Bridgeway Center, Inc.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2014



Bridgeway Center, Inc.
Table of Contents
June 30, 2014

REPORT

Independent Auditors' Report 1

FINANCIAL STATEMENTS

Statement of Financial Position as of June 30, 2014 3

Statement of Activities for the Year Ended June 30, 2014 4

Statement of Functional Expenses for the Year Ended June 30, 2014 5

Statement of Cash Flows for the Year Ended June 30, 2014 6

Notes to the Financial Statements 7

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards and State Financial Assistance 18

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance 20

Independent Auditor's 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* 21

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program/Project and Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General 23

Schedule of Findings and Questioned Costs 26

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' 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, 2014 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, 2014, 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, 2013 financial statements, and our report dated December 31, 2013, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

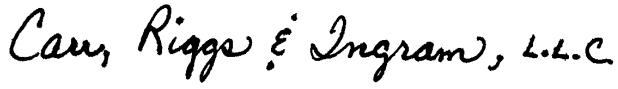
Other Matters

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 January 28, 2015, 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, LLC

Miramar Beach, Florida
January 28, 2015

Bridgeway Center, Inc.
Statement of Financial Position

June 30,	**2014**	2013 Total (for Comparative Purposes)
Assets		
Current assets:		
Cash	**$ 1,514,966**	$ 1,835,220
Accounts receivable, net	**172,359**	165,720
Grants and contracts receivable	**288,143**	189,637
Investments	**60,840**	81,090
Prepaid expenses	**116,800**	346,010
Other	**13,141**	10,776
Total current assets	**2,166,249**	2,628,453
Property and equipment, net	**3,860,722**	4,072,136
Construction in progress	**46,763**	39,194
Debt issue costs, net of accumulated amortization of $23,804	**24,920**	30,055
Total assets	**$ 6,098,654**	$ 6,769,838
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 177,951**	$ 128,795
Salaries and retirement payable	**285,718**	301,198
Liability for paid time off	**-**	138,604
Escrow deposits	**22,191**	21,294
Other liabilities and reserves	**38,094**	98,173
Line of credit	**225,000**	-
Current portion of long-term debt	**206,190**	190,307
Total current liabilities	**955,144**	878,371
Long-term debt, less current portion	**1,535,302**	1,732,861
Total liabilities	**2,490,446**	2,611,232
Net Assets:		
Unrestricted	**3,608,208**	4,158,606
Total net assets	**3,608,208**	4,158,606
Total liabilities and net assets	**$ 6,098,654**	$ 6,769,838

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

Bridgeway Center, Inc.
Statement of Activities

Year ended June 30,		**2014**		2013 Total (For Comparative Purposes)
Unrestricted Activities				
Public support and revenue				
SAMH - Substance abuse and mental health funding	**$**	**1,616,160**	$	2,955,629
Local government funding		**-**		372,991
Other state grants		**1,385,854**		1,433,085
Other federal grants		**291,913**		355,858
Client service fees:				
Other contracts and grants		**272,245**		402,632
Medicaid/Medicare		**3,599,639**		3,372,716
First and third party fees		**863,646**		740,819
Client fees		**42,239**		48,434
Contributions and donations		**323,403**		340,714
Other income		**27,853**		79,033
Net assets released from restrictions:				
Satisfaction of program restrictions		**345,696**		354,961
Total public support and revenue		**8,768,648**		10,456,872
Expenses				
SAMH - Substance abuse and mental health funding				
Adult Mental Health		**3,807,751**		4,986,420
Children's Mental Health		**647,542**		445,501
Adult Substance Abuse		**57,825**		414,997
Children's Substance Abuse		**109,457**		92,333
Total SAMH program expenses		**4,622,575**		5,939,251
Other programs		**2,609,951**		2,507,912
Program support		**390,773**		345,016
General and administrative		**1,695,747**		1,541,089
Total expenses		**9,319,046**		10,333,268
Change in unrestricted net assets		**(550,398)**		123,604
Temporarily Restricted Activities				
DUI revenue		**345,696**		354,961
Satisfaction of program restrictions		**(345,696)**		(354,961)
Change in temporarily restricted net assets		**-**		-
Total change in net assets		**(550,398)**		123,604
Net assets, beginning of year		**4,158,606**		4,035,002
Net assets, end of year	**$**	**3,608,208**	$	4,158,606

