and interest sufficient to amortize the note fully over the remaining term. The note is collateralized by a security interest in the CDEs and any distributions from them. Interest earned on the note during the year ended December 31, 2024, totaled $128,192.18 and is included in interest and investment income in the accompanying Consolidated Statement of Activities and Change in Net Assets. BBAR raised funds for the leveraged loan from grants, loans, private financing and cash reserves.

On March 7,2024 T*IV*IF made Qualified Equity Investments (“QEIs”) totaling $24,000,000.00 in exchange for a 99% interest in the following CDEs: TCDE 118 LLC (“TCDE”), Harbor Community Fund XXXIX LLC (“HBC CDE”), and PGC Sub CDE 16 LLC (“PCG CDE”). The CDEs used the proceeds of the QEI to make two qualified low-income community investments structured as secured loans (“Project Loans”) to BBAR Phase IV Corporation in the aggregate principal amount of $23,500,000 and secured by a deed of trust. The QLICI Loans were divided into six separate notes with a maturity date of December 1, 2063, and interest rate of 1% per annum (TCDE/PCG CDE) and 1.62% (HBD CDE).

SUPPLEMENTAL FINANCIAL INFORMATION

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

	BBAR	BBDC	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 24,913,960	$ 2,423	$ -	$ 24,916,383
Grants and pledges receivable	2,710,560	-	-	2,710,560
Accounts receivable, net	17,890	-	-	17,890
Land use contribution receivable	50,633	-	-	50,633
Due from related party	21,938,720	-	(21,938,720)	-
Prepaid expenses	20,772	-	-	20,772
Total current assets	49,652,535	2,423	(21,938,720)	27,716,238
PROPERTY AND EQUIPMENT				
Buildings and improvements	21,812,213	30,576,491	-	52,388,704
Equipment	1,249,384	-	-	1,249,384
Furniture	158,715	-	-	158,715
Vehicles	50,463	-	-	50,463
Construction in progress	2,276,107	-	-	2,276,107
	25,546,882	30,576,491	-	56,123,373
Less: Accumulated depreciation and amortization	(10,525,454)	(4,601,342)	-	(15,126,796)
Net property and equipment	15,021,428	25,975,149	-	40,996,577
NONCURRENT ASSETS				
Grants and pledges receivable, net	642,943	-	-	642,943
Land use contribution receivable, net	3,366,500	-	-	3,366,500
Total noncurrent assets	4,009,443	-	-	4,009,443
TOTAL ASSETS	**$ 68,683,406**	**$ 25,977,572**	**$ (21,938,720)**	**$ 72,722,258**

