



BRIDGEWAY, INC.
Galesburg, Illinois

FINANCIAL STATEMENTS
June 30, 2013



CliftonLarsonAllen

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Independent Auditors' Report

Board of Directors
Bridgeway, Inc.
Galesburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Bridgeway, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridgeway, Inc. as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of Bridgeway, Inc.'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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridgeway, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Peoria, Illinois
December 16, 2013

BRIDGEWAY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 1,123,324
Investments	3,200
Accounts receivable, net	2,508,191
Related party receivables	535,684
Inventories	12,191
Prepaid expenses	<u>307,734</u>

TOTAL ASSETS **\$ 4,490,324**

LIABILITIES AND NET ASSETS

Accounts payable	\$ 151,770
Related party payables	820,246
Note payable	500,000
Accrued vacation	328,710
Accrued payroll and withholdings	590,702
Deferred revenue	<u>9,105</u>

Total liabilities 2,400,533

NET ASSETS

Unrestricted	<u>2,089,791</u>
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TOTAL LIABILITIES AND NET ASSETS **\$ 4,490,324**

The accompanying notes are an integral part of the financial statements.

BRIDGEWAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

REVENUES, GAINS, AND OTHER SUPPORT

Program service revenue	\$ 11,434,997
Grant income	3,051,039
Local government	292,556
Contributions	557,970
Service fees	2,910,267
Other income	<u>167,898</u>

Total revenues, gains, and other support 18,414,727

EXPENSES

Program services	15,366,467
Management and general	<u>2,541,676</u>

Total expenses 17,908,143

CHANGE IN NET ASSETS 506,584

NET ASSETS, BEGINNING OF YEAR 1,583,207

NET ASSETS, END OF YEAR \$ 2,089,791

The accompanying notes are an integral part of the financial statements.

BRIDGEWAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	<u>DHS MH Programs</u>	<u>DHS DD Programs</u>	<u>DASA Programs</u>
PROGRAM EXPENSES			
Program staff salaries	\$ 2,123,469	\$ 1,257,637	\$ 152,481
Program clerical salaries	106,175	62,881	7,624
Program payroll taxes and fringes	454,824	253,003	30,181
Program consultants	313,971	14,308	-
Consumer wages and fringes	-	-	-
Medicine and drugs	40,347	16	-
Equipment and supplies	51,356	5,442	23,928
Staff transportation	56,133	8,456	6,031
Client transportation	97,986	55,041	1,899
Program insurance	22,126	12,394	1,486
Specific assistance	21,200	121	-
Telecommunications	149,041	83,250	10,719
Miscellaneous	14,790	1,995	1,843
	<u>3,451,418</u>	<u>1,754,544</u>	<u>236,192</u>
SUPPORT EXPENSES			
Dietary supplies	56,628	63,937	111
Housekeeping and laundry supplies	6,585	10,067	13
	<u>63,213</u>	<u>74,004</u>	<u>124</u>
OCCUPANCY EXPENSES			
Occupancy salaries	64,723	38,331	4,648
Occupancy payroll taxes and fringes	13,689	8,107	982
Operations and maintenance	206,704	101,036	17,507
Vehicle rent	-	-	-
Other rent	974,060	432,539	90,114
Operating interest	18,140	11,673	1,293
	<u>1,277,316</u>	<u>591,686</u>	<u>114,544</u>
MANAGEMENT AND GENERAL			
Administrative salaries	-	-	-
Administrative payroll taxes and fringes	-	-	-
Administrative consultants	476,190	277,792	33,249
Office supplies and equipment	38,083	23,044	2,596
Other	406	210	1,225
	<u>514,679</u>	<u>301,046</u>	<u>37,070</u>
ALLOCATION OF GENERAL, ADMINISTRATIVE, AND SUPPORT EXPENSES			
	<u>512,626</u>	<u>303,607</u>	<u>36,810</u>
TOTAL EXPENSES			
	<u>\$ 5,819,252</u>	<u>\$ 3,024,887</u>	<u>\$ 424,740</u>