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

Bridgeway Center, Inc.
Statement of Functional Expenses

Year ended June 30,	2014								2013
	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	$ 1,894,332	$ 355,034	$ 35,633	$ 75,900	$ 1,741,301	$ 300,663	$ 892,733	**$ 5,295,596**	$ 6,257,310
Fringe Benefits	359,587	47,387	4,482	10,701	318,557	50,104	146,279	**937,097**	1,019,606
Total Personnel	2,253,919	402,421	40,115	86,601	2,059,858	350,767	1,039,012	**6,232,693**	7,276,916
Expenses									
Building Occupancy	185,499	10,260	6,399	6,946	74,288	5,908	225,105	**514,405**	565,379
Professional Services	32,419	3,171	1,397	1,327	35,639	447	48,306	**122,706**	156,045
Travel	9,284	12,326	236	977	58,516	16,548	15,695	**113,582**	107,596
Equipment Costs	32,394	3,751	2,994	-	12,167	2,903	30,462	**84,671**	80,980
Client Transportation	57,980	-	-	-	9,598	1,515	14,059	**83,152**	95,704
Food Services	2,317	-	-	151	890	(11)	16,940	**20,287**	63,714
Medical and Pharmacy	301,142	603	23	-	11,303	929	2,539	**316,539**	255,591
Subcontracted Services	590,455	185,546	511	-	107,158	4,602	38,363	**926,635**	684,806
Insurance	112,583	12,212	1,851	5,473	92,311	-	4,797	**229,227**	262,644
Interest	-	-	-	-	-	-	79,353	**79,353**	85,200
Telephone and Connectivity	44,818	4,422	1,699	1,713	65,972	5,118	28,225	**151,967**	147,559
Client Services	26,697	833	-	-	25,185	-	-	**52,715**	52,121
Operating Supplies and Expenses	120,776	6,541	2,102	4,387	66,120	2,047	88,800	**290,773**	321,891
Bad Debt	37,468	5,456	498	1,882	(9,054)	-	64,091	**100,341**	170,052
Other expenses	-	-	-	-	-	-	-	**-**	7,070
Total Expenses	1,553,832	245,121	17,710	22,856	550,093	40,006	656,735	**3,086,353**	3,056,352
Total Personnel and Expenses	3,807,751	647,542	57,825	109,457	2,609,951	390,773	1,695,747	**9,319,046**	10,333,268
Distributed Costs									
Program Support	131,228	23,576	2,646	4,348	86,368	(248,166)		**-**	-
General and Administrative	951,169	150,280	21,465	32,491	682,949	(142,607)	(1,695,747)	**-**	-
Total Distributed Costs	1,082,397	173,856	24,111	36,839	769,317	(390,773)	(1,695,747)	**-**	-
Total Expenses	$ 4,890,148	$ 821,398	$ 81,936	$ 146,296	$ 3,379,268	$ -	$ -	**$ 9,319,046**	$10,333,268

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

Bridgeway Center, Inc.
Statement of Cash Flows

Year ended June 30,	**2014**	2013 Total (For Comparative Purposes)
Operating activities		
Change in net assets	**$ (550,398)**	$ 123,604
Adjustments to reconcile change in net assets to net cash provided by (used) operating activities:		
Depreciation	**230,012**	225,606
Amortization	**5,135**	5,135
Provision for bad debts	**100,341**	170,050
Loss on disposal of assets	**-**	6,411
Change in operating assets and liabilities:		
Accounts receivable	**(106,980)**	(139,349)
Grants and contracts receivable	**(98,506)**	301,425
Prepaid expenses	**229,210**	(29,279)
Other assets	**(2,365)**	5,464
Accounts payable	**49,156**	(55,023)
Accrued salaries and retirement payable	**(15,480)**	(15,716)
Liability for paid time off	**(138,604)**	(141,542)
Escrow deposits	**897**	(28,876)
Other liabilities	**(60,079)**	90,602
Net cash provided (used) by operating activities	**(357,661)**	518,512
Investing activities		
Purchase of investments	**-**	20,100
Maturities of certificates of deposit	**20,250**	-
Purchase of property and equipment	**(26,167)**	(55,114)
Net cash used in investing activities	**(5,917)**	(35,014)
Financing activities		
Draw on line of credit	**225,000**	-
Payments on bond and note payable	**(181,676)**	(195,288)
Net cash provided (used) by financing activities	**43,324**	(195,288)
Net increase (decrease) in cash	**(320,254)**	288,210
Cash at beginning of year	**1,835,220**	1,547,010
Cash at end of year	**$ 1,514,966**	$ 1,835,220

