Bridgeway Center, Inc.

Financial Statements and
Supplementary Information

June 30, 2013

Bridgeway Center, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bridgeway Center, Inc.
Fort Walton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Bridgeway Center, Inc. ("the Center") (a nonprofit organization), 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.

Auditor's 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 auditor's 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 Center, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Bridgeway Center, Inc.'s June 30, 2012 financial statements, and our report dated December 3, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650*, Rules of the Auditor General, Florida Single Audit Act Audits – Nonprofit and For-profit Organizations,* 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of Bridgeway Center, 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 results 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 Center, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
December 31, 2013

Bridgeway Center, Inc.

Statement of Financial Position

June 30,	**2013**	2012 Total (for Comparative Purposes)
Assets		
Current assets:		
Cash	**$ 1,835,220**	$ 1,547,010
Accounts receivable, net	**158,872**	188,497
Grants and contracts receivable	**189,637**	491,062
Investments	**81,090**	101,190
Prepaid expenses	**346,010**	316,731
Other	**17,624**	24,164
Total current assets	**2,628,453**	2,668,654
Property and equipment, net	**4,072,136**	3,928,865
Construction in progress	**39,194**	359,368
Debt issue costs, net of accumulated amortization of $18,669	**30,055**	35,190
Total assets	**$ 6,769,838**	$ 6,992,077
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 128,795**	$ 183,818
Salaries and retirement payable	**301,198**	316,914
Liability for paid time off	**138,604**	280,146
Escrow deposits	**21,294**	50,170
Other liabilities and reserves	**98,173**	7,571
Current portion of long-term debt	**190,307**	181,703
Total current liabilities	**878,371**	1,020,322
Long-term debt, less current portion	**1,732,861**	1,936,753
Total liabilities	**2,611,232**	2,957,075
Net Assets:		
Unrestricted	**4,158,606**	4,035,002
Temporarily restricted	**-**	-
Total net assets	**4,158,606**	4,035,002
Total liabilities and net assets	**$ 6,769,838**	$ 6,992,077

See accompanying notes to financial statements.

Bridgeway Center, Inc.

Statement of Activities

Year ended June 30,	**2013**	2012 Total (For Comparative Purposes)
Unrestricted Activities		
Public support and revenue		
SAMH - Substance abuse and mental health funding	**$ 2,955,629**	$ 3,242,501
Local government funding	**372,991**	448,092
Other state grants	**1,433,085**	1,204,020
Other federal grants	**355,858**	1,084,769
Client service fees:		
Other contracts and grants	**402,632**	447,494
Medicaid/Medicare	**3,372,716**	3,328,317
First and third party fees	**740,819**	827,204
Client fees	**48,434**	61,506
Contributions and donations	**340,714**	316,939
Other income	**79,033**	225,068
Net assets released from restrictions:		
Satisfaction of program restrictions	**354,961**	322,806
Total public support and revenue	**10,456,872**	11,508,716
Expenses		
SAMH - Substance abuse and mental health funding		
Adult Mental Health	**4,986,420**	5,604,403
Children's Mental Health	**445,501**	425,174
Adult Substance Abuse	**414,997**	533,457
Children's Substance Abuse	**92,333**	85,690
Total SAMH program expenses	**5,939,251**	6,648,724
Senior Services	**-**	304,550
Other programs	**2,507,912**	2,742,535
Program support	**345,016**	439,044
General and administrative	**1,541,089**	1,590,704
Total expenses	**10,333,268**	11,725,557
Change in unrestricted net assets	**123,604**	(216,841)
Temporarily Restricted Activities		
DUI revenue	**354,961**	322,806
Satisfaction of program restrictions	**(354,961)**	(322,806)
Change in temporarily restricted net assets	**-**	-
Total change in net assets	**123,604**	(216,841)
Net assets, beginning of year	**4,035,002**	4,251,843
Net assets, end of year	**$ 4,158,606**	$ 4,035,002

See accompanying notes to financial statements.

Bridgeway Center, Inc.