LIABILITIES AND NET ASSETS

	BBAR	BBDC	Eliminations	Total
CURRENT LIABILITIES				
Notes payable	$ 222,571	$ -	$ -	$ 222,571
Accounts payable and accrued expenses	712,238	-	-	712,238
Deferred rental income	4,385,807	-	-	4,385,807
Due to related party	-	21,938,720	(21,938,720)	-
Total current liabilities	5,320,616	21,938,720	(21,938,720)	5,320,616
NONCURRENT LIABILITIES				
Notes payable, net	2,650,279	-	-	2,650,279
Total liabilities	7,970,895	21,938,720	(21,938,720)	7,970,895
NET ASSETS				
Without donor restrictions:				
Undesignated	17,213,839	4,038,852	-	21,252,691
Board designated	181,357	-	-	181,357
Invested in property and equipment	15,021,428	-	-	15,021,428
Total without donor restrictions	32,416,624	4,038,852	-	36,455,476
With donor restrictions	28,295,887	-	-	28,295,887
Total net assets	60,712,511	4,038,852	-	64,751,363
TOTAL LIABILITIES AND NET ASSETS	**$ 68,683,406**	**$ 25,977,572**	**$ (21,938,720)**	**$ 72,722,258**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	BBAR	BBDC	Eliminations	Total
SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS				
Contributions and grants	$ 1,828,265	$ -	$ -	$ 1,828,265
Rental income and tenant expense reimbursements	3,049,441	-	-	3,049,441
Interest and investment income, net	602,616	30	-	602,646
Other revenue	248,637	-	-	248,637
Net assets released from donor restrictions	4,047,644	-	-	4,047,644
Total support and revenue without donor restrictions	9,776,603	30	-	9,776,633
EXPENSES				
Program Services	4,521,438	738,275	-	5,259,713
Supporting Services:				
Management and General	3,892,407	-	-	3,892,407
Fundraising	1,196,874	-	-	1,196,874
Total supporting services	5,089,281	-	-	5,089,281
Total expenses	9,610,719	738,275	-	10,348,994
Change in net assets without donor restrictions before other items	165,884	(738,245)	-	(572,361)
OTHER ITEMS				
Employee retention credit income	868,147	-	-	868,147
Realized gain on interest rate swap	-	26,724	-	26,724
Contribution due to unwind of NMTC	-	9,392,214	-	9,392,214
Total other items	868,147	9,418,938	-	10,287,085
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ 1,034,031**	**$ 8,680,693**	**$ -**	**$ 9,714,724**
SUPPORT AND REVENUE WITH DONOR RESTRICTIONS				
Contributions and grants	$ 7,048,498	$ -	$ -	$ 7,048,498
Net assets released from donor restrictions	(4,047,644)	-	-	(4,047,644)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	**$ 3,000,854**	**$ -**	**$ -**	**$ 3,000,854**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BBAR	BBDC	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net assets at beginning of year, as restated	$ 31,382,593	$ (4,641,841)	$ -	$ 26,740,752
Change in net assets without donor restrictions	1,034,031	8,680,693	-	9,714,724
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	**$ 32,416,624**	**$ 4,038,852**	**$ -**	**$ 36,455,476**
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	$ 25,295,033	$ -	$ -	$ 25,295,033
Change in net assets with donor restrictions	3,000,854	-	-	3,000,854
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	**$ 28,295,887**	**$ -**	**$ -**	**$ 28,295,887**
TOTAL NET ASSETS AT END OF YEAR	**$ 60,712,511**	**$ 4,038,852**	**$ -**	**$ 64,751,363**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BBAR	BBDC	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ 4,034,885	$ 8,680,693	$ -	$ 12,715,578
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation and amortization	834,393	683,930	-	1,518,323
Realized gain on interest rate swap	(26,724)	-	-	(26,724)
Change in present value discount on noncurrent grants and pledges receivable	27,007	-	-	27,007
Change in allowance for credit loss	4,913	-	-	4,913
Unrealized loss on investments	142,448	-	-	142,448
Realized gain on sale of investments	(156,687)	-	-	(156,687)
Forgiveness of loan receivable due to unwind of NMTC	21,944,125	-	-	21,944,125
Extinguishment of debt due to unwind of NMTC	-	(31,450,000)	-	(31,450,000)
Decrease (increase) in:				
Grants and pledges receivable	2,459,659	-	-	2,459,659
Accounts receivable	87,282	-	-	87,282
Land use contribution receivable	38,367	-	-	38,367
Due from related party	(21,938,590)	-	21,938,590	-
Prepaid expenses	58,350	-	-	58,350
Increase (decrease) in:				
Accounts payable and accrued expenses	152,024	-	-	152,024
Due to related party	-	21,938,590	(21,938,590)	-
Deferred rental income	2,615,345	-	-	2,615,345
Net cash provided (used) by operating activities	10,276,797	(146,787)	-	10,130,010
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,217,786)	-	-	(1,217,786)
Sales of investments	650,745	-	-	650,745
Net cash used by investing activities	(567,041)	-	-	(567,041)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on notes payable	(3,837,299)	-	-	(3,837,299)
Net cash used by financing activities	(3,837,299)	-	-	(3,837,299)
Net increase (decrease) in cash and cash equivalents	5,872,457	(146,787)	-	5,725,670
Cash and cash equivalents at beginning of year	19,041,503	149,210	-	19,190,713
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 24,913,960**	**$ 2,423**	**$ -**	**$ 24,916,383**
SUPPLEMENTAL INFORMATION				
Interest Paid	**$ 126,095**	**$ -**	**$ -**	**$ 126,095**