The accompanying notes are an integral part of these 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. The Center provides a wide range of family treatment and evaluation programs including: Outpatient mental health and substance abuse treatment and counseling, Psychiatric services, Violence intervention services, Case management for children and adults, Juvenile justice outpatient program, Family support and care services, and many other clinical programs. The Center provides Judicial and educational services through its Driving School which provides driver's education classes, DUI and substance abuse courses, and various traffic and misdemeanor 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, 2014.

- **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 as of June 30, 2014.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2013 from which the summarized information was derived.

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 365 days old 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 at the latest of 365 days old after exhausting all other collection efforts.

Investments

Investments consist of certificates of deposits at local banks. Terms range from three to five years with interest rates ranging from 0.945% 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 5 to 7 years for equipment and 15 to 40 years for buildings and leasehold improvements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014. The balance also includes amounts held on behalf of patients at June 30, 2014.

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. The Center no longer pays out accumulated PTO hours at termination due to a change in policy during 2013; therefore no liability has been recorded for paid time off as of June 30, 2014. Salaries expense has been reduced by $138,605 as stated in the Statement of Functional Expenses to account for the reversal of the paid time off liability for the year ended June 30, 2014.

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, 2014, 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 2010.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014 totaled $79,353.

Subsequent Events

The Center has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 28, 2015, 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, Inc. ("Lakeview Center") and Big Bend Community Based Care ("Big Bend"). The most significant amount received is for substance abuse and mental health (SAMH) funding. During the year ended June 30, 2014, the Center received $1,687,848 from Big Bend. In addition, the Center received $1,607,606 from Lakeview Center for family support services funding. When combined, these two sources represent 38% of total revenue for the Center.

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, 2014, the Center's cash balances exceed FDIC limits.

NOTE 3 – RESTRICTED CASH

The Center has two bank accounts with cash restrictions. One account is used for clients who receive inpatient and outpatient service at out-of-area facilities and is managed by Lakeview Center. 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, 2014 was $57,959. Since restricted cash is available for current use, it is included with unrestricted cash on the Statement of Financial Position as of June 30, 2014.

NOTE 4 – ACCOUNTS RECEIVABLE

Contract services performed by the Center, but not yet paid by the contracting agency as of June 30, 2014 are as follows:

Big Bend Community Based Care	$ 146,590
Access Behavioral Health, dba Lakeview Center, Inc.	110,385
Other	31,168
	$ 288,143

Accounts Receivable at June 30, 2014 consists of the following:

Insurance providers	$ 81,778
Medicaid	77,178
Medicare	68,380
Private pay	31,067
	258,403
Less allowance for uncollectible accounts	(86,044)
	$ 172,359

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of land, buildings, leasehold improvements and equipment at June 30, 2014, as follows:

	2013 Balance	Additions	Transfers	Disposals	2014 Balance
Land	$ 1,790,202	$ -	$ -	$ -	$ 1,790,202
Buildings	1,661,706	-	-	-	1,661,706
Building improvements	2,155,868		-	-	2,155,868
Equipment	1,032,510	18,598	-	-	1,051,108
Property and equipment	6,640,286	18,598	-	-	6,658,884
Less accumulated depreciation	(2,568,150)	(230,012)	-	-	(2,798,162)
Property and equipment, net	$ 4,072,136	$(211,414)	$ -	$ -	$ 3,860,722
Construction in progress	$ 39,194	$ 7,569	$ -	$ -	$ 46,763