Statement of Functional Expenses

Year ended June 30,	2013								2012
	Adult Mental Health	**Children's Mental Health**	**Adult Substance Abuse**	**Children's Substance Abuse**	**Other Programs**	**Program Support**	**General and Administrative**	**Total**	**Total (For Comparative Purposes)**
Personnel									
Salaries	$ 2,901,318	$ 286,122	$ 257,302	$ 63,334	$ 1,636,449	$ 240,482	$ 872,303	$ 6,257,310	$ 6,945,575
Fringe Benefits	521,009	36,853	28,978	8,434	291,629	44,906	87,797	1,019,606	1,096,978
Total Personnel	3,422,327	322,975	286,280	71,768	1,928,078	285,388	960,100	7,276,916	8,042,553
Expenses									
Building Occupancy	218,018	6,844	69,505	5,138	76,150	7,046	182,678	565,379	884,462
Professional Services	59,052	2,822	10,065	1,121	32,913	72	50,000	156,045	189,814
Travel	12,227	8,932	236	1,673	61,233	2,340	20,956	107,597	94,538
Equipment Costs	32,227	3,853	4,311	-	11,325	137	29,127	80,980	97,836
Client Transportation	68,982	-	-	-	8,785	1,465	16,472	95,704	94,062
Food Services	9,226	10	-	23	750	42,230	11,475	63,714	145,373
Medical and Pharmacy	246,834	-	236	-	6,919	5	1,597	255,591	229,030
Subcontracted Services	477,435	65,840	7,003	-	103,374	2,958	28,196	684,806	656,780
Insurance	151,093	9,128	8,437	4,282	82,634	745	6,325	262,644	252,110
Interest	-	-	-	-	-	-	85,200	85,200	76,468
Telephone and Connectivity	57,737	4,146	4,067	1,925	57,091	1,046	21,547	147,559	167,927
Client Services	32,493	209	(31)	-	19,330	-	120	52,121	200,583
Operating Supplies and Expenses	131,900	7,193	7,787	3,546	88,332	1,389	81,744	321,891	384,570
Bad Debt	66,869	13,549	17,102	2,857	30,998	195	38,482	170,052	209,451
Other expenses	-	-	-	-	-	-	7,070	7,070	-
Total Expenses	1,564,093	122,526	128,717	20,565	579,834	59,628	580,989	3,056,352	3,683,004
Total Personnel and Expenses	4,986,420	445,501	414,997	92,333	2,507,912	345,016	1,541,089	10,333,268	11,725,557
Distributed Costs									
Program Support	195,116	9,921	31,230	2,307	50,095	(288,669)	-	-	-
General and Administrative	971,435	82,038	90,963	17,694	435,306	(56,347)	(1,541,089)	-	-
Total Distributed Costs	1,166,551	91,959	122,193	20,001	485,401	(345,016)	(1,541,089)	-	-
Total Expenses	$ 6,152,971	$ 537,460	$ 537,190	$ 112,334	$ 2,993,313	$ -	$ -	$ 10,333,268	$ 11,725,557

See accompanying notes to financial statements.

Bridgeway Center, Inc.

Statement of Cash Flows

Year ended June 30,	**2013**	2012 Total (For Comparative Purposes)
Operating activities		
Change in net assets	**$ 123,604**	$ (216,841)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**225,606**	206,517
Amortization	**5,135**	4,742
Provision for bad debts	**170,050**	209,451
(Gain) loss on disposal of assets	**6,411**	19,458
Change in operating assets and liabilities:		
Accounts receivable	**(140,425)**	(285,466)
Grants and contracts receivable	**301,425**	223,578
Prepaid expenses	**(29,279)**	26,766
Other assets	**6,540**	872
Accounts payable	**(55,023)**	(115,755)
Accrued salaries and payroll taxes	**(15,716)**	(146,101)
Liability for paid time off	**(141,542)**	90,914
Escrow deposits	**(28,876)**	(22,603)
Other liabilities	**90,602**	(1,670)
Deferred revenue	**-**	(6,632)
Net cash provided by (used in) operating activities	**518,512**	(12,770)
Investing activities		
Purchase of investments	**-**	(101,190)
Maturities of certificates of deposit	**20,100**	-
Purchase of property and equipment	**(55,114)**	(382,589)
Net cash used in investing activities	**(35,014)**	(483,779)
Financing activities		
Note payable borrowing	**-**	462,760
Debt issuance costs	**-**	(7,856)
Payments on bond and note payable	**(195,288)**	(165,842)
Net cash provided by (used in) financing activities	**(195,288)**	289,062
Net increase (decrease) in cash	**288,210**	(207,487)
Cash at beginning of year	**1,547,010**	1,754,497
Cash at end of year	**$ 1,835,220**	$ 1,547,010

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Bridgeway Center, Inc. ("the Center") is a tax-exempt 501(c)(3) non-profit organization. The Center was established in 1966 to provide economical behavioral services to individuals primarily in Okaloosa County who could not afford private full-fee treatment.