<u>DRS Programs</u>	<u>DCFS Programs</u>	<u>CHPS Programs</u>	<u>Iowa Programs</u>	<u>SASS</u>	<u>Transportation</u>	<u>Administrative, Support, and Other Programs</u>	<u>Agency Total</u>
\$ 247,175	\$ 485,966	\$ 55,461	\$ 770,446	\$ 177,927	\$ 222,206	\$ 838,229	\$ 6,330,997
12,358	24,298	2,773	38,523	8,896	-	127,807	391,335
41,393	115,615	18,875	152,242	30,057	75,648	250,049	1,421,887
-	-	-	-	244	-	41,600	370,123
-	-	-	-	-	-	539,616	539,616
-	-	-	-	-	-	-	40,363
330	3,169	441	6,731	631	760	1,885	94,673
28,260	286,495	3,917	22,503	17,903	16	25,724	455,438
10,210	1,899	-	6,808	-	2,177	-	176,020
2,433	4,755	548	7,855	1,747	3,570	9,223	66,137
530	-	-	-	-	-	-	21,851
19,817	32,653	4,699	62,771	10,117	19,801	86,061	478,929
<u>373</u>	<u>762</u>	<u>13</u>	<u>3,245</u>	<u>41</u>	<u>413</u>	<u>695,899</u>	<u>719,374</u>
<u>362,879</u>	<u>955,612</u>	<u>86,727</u>	<u>1,071,124</u>	<u>247,563</u>	<u>324,591</u>	<u>2,616,093</u>	<u>11,106,743</u>
1,747	32	452	9,569	36	383	5,079	137,974
<u>33</u>	<u>38</u>	<u>4</u>	<u>111</u>	<u>13</u>	<u>21</u>	<u>184</u>	<u>17,069</u>
<u>1,780</u>	<u>70</u>	<u>456</u>	<u>9,680</u>	<u>49</u>	<u>404</u>	<u>5,263</u>	<u>155,043</u>
7,534	14,811	1,690	23,482	5,423	6,773	25,547	192,962
1,594	3,132	358	4,967	1,147	1,433	5,406	40,815
17,617	47,277	11,211	80,984	7,011	57,372	446,035	992,754
-	-	-	-	-	-	39,921	39,921
98,582	246,718	60,352	146,479	28,467	58,750	649,276	2,785,337
<u>2,376</u>	<u>4,063</u>	<u>508</u>	<u>7,177</u>	<u>1,341</u>	<u>2,437</u>	<u>3,884</u>	<u>52,892</u>
<u>127,703</u>	<u>316,001</u>	<u>74,119</u>	<u>263,089</u>	<u>43,389</u>	<u>126,765</u>	<u>1,170,069</u>	<u>4,104,681</u>
-	-	-	-	-	-	736,496	736,496
-	-	-	-	-	-	155,781	155,781
54,391	106,508	12,247	169,426	38,173	49,255	306,740	1,523,971
4,417	8,539	1,048	16,185	3,121	4,668	19,177	120,878
<u>42</u>	<u>1,289</u>	<u>9</u>	<u>129</u>	<u>29</u>	<u>97</u>	<u>1,114</u>	<u>4,550</u>
<u>58,850</u>	<u>116,336</u>	<u>13,304</u>	<u>185,740</u>	<u>41,323</u>	<u>54,020</u>	<u>1,219,308</u>	<u>2,541,676</u>
<u>59,670</u>	<u>117,317</u>	<u>13,389</u>	<u>185,993</u>	<u>42,953</u>	<u>67,103</u>	<u>(1,339,468)</u>	<u>-</u>
<u>\$ 610,882</u>	<u>\$ 1,505,336</u>	<u>\$ 187,995</u>	<u>\$ 1,715,626</u>	<u>\$ 375,277</u>	<u>\$ 572,883</u>	<u>\$ 3,671,265</u>	<u>\$ 17,908,143</u>

The accompanying notes are an integral part of the financial statements.

BRIDGEWAY, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 506,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Effects of changes in operating assets and liabilities:	
Accounts receivable	771,781
Related party receivables	506,252
Inventories	3,121
Prepaid expenses	(18,070)
Accounts payable	(410,115)
Related party payables	(1,051,342)
Accrued vacation	(82,438)
Accrued payroll and withholdings	34,490
Deferred revenue	<u>(80,669)</u>
Net cash provided by operating activities	<u>179,594</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 179,594
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>943,730</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 1,123,324</u></u>

The accompanying notes are an integral part of the financial statements.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bridgeway, Inc. (the Corporation), originally incorporated as Spoon River Center, was formed October 2, 1993 as a result of the merger of McDonough County Rehabilitation Center, Inc., Harrington Family Services and Spoon River Center.