NOTE 5 – PROPERTY AND EQUIPMENT (Continued)

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, 2014 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
2015	$ 102,685	$ 103,505	**$ 206,190**
2016	107,047	100,118	**207,165**
2017	111,921	25,447	**137,368**
2018	116,850	-	**116,850**
2019	121,995	-	**121,995**
Thereafter	951,924	-	**951,924**
	$ 1,512,422	$ 229,070	**$ 1,741,492**

NOTE 7 - LINE OF CREDIT

The Center has an available open-end line of credit with a bank in the amount of $250,000. The line of credit bears interest at 1.0% above prime or a minimum rate of 5.00%. The line of credit has an outstanding balance of $225,000 as of June 30, 2014. On July 9, 2014, the available line of credit was increased to $450,000 with interest at 0.60% above prime or a minimum of 3.85%. The line of credit is secured with real estate, requires monthly interest only payments, and matures on July 9, 2015.

NOTE 8 – OPERATING LEASES

The Center has no non-cancelable operating leases that have remaining terms in excess of one year as of June 30, 2014.

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

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 up to 1% for the benefit of any employee who makes a contribution up to 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, 2014 was $25,551. Fringe benefit expenses were reduced by $6,289 due to a refund of plan forfeitures during the year.

NOTE 10 – TEMPORARILY RESTRICTED REVENUES

Temporarily restricted revenues are residual receipts restricted for use in the DUI program. For fiscal year 2014, DUI restricted revenues totaled $345,696.

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, 2014, a provision in the amount of $13,962 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 – 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 $15 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:

June 30,	**2014**	**2013**
DUI fees due from prior year	**$ 1,125**	$ 1,380
DUI fees collected current year	**14,835**	15,315
DUI fees remitted current year	**(14,820)**	(15,570)
Total DUI fees due to State	**$ 1,140**	$ 1,125

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, 2014 or June 30, 2013.

NOTE 12 – DRIVING UNDER THE INFLUENCE PROGRAM (Continued)

d. Special Supervision Services for the year ended June 30 are summarized as follows:

Year ended June 30,	**2014**	**2013**
SPECIAL SUPERVISION SERVICES ACTIVITIES		
Revenues:		
Special supervision fees	**$ 47,481**	$ 47,353
Total revenues	**47,481**	47,353
Expenses:		
Salaries and related expenses:		
Salaries	**48,329**	49,255
FICA	**3,697**	3,780
Workers Compensation	**860**	655
Unemployment	**425**	433
Life Insurance	**32**	32
Health Insurance	**2,957**	6,449
Total salaries and related expenses	**56,300**	60,604
Program and related expenses:		
Building occupancy	**318**	279
Professional services	**175**	119
Travel	**78**	50
Equipment cost	**41**	44
Insurance	**121**	124
Phone/connectivity	**211**	192
Operating supplies and expense	**255**	389
Total Program and related expenses	**1,199**	1,197
Allocation of administration expenses	**484**	585
Total expenses	**57,983**	62,386
Net change	**$ (10,502)**	$ (15,033)

(continued on next page)

NOTE 12 – 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:

June 30,	**2014**	**2013**
Assets		
Cash	**$ 100**	$ 200
Prepaid expenses	**1,962**	4,217
Equipment (net of accumulated depreciation)	**12,914**	16,608
Total assets	**$ 14,976**	$ 21,025
Liabilities		
Due to Bridgeway Center, Inc.	**$ 168,430**	$ 188,973
Salaries payable	**5,699**	5,234
Accrued annual leave	**-**	5,011
Total liabilities	**174,129**	199,218
Net assets		
Net assets	**(172,067)**	(194,801)
DUI fixed assets	**12,914**	16,608
Net assets	**(159,153)**	(178,193)
Total liabilities and net assets	**$ 14,976**	$ 21,025

(continued on next page)

NOTE 14 – DRIVING UNDER THE INFLUENCE PROGRAM (Continued)