The Center provides a variety of behavioral, judicial, educational, and personal care services to more than 9,000 clients per year. The Center offers a sliding scale fee for behavioral services based on total family income and the number of dependents. Behavioral services include a wide range of family treatment and evaluation programs including Emergency Services, Crisis Stabilization, Detoxification, Intensive Outpatient Services, Outpatient Mental Health, Residential Treatment, and Chemical Dependency and Substance Abuse Treatment. Judicial and educational services consist of DUI Services where the Center provides a Driving School, DUI courses, traffic, misdemeanor and diversionary programs.

Basis of Accounting

The financial statements of Bridgeway Center, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

According to U.S. generally accepted accounting principles, the Center is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- **Unrestricted Net Assets**
  Unrestricted net assets are currently available at the direction of the Board of Directors for use in the Center's operations or invested in property and equipment.
- **Temporarily Restricted Net Assets**
  Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "satisfaction of program restrictions." The Center does not have any temporarily restricted net assets as of June 30, 2013.
- **Permanently Restricted Net Assets**
  Contributions received with donor stipulations that they be maintained permanently by the Center are treated as permanently restricted net assets. The Center does not currently have any permanently restricted net assets.

The 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 Center's financial statements for the year ended June 30, 2012 from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

The Center provides care to clients who meet certain criteria, either without charge or at amounts less than its established rates. The amounts classed as charity care are not reported as revenue or receivables and have been netted against First and Third Party Fees in the Statement of Activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are shown at the anticipated realizable value, net of an allowance for uncollectible accounts. The Center has established an allowance for doubtful accounts for receivables that management has estimated collection is not probable. Private pay accounts over 90 days are written off after assessing collectability and correction of any erroneous fees. Medicaid, Medicare, and third party receivables over 90 days are reviewed for errors, re-billed, and written off after exhausting all other collection efforts.

Investments

Investments consist of certificates of deposits at local banks. Terms range from two to five years with interest rates ranging from 1.24% to 1.98%.

Property and Equipment

The Center capitalizes all expenditures for equipment in excess of $1,000; or, if donated, at fair market value at the date of acquisition. Proceeds from the sale of fixed assets are transferred to current net assets (temporarily restricted or unrestricted, as appropriate). Property and equipment purchased are recorded at cost and depreciated using the straight-line method over the estimated useful lives of assets ranging from five to seven years for equipment and 15 to 40 years for buildings and leasehold improvements.

Debt Issue Costs

Debt issue costs consist of legal and loan fees. These costs are being amortized using the straight-line method over the terms of the related debt which range from 5 to 20 years.

Escrow Deposits

The Center acts as an intermediary collecting and remitting funds from certain clients on behalf of various governmental agencies. The balance consists of the amount of monies collected, but not yet remitted at June 30, 2013. The balance also includes amounts held on behalf of patients at June 30, 2013.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paid Time Off

The Center's policy for paid time off (PTO) permits all regular full and part-time employees to earn paid leave for each hour of pay received. These hours are to be used for any leave of absence such as sickness, bereavement, personal business and vacation. Paid leave earned is based on employees' hire date and length of service. At termination, payment will be made for accrued vested PTO hours in accordance with the Vesting Schedule. Vesting of separation PTO payout eligibility will be based upon years of service. A formula of up to 8 hours of accrued PTO payout per 1 year of service will be applied. Service years will be rounded in 6 month increments if less than whole years are applicable. Specifically, less than 6 months will be rounded down to the nearest year and more than 6 months will be rounded up to the nearest year. Therefore, 1 year of service equals 1 vested PTO day. This method continues up to 20 years of service with a cap of 20 vested days for 20 years of service. PTO cannot vest beyond 20 days.