Bridgeway, Inc. was formed to provide an array of diversified, measurably high quality services to individuals and families in need. The services provided include programs for substance abuse, community support services, family services, outpatient, rehabilitation, and residential.

A summary of significant accounting policies follows.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from these estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for doubtful accounts.

Basis of Presentation

The Corporation maintains its accounts on the accrual basis of accounting.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes. The Corporation does not have any permanently restricted net assets at June 30, 2013.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Corporation and/or the passage of time. The Corporation does not have any temporarily restricted net assets at June 30, 2013.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Unrestricted net assets - Net assets which are not subject to any donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Description of Programs

The Corporation operates the following programs:

Outpatient

The Outpatient Program provides individuals, families, and groups counseling services to deal with concerns, such as depression, anxiety, family problems, marital difficulties, and psychiatric problems.

Substance Abuse

The Substance Abuse Program offers comprehensive substance abuse services, including treatment and prevention. The goal of substance abuse is to provide the necessary skills to allow participants to enjoy a substance free life-style.

Community Support Services (CSS)

The Community Support Services (CSS) Program strives to provide a comprehensive array of mental health and psychosocial rehabilitation services for persons with serious and chronic mental illness to help them reach their highest level of functioning while maintaining their independence in the community.

Family Services

Each year thousands of children and families take advantage of the wide range of programs in the Family Services Division, including: Creative Childhood Center, offering childcare and preschool; Family Support Program, providing in-home educational services; and Youth Services, which offers assistance to youth and families in dealing with a variety of family concerns.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Rehabilitation Services

The Rehabilitation Program provides adults with disabilities a variety of developmental, vocational, community employment, and case management services. Programs are designed to increase independence in the areas of work, living skills, community involvement, and social skills development.

Miscellaneous

A variety of other programs provide case management, day treatment, vocational rehabilitation, recreation and leisure activities, and residential, medication, counseling, and transportation services.

Income Taxes

Bridgeway, Inc. is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for federal or state income taxes.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank and investments with an initial maturity of three months or less when purchased.

Accounts Receivable

Accounts receivable represent amounts due from state and federal agencies for services provided under various contracts and amounts due for services performed to various families and individuals. Accounts receivable are stated at the invoice amount, net of accounts determined to be uncollectible.

Payments of accounts receivable are applied to the specific invoices or amounts billed to awarding agencies.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through a provision for doubtful accounts charged to expense. The allowance is reflective of management's evaluation of the accounts receivable under current economic and regulatory conditions and such other factors as, in management's best judgment, deserve current recognition in estimating accounts receivable adjustments and losses. The allowance represents an amount which, in management's judgment, will be adequate to absorb losses on receivables that may be uncollectible.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories purchased are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Inventories acquired by donation are recorded at fair market value at the date of donation.

Paid Time Off

Bridgeway, Inc. employees earn paid time off days based on length of service and employment category. These paid time off days may be used for vacation, sick leave, or personal time.

Deferred Revenue

Deferred revenue represents advances on various grants which have not been expended.

Revenue Recognition

Advance payments on conditional grants are recorded as refundable advances until the conditions of the grant are met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Corporation reports the support as unrestricted. Bequests are recognized at the time an unassailable right to the gift has been established and proceeds are measurable.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

NOTE 2 - RELATED PARTY TRANSACTIONS

Bridgeway, Inc. recorded \$48,820 in accounting fee revenue, \$100,201 in service fee revenue, \$913,776 in lease fee revenue, \$406,654 in contract wages revenue, and \$126,925 in salary reimbursement revenue from Bridgeway Training Services, NFP, a related entity, for providing accounting services, other fees and services, and facilities during the year ended June 30, 2013.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - RELATED PARTY TRANSACTIONS (CONTINUED)

Bridgeway, Inc. recorded \$991,164 in service fee revenue relating to wage and benefit reimbursement from Illinois Growth Enterprises, Inc. (IGE), a related entity, during the year ended June 30, 2013. Bridgeway, Inc. also recorded \$55,000 in accounting fee revenue from IGE during the year ended June 30, 2013.