Year ended June 30,	**2014**	**2013**
Revenues		
Fees	**$ 345,696**	$ 354,961
Total revenues	**345,696**	354,961
Expenses		
Salaries	**131,569**	141,274
Employee health and retirement benefits	**23,727**	14,612
Payroll taxes	**5,570**	15,229
Total salaries and related expenses	**160,866**	171,115
Building occupancy	**23,532**	20,649
Professional services	**12,970**	8,803
Travel	**5,811**	3,692
Equipment cost	**3,070**	3,294
Client transportation	**4,522**	3,836
Food services	**558**	482
Medical and pharmacy	**36**	42
Subcontracted services	**32,201**	35,976
Insurance	**8,996**	9,180
Phone/connectivity	**15,608**	14,222
Operating supplies and expense	**18,916**	28,839
Total direct expenses	**126,220**	129,015
Allocation of administrative expenses	**35,876**	43,345
Total expenses	**322,962**	343,475
Change in net assets	**22,734**	11,486
Change in DUI fixed assets (restricted equipment)	**(3,694)**	1,288
Total change in net assets	**19,040**	12,774
Net assets, beginning of year	**(178,193)**	(190,967)
Net assets, end of year	**$ (159,153)**	$ (178,193)

SUPPLEMENTARY INFORMATION

Bridgeway Center, Inc.
Schedule of Expenditures of Federal Awards
And State Financial Assistance

Year ended June 30, 2014

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	$ 188,374
Indirect Programs:			
Passed Through Florida Department of Children and Families:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	A-008	90,598
Temporary Assistance for Needy Families (TANF) AMH & ASA	93.558	A-008	5,408
Child Abuse and Neglect State Grants	93.669	C-001-100	23,067
Block Grants for Community Mental Health Services	93.958	A-008	127,142
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A-008	146,108
Passed Through Florida Department of Children and Families Passed Through Lakeview Center, Inc.:			
Promoting Safe and Stable Families	93.556	C-001-100	253,442
Child Welfare Services	93.645	C-001-100	18,340
Total U.S. Department of Health and Human Services			852,479
U.S. Department of Justice			
Indirect Programs:			
Passed through Florida Council on Sexual Violence Sexual Assualt Services Formula Program	16.017	10SAS01	7,042
Total U.S. Department of Justice			7,042
Total Expenditures of Federal Awards			$ 859,521

Bridgeway Center, Inc.
Schedule of Expenditures of Federal Awards And State Financial Assistance

Year ended June 30, 2014

Grantor/Program Title	CFDA/ CSFA Number	Grant Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE:			
Florida Department of Children and Families			
Indirect Projects:			
In-home Supports:			
Social Security 1V E Waiver MOE	60.075	C-001-100	$ 345,912
Family Care unit	60.075	C-001-200	221,752
Promoting Safe and Stable Families	60.075	51.1-SVC	21,248
Subtotal Expenditures - CSFA No. 60.075			588,912
Total Florida Department of Children and Families			588,912
Florida Department of Juvenile Justice			
Direct Projects:			
Mental Health Services	80.011	X1513	3,900
Delinquency Prevention	80.029	10015	23,123
Total Florida Department of Juvenile Justice			27,023
Total State Financial Assistance			$ 615,935

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance presents the activity of all federal award 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. State funds awarded for match purposes that are not subject to Section 215.97 F.S. are not included on this 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.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

INDEPENDENT AUDITOR'S 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, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2015.

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.

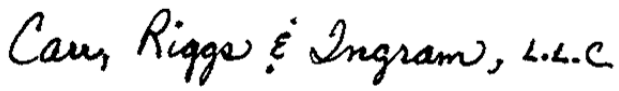
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CARR, RIGGS & INGRAM, LLC
Miramar Beach, Florida
January 28, 2015

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

INEPENDENT AUDITOR'S 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

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, 2014. 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, 2014.

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, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC
Miramar Beach, Florida
January 28, 2015

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, 2014:

- 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
Promoting Safe and Stable Families	93.556	$ 253,442
Total Major Federal Programs		$ 253,442

SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Major State Projects	CSFA #	Expenditures
In-home Supports	60.075	$ 588,912
Total Major State Projects		$ 588,912

- 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.