Income Taxes

The Center has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. The Center has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Center annually files Form 990 with the Internal Revenue Service. The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of June 30, 2013, the Center has analyzed its tax positions and believes that all are more likely than not to be sustained upon examination. The Center is no longer subject to U.S. Federal or state income tax examinations by taxing authorities for years before 2009.

Functional Expenses

Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on each program's volume of activity relative to the specific expense pool. Indirect costs are allocated to each program based on the ratio of an individual program's direct expenses to total direct expenses for all programs. This method provides a fair and equitable allocation to all functions and programs.

Statement of Cash Flows

Cash as reported on the Statement of Cash Flows includes all cash and cash equivalents with an original maturity of three months or less. Cash amounts paid for interest during the year ended June 30, 2013 totaled $85,200.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2012 reported amounts in order to conform with the 2013 presentation.

Subsequent Events

The Center has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 31, 2013, the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

Grants and Contracts

The Center receives a substantial portion of its funding, directly or indirectly in the form of pass-through funding, from Access Behavioral Health, dba Lakeview Center. The most significant amount is received as substance abuse and mental health (SAMH) funding. During the year ended June 30, 2013, $4,688,402 was received from the Lakeview Center. Funding from Lakeview represents 41% of total revenue.

Uninsured Cash Balances

The Center maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of June 30, 2013, the Center exceeds FDIC limits by $1,171,100.

NOTE 3 – RESTRICTED CASH

The Center has two bank accounts with cash restrictions. One account is used for out-of-area inpatient hospital stays and is managed by Access Behavioral Health, dba Lakeview Center, Inc. The Center has ownership of the account but not signature authority. The other account consists of restricted monies held on behalf of patients, to which the Center does not have ownership. Total restricted cash at June 30, 2013 was $236,740.

NOTE 4 – ACCOUNTS RECEIVABLE

Contract services performed by the Center, but not yet paid by the contracting agency as of June 30, 2013 are as follows:

Access Behavioral Health, dba Lakeview Center, Inc.	$	145,877
Other		43,760
	$	189,637

NOTE 4 – ACCOUNTS RECEIVABLE (CONTINUED)

Accounts Receivable at June 30, 2013 consists of the following:

Private pay	$ 96,738
Medicaid	137,421
Medicare	17,744
Other insurance	150,275
	402,178
Less allowance for uncollectible accounts	(243,306)
	$ 158,872

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of land, buildings, leasehold improvements and equipment at June 30, 2013, as follows:

	2012 Balance	Additions	Transfers	Disposals	2013 Balance
Land	$ 1,790,202	$ -	$ -	$ -	$ 1,790,202
Buildings	1,661,706	-	-	-	1,661,706
Building improvements	2,248,503	11,498	-	(104,133)	2,155,868
Equipment	717,416	23,575	340,215	(48,696)	1,032,510
Property and equipment	6,417,827	35,073	340,215	(152,829)	6,640,286
Less accumulated depreciation	(2,488,962)	(225,606)	-	146,418	(2,568,150)
Property and equipment, net	$ 3,928,865	$ (190,533)	$ 340,215	$ (6,411)	$ 4,072,136
Construction in progress	$ 359,368	$ 20,041	$ (340,215)	$ -	$ 39,194

Grant funded assets may be restricted by the fund source program that originally purchased the asset. Custody of these assets could revert back to the grantor upon completion or termination of the contract. Equipment purchased with agency funds are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, primarily five to seven years.

Included in the June 30, 2013 equipment totals are assets purchased with state and federal grants totaling $54,516 that are fully depreciated.

NOTE 6 – LONG-TERM DEBT

Bond Payable

The Center has a bond payable through Okaloosa County, originally dated December 1, 2006 and revised November 1, 2007. The bond requires monthly payments in the amount of $13,831 including interest at 4.258% through November 2026, and is secured by land, buildings, improvements, and equipment.

Note Payable

On September 28, 2011 the Center borrowed $462,760 from a bank for the purpose of acquiring certain software licensing rights. The note requires monthly payments in the amount of $8,641 including interest at 4.5% through September 2016 and is secured by the acquired software licenses.