Bridgeway, Inc. also provides maintenance, management, accounting, and computer services to related HUD organizations. Management fee income from these related parties for these services during the year ended June 30, 2013 was as follows:

MCRC Rehabilitation, Inc.	\$ 44,709
MCRC Housing, Inc.	44,493
Bridgeway Housing, Inc.	26,849
Bridgeway McKinley, Inc.	25,517
Bridgeway Sandburg, Inc.	26,849
Residential Facilities Corporation	25,906
Bridgeway Homes 02, NFP	24,383
Bridgeway Kewanee 04, NFP	<u>27,477</u>
Total	<u>\$ 246,183</u>

Bridgeway, Inc. has transportation contracts and rents property and equipment from other related organizations. Transportation service fees and rent expense recorded to Bridgeway Foundation, a related entity, during the year ended June 30, 2013 was \$1,876,474. Rent expense recorded to Bridgeway Properties, a related entity, during the year ended June 30, 2013 was \$1,009,898.

Bridgeway, Inc. recorded \$1,398,903 in management fees expense to Human Service Professionals, LLC, an entity related through common management, respectively, for providing management services during the year ended June 30, 2013.

Bridgeway, Inc. receives periodic donations from Bridgeway Foundation. During the year ended June 30, 2013, \$500,000 was received as donations from Bridgeway Foundation.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - RELATED PARTY TRANSACTIONS (CONTINUED)

At June 30, 2013, Bridgeway, Inc. has receivables from related parties as follows:

Bridgeway Training Services, NFP	\$ 245,292
Bridgeway Housing, Inc.	92,914
Bridgeway Sandburg, Inc.	9,828
MCRC Rehabilitation, Inc.	16,346
MCRC Housing, Inc.	61,144
Bridgeway Homes 02, NFP	35,354
Bridgeway Kewanee 04, NFP	72,945
Bridgeway Properties	765
Human Service Professionals, LLC	<u>1,096</u>
Total	<u>\$ 535,684</u>

Also at June 30, 2013, Bridgeway, Inc. has payables to a related party as follows:

Bridgeway Foundation	\$ 801,277
Illinois Growth Enterprises, Inc.	<u>18,969</u>
Total	<u>\$ 820,246</u>

Bridgeway, Inc. and Bridgeway Foundation have guaranteed a line of credit of Bridgeway Training Services, NFP. The line of credit had no outstanding balance at June 30, 2013. If Bridgeway Training Services, NFP defaults on its loan payments, the financial institution has the right to demand payment in full from Bridgeway, Inc. and Bridgeway Foundation. The guarantee expires in March 2014. The maximum potential amount of future payments under the guarantee is \$1,000,000, which is the amount available to be borrowed under the line of credit. No liability is included in the accompanying statement of financial position related to the Corporation's obligation under this guarantee. There are no formal recourse provisions and the Corporation does not hold any collateral which would permit it to recover all or a portion of any amounts which might ultimately be paid under the guarantee.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - RELATED PARTY TRANSACTIONS (CONTINUED)

Bridgeway, Inc. and Bridgeway Properties have guaranteed a line of credit of Bridgeway Foundation. This line of credit had no outstanding balance at June 30, 2013. If Bridgeway Foundation defaults on its loan payments, the financial institutions have the right to demand payment in full from Bridgeway, Inc. and Bridgeway Properties. The guarantee expires in December 2013. The maximum potential amount of future payments is \$3,500,000, which is the amount available to be borrowed under the line of credit. No liability is included in the accompanying statement of financial position related to the Corporation's obligation under the guarantee. There are no formal recourse provisions, and the Corporation does not hold any collateral which would permit it to recover all or a portion of any amounts which might ultimately be paid under the guarantee.