For all debt amounts, principal payments over the next five years and thereafter are as follows:

	Bond Payable	Note Payable	Total
2014	$ 98,354	$ 91,953	**$ 190,307**
2015	102,685	95,721	**198,406**
2016	107,047	100,118	**207,165**
2017	111,921	24,816	**136,737**
2018	116,850	-	**116,850**
Thereafter	1,073,703	-	**1,073,703**
	$ 1,610,560	$ 312,608	**$ 1,923,168**

NOTE 7 - LINE OF CREDIT

The Center has an available line of credit with Coastal Bank and Trust of Florida in the amount of $250,000. The line of credit bears interest at 1% above prime. There are no amounts outstanding on the line of credit at June 30, 2013.

NOTE 8 – OPERATING LEASES

The Center leases buildings and apartments throughout Okaloosa County under operating leases expiring in various years through the end of 2013. Rental expense for the year ended June 30, 2013 was $68,024.

The Center has no non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2013.

Certain operating leases provide for renewal options annually at their fair market value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

NOTE 9 - INDIVIDUAL TAX-SHELTERED ANNUITY PLAN

The Center has contributed an amount equal to one percent of full-time employees' salary and part-time employees' salary (for those part-time employees working in excess of 1,000 hours per year) to an Internal Revenue Code Section 403(b) Individual Tax-Sheltered Annuity (TSA) Plan administered by VALIC. This contribution is made for employees with at least one year of employment.

Upon hire, employees may, at their option, contribute a percentage of their salary to the TSA Plan. After one year of service, the Center will contribute 1% for the benefit of any employee who makes a contribution of at least 2%. Employees are fully vested in their contributions at all times. Vesting for employer contributions is based on years of service. Employees are fully vested in employer contributions after five years of service.

The employer's contribution to the TSA Plan for the year ended June 30, 2013 was $25,924. Fringe benefit expenses were reduced by $1,984 due to a refund of plan forfeitures during the year.

NOTE 10 – VOLUNTEERS

During the year ended June 30, 2013, the Center had a crisis department (suicide prevention/rape crisis center) that was available to the community 24 hours a day, 7 days per week, 365 days a year, providing confidential telephone crisis intervention, on-site intake/evaluation, suicide prevention, crisis stabilization, mental health/substance abuse treatment and rape crisis center. Volunteers with specialized training are utilized to adequately staff the crisis department. As of May 2013, the Center discontinued the after-hours crisis department.

Volunteers are required to meet the State of Florida's certification standards by attending training classes and receiving instructive assistance by working along with other certified staff. The Center logs volunteer hours worked and recognizes revenue based upon state approved rates. For fiscal year 2013, the total in-kind contribution revenue recognized for the volunteer program equaled $49,785. The same amount has been recognized as an expense under subcontracted services in the accompanying Statement of Functional Expenses.

NOTE 11 - GRANTS AND SERVICE FEES

The Center receives federal and state grants, Medicare, Medicaid, Capitated Medicaid funds, and other service fees. These funds are subject to compliance audits by the providers or their representatives. Ongoing, open audits of these programs have not yet been accepted and/or approved by the providers and their representatives. Accordingly, the amount, if any, of billings and expenditures which may be disallowed are not fully determined. As of June 30, 2013, a provision in the amount of $75,000 for these contingent liabilities has been made in the accompanying financial statements and included in other liabilities and reserves on the Statement of Financial Position.

NOTE 12 – SUPPORT FROM THE STATE OF FLORIDA WITH REQUIRED MATCH

The Center received a substantial portion of its support from the State of Florida, Department of Children and Families under a fixed fee contract remitted on a monthly basis, with a minimum number of clients to be served. This contract also contains a match requirement. The following schedule shows that the Center met the match requirement for the year ended June 30, 2013:

Total expenses	$	(10,333,268)
Add back:		
Other state and federal funds		5,627,013
Non-match SAMH funds		1,699,567
Total remaining allowable expenses for required state match		(3,006,688)
Amount of state funds to be matched received		
ADM - capitated fund		1,205,015
PATH		130,869
Total amount of state funds to be matched received		1,335,884
Required local match (percent of state funds received) (36.59%)		488,809
Total allowable expenditures		3,006,688
Total amount of allowable state earnings as a percentage of allowable expenses (63.41%)		1,906,522
Total amount of state funds received		(1,335,884)
Excess of match required by the state	$	570,638

NOTE 13 – TEMPORARILY RESTRICTED REVENUES

Temporarily restricted revenues are residual receipts restricted for use in the DUI program. For fiscal year 2013, DUI restricted revenues totaled $347,238.

NOTE 14 – DRIVING UNDER THE INFLUENCE PROGRAM

The following information is provided to comply with State of Florida requirements related to the Driving Under the Influence (DUI) Program:

a. As required by Section 322.293, Florida Statutes, and Administrative Code 15A-10.012, Bridgeway Center collects a state assessment fee of $12 from every client enrolling in its DUI program and remits the fees to the State of Florida. State assessment fees collected and distributed to the State of Florida for the respective fiscal years ended June 30 are summarized as follows:

NOTE 14 – DRIVING UNDER THE INFLUENCE PROGRAM (CONTINUED)

June 30,	2013	2012
DUI fees due from prior year	**$ 1,380**	**$ 1,170**
DUI fees collected current year	**15,315**	**14,370**
DUI fees remitted current year	**(15,570)**	**(14,160)**
Total DUI fees due to State	**$ 1,125**	$ 1,380

b. The DUI program at the Center has established and maintained procedures which adequately account for all fees received and for all receipts created and/or issued by the program.
c. There were no amounts due from participants at June 30, 2013 or June 30, 2012.
d. Special Supervision Services for the year ended June 30 are summarized as follows:

June 30,	2013	2012
SPECIAL SUPERVISION SERVICES ACTIVITIES		
Revenues:		
Special supervision fees	**$ 47,353**	$ 56,982
Total revenues	**47,353**	56,982
Expenses:		
Salaries and related expenses:		
Salaries	**49,255**	48,708
FICA	**3,780**	3,274
Workers Compensation	**655**	716
Unemployment	**433**	57
Life Insurance	**32**	32
Health Insurance	**6,449**	6,237
Total salaries and related expenses	**60,604**	59,024
Program and related expenses:		
Building occupancy	**279**	279
Professional services	**119**	40
Travel	**50**	64
Equipment cost	**44**	41
Insurance	**124**	110
Phone/connectivity	**192**	217
Operating supplies and expense	**389**	387
Total Program and related expenses	**1,197**	1,138
Allocation of administration expenses	**585**	784
Total expenses	**62,386**	60,946
Net change	**$ (15,033)**	$ (3,964)

NOTE 14 – DRIVING UNDER THE INFLUENCE PROGRAM (CONTINUED)

e. The following are the DUI program's summarized financial statements as of and for the year ended June 30:

STATEMENT OF FINANCIAL POSITION - DUI PROGRAM

June 30,	**2013**	**2012**
Assets		
Cash	**$ 200**	$ 200
Prepaid expenses	**4,217**	5,448
Equipment (net of accumulated depreciation)	**16,608**	15,320
Total assets	**$ 21,025**	$ 20,968
Liabilities		
Due to Bridgeway Center, Inc.	**$ 188,973**	$ 197,322
Salaries payable	**5,234**	5,618
Accrued annual leave	**5,011**	8,995
Total liabilities	**199,218**	211,935
Net assets		
Net assets	**(194,801)**	(206,287)
DUI fixed assets	**16,608**	15,320
Net assets	**(178,193)**	(190,967)
Total liabilities and net assets	**$ 21,025**	$ 20,968

(continued on next page)

NOTE 14 - DRIVING UNDER THE INFLUENCE PROGRAM (CONTINUED)