The following represents selected information from the related entities:

	<u>Bridgeway Foundation and Affiliates</u>	<u>Bridgeway Training Services, NFP</u>
Total assets	<u>\$ 21,679,555</u>	<u>\$ 2,899,733</u>
Total liabilities	<u>\$ 4,230,102</u>	<u>\$ 594,165</u>
Net assets	<u>\$ 17,449,453</u>	<u>\$ 2,305,568</u>
Revenues	<u>\$ 7,698,903</u>	<u>\$ 9,421,631</u>
Expenses	<u>\$ 5,960,079</u>	<u>\$ 8,870,301</u>

Effective June 17, 2013, Bridgeway, Inc. acquired the operations and net assets of Bridgeway Workforce Opportunities, NFP (BWO), a related entity. BWO was organized as a not-for-profit corporation to provide training and employment opportunities for people with disabilities. As these activities are now part of Bridgeway, Inc., BWO was dissolved on June 17, 2013, and the remaining net assets of \$1,892 were donated to Bridgeway, Inc.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 - ACCOUNTS RECEIVABLE

Following is a summary of accounts receivable at June 30, 2013:

State, federal, and local governments	\$ 2,741,456
Client and private insurance	149,376
Less allowance for doubtful accounts	<u>(382,641)</u>
Accounts receivable, net	<u>\$ 2,508,191</u>

NOTE 4 - LINE OF CREDIT

Bridgeway, Inc. maintains a line of credit from First Bankers Trust Company, N.A. in the amount of \$500,000. Interest on the line of credit is due monthly and is at the prime rate plus .50 percent but not to be less than 4.0 percent (4.0 percent at June 30, 2013). The line is secured by substantially all assets of Bridgeway, Inc. and matures in December 2013. The line is also guaranteed by Bridgeway Foundation and Bridgeway Properties. The outstanding line of credit balance at June 30, 2013 was \$500,000.

NOTE 5 - UNITED WAY CONTRIBUTIONS

For the year ended June 30, 2013, Bridgeway, Inc. received contributions from the following United Way Chapters:

Knox County	\$ 6,937
Warren County	4,022
Henry County	4,417
Big River - Keokuk, IA	<u>1,845</u>
Total United Way contributions	<u>\$ 17,221</u>

NOTE 6 - PROFIT SHARING PLAN

On November 1, 1999, Bridgeway, Inc. established a 401(k) profit sharing plan (Plan) for those employees deemed eligible under the provisions of the Plan. Matching contributions by Bridgeway, Inc. are discretionary each year. Total expense for the Plan was \$85,830 for the year ended June 30, 2013.

BRIDGEWAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 - CONCENTRATIONS AND CONTINGENCIES

Bridgeway, Inc. receives a substantial amount of its support from federal, state, and local governments and from contributions. A significant reduction in the level of this support, if this were to occur, could have a significant effect on Bridgeway, Inc.'s programs and activities.

Bridgeway, Inc. elected, pursuant to the provisions of Section 1404 of the Illinois Unemployment Insurance Act, to be self-insured for state unemployment insurance. In the event a former employee files an unemployment claim with the Illinois Department of Employment Security, the Corporation would pay, in lieu of unemployment contributions, an amount equal to the amount of regular benefits and one-half the amount of extended benefits paid to its employees or former employees on the basis of wages for insured work paid to them by the Corporation. The liability of an entity which elects to reimburse benefits is not limited as the cost of such benefits is not shared by other employees. Additional payments could be required depending on claims filed.

NOTE 8 - SUBSEQUENT EVENTS

Management evaluated subsequent events through December 16, 2013, the date the financial statements were available to be issued.

Effective July 1, 2013, the operating assets and liabilities of IGE, a related entity, were transferred to Bridgeway, Inc. The items transferred included receivables, inventories, prepaid expenses, and payables. In addition, all operating contracts, including the related revenues and expenditures, were assumed by Bridgeway Inc. The excess of assets acquired over liabilities assumed were recorded as contribution revenue for Bridgeway, Inc.

Effective July 1, 2013, all net assets, except for property and equipment, of Bridgeway Training Services, NFP, a related entity, were transferred to Bridgeway, Inc. In addition, all operating contracts, including the related revenues and expenditures, were assumed by Bridgeway, Inc. The excess of assets acquired over liabilities assumed were recorded as contribution revenue for Bridgeway, Inc.

This information is an integral part of the accompanying financial statements.