STATEMENT OF ACTIVITIES - DUI PROGRAM

June 30,	**2013**	**2012**
Revenues		
Fees	**$ 354,961**	$ 322,806
Total revenues	**354,961**	322,806
Expenses		
Salaries	**141,274**	153,349
Employee health and retirement benefits	**14,612**	21,516
Payroll taxes	**15,229**	12,776
Total salaries and related expenses	**171,115**	187,641
Building occupancy	**20,649**	20,674
Professional services	**8,803**	7,605
Travel	**3,692**	4,742
Equipment cost	**3,294**	3,067
Client transportation	**3,836**	3,610
Food services	**482**	470
Medical and pharmacy	**42**	605
Subcontracted services	**35,976**	34,552
Insurance	**9,180**	8,172
Phone/connectivity	**14,222**	16,095
Operating supplies and expense	**28,839**	15,168
Total direct expenses	**129,015**	114,760
Allocation of administrative expenses	**43,345**	34,509
Total expenses	**343,475**	336,910
Change in net assets	**11,486**	(14,104)
Change in DUI fixed assets (restricted equipment)	**1,288**	(9,658)
Total change in net assets	**12,774**	(23,762)
Net assets, beginning of year	**(190,967)**	(167,205)
Net assets, end of year	**$ (178,193)**	$ (190,967)

SUPPLEMENTARY INFORMATION

Bridgeway Center, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2013

Grantor/Program Title	CFDA/ CSFA Number	Grant Contract Number	Expenditures
FEDERAL AWARDS:			
U.S Department of Health and Human Services			
Direct Programs:			
SAMH Services - Projects of Regional and National Significance	93.243	1H79SM059095-01	$ 190,575
Indirect Programs:			
Passed Through Florida Department of Children and Families:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	B-001-100	101,898
Temporary Assistance for Needy Families (TANF) AMH & ASA	93.558	B-001-100	24,516
Child Abuse and Neglect State Grants	93.669	C-001-100	23,379
Block Grants for Community Mental Health Services	93.958	B-001-100	158,829
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B-001-100	367,370
Passed Through Florida Department of Children and Families Passed Through Lakeview Center, Inc.:			
Promoting Safe and Stable Families	93.556	C-001-100	199,132
Child Welfare Services	93.645	C-001-100	24,783
Passed Through Florida Department of Health.:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	COH7A	12,659
Total U.S. Department of Health and Human Services			1,103,141
U.S. Department of Justice			
Indirect Programs:			
Passed Through Florida Department of Children and Families:			
Violence Against Women Formula Grants	16.588	12-6010-VS	73,272
Passed Through Florida Office of Attorney General:			
Crime Victim Assistance	16.575	V11054	16,989
Crime Victim Assistance	16.575	V10054	34,009
Subtotal Expenditures - CFDA No. 16.575			50,998
Passed through Florida Council on Sexual Violence			
Sexual Assualt Services Formula Program	16.017	10SAS01	3,672
Total U.S. Department of Justice			127,942
Total Expenditures of Federal Awards			$ 1,231,083

See accompanying notes to schedule

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)

Year ended June 30, 2013

Grantor/Program Title	CFDA/ CSFA Number	Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE:			
Florida Department of Children and Families			
Indirect Projects:			
Community Based Care Supports: Family Safety and Preservation Services			
Temporary Assistance for Needy Families	60.094	C-001-100	$ 505,104
Social Security 1V E Waiver MOE	60.094	C-001-100	657,558
Family Care unit -	60.094	C-001-200	221,752
Promoting Safe and Stable Families	60.094	51.1-SVC	21,243
Subtotal Expenditures - CSDA No. 60.094			1,405,657
Baker Act	60.006	B-001-100	604,455
Indigent Psychiatric Medication Program	60.039	B-001-100	6,761
Children's Mental Health Community Support Services	60.055	B-001-100	51,574
Total Florida Department of Children and Families			2,068,447
Florida Department of Juvenile Justice			
Direct Projects:			
Mental Health Services	80.011	X1513	14,900
Total Florida Department of Juvenile Justice			14,900
Florida Department of Health			
Indirect Projects:			
Passed Through Florida Council Against Sexual Violence:			
Rape Crisis Program Trust Fund - Sexual Battery Victims' Access to Services Act	64.061	01RCP-01	11,346
Total Florida Department of Health			11,346
Florida Department of Corrections			
Direct Projects:			
Outpaitient Substance Abuse Program	70.020	C-2396	13,500
Outpatient Mental Health & Sex Offender Program	70.020	C2221	107
Total Florida Department of Corrections			13,607

See accompanying notes to schedule

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)

Year ended June 30, 2013

Grantor/Program Title	CFDA/ CSFA Number	Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE (CONTINUED):			
Florida Department of Legal Affairs and Attorney General			
Indirect Projects:			
Passed Through Florida Council Against Sexual Violence:			
Florida Council Against Sexual Violence	41.010	120AG01	$ 3,127
Total Florida Department of Legal Affairs and Attorney General			3,127
Total Expenditures of State Financial Assistance			$ 2,111,427

See accompanying notes to schedule

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance presents the activity of all federal awards programs and state projects of Bridgeway Center, Inc. ("the Center"). All federal awards and state financial assistance received directly from federal or state agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the accrual basis of accounting, which is described in Note 1 to the Center's financial statements.

NOTE 3 - LOW RISK AUDITEE

Bridgeway Center, Inc. qualified as a low risk auditee per criteria set forth in Section .530 of OMB circular A-133.

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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*

To the Board of Trustees
Bridgeway Center, Inc.
Fort Walton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bridgeway Center, Inc. ("the Center") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, statement of 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 December 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridgeway Center, Inc.'s internal control over financial reporting (internal control) to determine the 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
December 31, 2013

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Independent Auditor's Report

To the Board of Trustees
Bridgeway Center, Inc.
Fort Walton Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Bridgeway Center, Inc.'s ("the Center") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB) Circular A-133 Compliance Supplement, and the requirements described in the Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of Bridgeway Center, Inc.'s major Federal programs and State projects for the year ended June 30, 2013. Bridgeway Center, Inc.'s major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General, *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations.* Those standards, OMB Circular A-133, and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Bridgeway Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State project for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Bridgeway Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's 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 or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 or State project 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 or State project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
December 31, 2013

SUMMARY OF AUDITOR'S RESULTS

As required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General, *Florida Single Audit Act Audits – Nonprofit and For-profit Organizations*, the following is a summary of the results of the audit of the Bridgeway Center, Inc. for the fiscal year ended June 30, 2013:

- The auditor's report expresses an unmodified opinion on the financial statements of Bridgeway Center, Inc.
- No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
- No instances of noncompliance material to the financial statements of Bridgeway Center, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- No significant deficiencies relating to the audit of the major Federal programs or State projects are reported in the Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida.
- The auditor's report on compliance with requirements that could have a direct and material effect on each major federal program and state project for Bridgeway Center, Inc. expresses an unqualified opinion.
- Our audit disclosed no findings required to be reported related to federal programs under section 510(a) of OMB Circular A-133, nor did our audit disclose any findings related to state projects required to be disclosed under Chapter 10.656, Rules of the Auditor General, State of Florida
- The following were tested as major Federal programs and State projects:

Major Federal Programs	CFDA #	Expenditures
Block Grants for Prevention and Treatment of Substance Abuse	93.959	$ 367,370
Total Major Federal Programs		$ 367,370

SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Major State Projects	CSFA #	Expenditures
Community Based Care Support - Family Safety and Preservation Services	60.094	$ 1,405,657
Baker Act	60.006	604,455
Total Major State Projects		$ 2,010,112

- The threshold used for distinguishing between Type A and B Federal programs and State projects was $300,000.

- Bridgeway Center, Inc. did qualify as a low risk auditee per criteria set forth in Section .530 of OMB circular A-133.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

- The results of our audit of Bridgeway Center, Inc. did not disclose any findings required to be reported in accordance with GAGAS.

FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS AND MAJOR STATE PROJECTS

- The results of our audit of Bridgeway Center, Inc. did not disclose any findings or questioned costs required to be reported under the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations or* Chapter 10.650, Rules of the Auditor General, *Florida Single Audit Act Audits – Nonprofit and For-profit Organizations.* No Summary of Prior Audit Findings is required because there were no prior audit findings related to federal awards programs or state projects. No corrective action plan is required because there were no findings required to be reported under the Federal Single Audit Acts or the Florida Single Audit Act.

OTHER ISSUES

- No Summary Schedule of Prior Audit Findings pursuant to Rules of the Auditor General 10.557(3)(d)(5) and 10.656(3)(d)6) is required because there were no prior audit findings related to State projects.

- No management letter is required because there were no findings required to be reported in the management letter.