

**Bridges of America -
The Jacksonville Bridge, Inc.**
Orlando, Florida

Financial Statements and
Supplemental Information

Year Ended June 30, 2012

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	8
Supplemental Information	
Schedule of Expenditures of State Financial Assistance	14
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 <i>Government Auditing Standards</i> and Chapter 10.650, <i>Rules of the Auditor General</i> , of the State of Florida	15
Independent Auditor's Report on Compliance That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650 <i>Rules of the Auditor General</i>	17
Schedule of Findings and Questioned Costs – State Financial Assistance	19



Independent Auditor's Report

Board of Directors
**Bridges of America -
The Jacksonville Bridge, Inc.**
Orlando, Florida

We have audited the accompanying statement of financial position of Bridges of America – The Jacksonville Bridge, Inc. (a not-for-profit organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridges of America – The Jacksonville Bridge, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012, on our consideration of Bridges of America – The Jacksonville Bridge, Inc.'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of State financial assistance is presented for purposes of additional analysis as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, 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.

Borchbeck & Case LLP

November 2, 2012

Bridges of America - The Jacksonville Bridge, Inc.
Statement of Financial Position
June 30, 2012

Assets	
Current Assets	
Cash and cash equivalents - unrestricted	\$ 204,291
Receivables from program contracts	86,467
Prepaid expenses	10,000
Total Current Assets	300,758
 Property and Equipment	
Equipment	41,055
Leasehold improvements	2,233
Furniture & fixtures	89,661
Accumulated depreciation	(118,932)
Total Property and Equipment	14,017
 Other Assets	
Due from trust account	10,100
Total Assets	\$ 324,875
 Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 26,426
Accrued payroll liabilities	17,325
Accrued compensated absences	9,658
Other accrued liabilities	2,466
Total Current Liabilities	55,875
 Other Liabilities	
Due to affiliates	821,154
Net Assets, Unrestricted	(552,154)
Total Liabilities and Net Assets	\$ 324,875

See accompanying notes and independent auditor's report

Bridges of America -The Jacksonville Bridge, Inc.
Statement of Activities
For the Year Ended June 30, 2012

Unrestricted Revenues and Other Support	
Program contract revenues - residential work release program	\$ 1,050,809
Resident rent revenues - residential work release program	813,384
Other program income	57,637
Total Unrestricted Revenues	<u>1,921,830</u>
Expenses and Losses	
Program contract expenses	1,326,932
Management and general	392,301
Total Unrestricted Expenses and Losses	<u>1,719,233</u>
Increase in Unrestricted Net Assets Before Other Items	202,597
Other Items	
Contribution expense	<u>150,000</u>
Increase in Unrestricted Net Assets	52,597
Unrestricted Net Assets at Beginning of Year	<u>(604,751)</u>
Unrestricted Net Assets at End of Year	<u><u>\$ (552,154)</u></u>

See accompanying notes and independent auditor's report

Bridges of America - The Jacksonville Bridge, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2012

	Program/Contract Work Release	Management and General	Total
Salaries and wages	\$ 499,909	\$ 94,785	\$ 594,694
Food expense	290,104	-	290,104
Administrative fee	-	240,000	240,000
Rent expense	150,000	-	150,000
Utilities	88,756	-	88,756
Insurance	74,176	13,090	87,266
Vehicle expense	57,028	-	57,028
Payroll taxes	43,127	7,611	50,738
Accounting	17,400	24,600	42,000
Chaplaincy Services	18,750	-	18,750
Supplies	10,808	6,369	17,177
Telephone	14,995	-	14,995
Client welfare	13,709	-	13,709
Depreciation expense	9,861	-	9,861
Repairs and maintenance	7,348	-	7,348
Employee education and awards	2,138	5,066	7,204
Legal expenses	6,484	-	6,484
Inmate banking expense	5,689	-	5,689
Equipment leasing and rental	5,251	-	5,251
Miscellaneous	4,456	-	4,456
Fire and safety	3,668	-	3,668
Pest control	1,645	-	1,645
Payroll fees	1,352	239	1,591
Retirement plan expense	-	541	541
Travel expenses	278	-	278
	<u>\$ 1,326,932</u>	<u>\$ 392,301</u>	<u>\$ 1,719,233</u>

See accompanying notes and independent auditor's report

Bridges of America -The Jacksonville Bridge, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2012

Cash Flows Provided by Operating Activities	
Cash received from program contracts	\$ 1,048,241
Cash received from residents rent	813,384
Cash received from other program income	57,637
Cash paid to employees	(595,483)
Cash paid to suppliers	(1,050,873)
Cash paid for taxes	(51,715)
Contributions paid	(150,000)
Net Cash Provided by Operating Activities	71,191
 Cash Flows Used in Investing Activities	
Purchases of property and equipment	(7,119)
Net Cash Used in Investing Activities	(7,119)
 Cash Flows Provided by Financing Activities	
Net payments from affiliates	9,511
Net Cash Provided by Financing Activities	9,511
Net Increase in Cash and Cash Equivalents	73,583
Cash and Cash Equivalents at Beginning of Year	130,708
Cash and Cash Equivalents at End of Year	\$ 204,291

See accompanying notes and independent auditor's report

Bridges of America -The Jacksonville Bridge, Inc.
Statement of Cash Flows-Continued
For the Year Ended June 30, 2012

**Reconciliation of Increase in Net Assets
to Net Cash Provided by Operating Activities**

Increase in net assets	\$ 52,597
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	9,861
(Increase) decrease in:	
Receivables from program contracts	(2,568)
Increase (decrease) in:	
Accrued payroll liabilities	3,921
Accrued compensated absences	(2,455)
Other accrued liabilities	(1,714)
Accounts payable	11,549
	<hr/>
Net Cash Provided by Operating Activities	\$ 71,191 <hr/> <hr/>

See accompanying notes and independent auditor's report

Bridges of America –The Jacksonville Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2012

Note A - General Information and Significant Accounting Policies

General Information - Bridges of America – The Jacksonville Bridge, Inc. (the Organization) is a not-for-profit corporation organized to provide a Work Release Transition Program facility for criminal offenders in Duval County, Florida. The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) as a public charity.

Donated Services and Materials - The Board of Directors serves without compensation. These services are not recorded in the financial statements since they generally are not susceptible to objective measurement or valuation. Additionally, the Organization occasionally receives donated goods for use in its operations. Management has determined that such amounts are not material to the financial statements of the Organization.

Basis of Presentation - The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958. This statement establishes standards for financial reporting by not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization does not have any temporarily or permanently restricted net assets.

Program Contract Revenue and Receivable - Program Contract Revenue represents amounts received for providing program services under the terms of the contract with the State of Florida Department of Corrections. Receivables from this program contract represent amounts due under the contract and are considered fully collectible.

Under the work release contract, the Organization is authorized to charge those inmates employed through the program a subsistence rental charge, which is 55% of the inmate's net pay, not to exceed a maximum rate per the contract. During the current year, the Organization received subsistence charges in the amount of \$813,384 from work release program participants who were employed.

Property and Equipment - Purchased assets costing in excess of \$1,000 individually or in the aggregate are capitalized and recorded at cost. Donated assets are recorded at their fair market values at the date of the donation. Improvements and betterments are capitalized, while repair and maintenance expenditures are expensed in the statement of activities. Property and equipment are being depreciated over its estimated useful lives of 5 and 7 years using the straight-line method of depreciation. Leasehold improvements are being depreciated over 15 years using the straight-line method of depreciation. Depreciation expense for the year ended June 30, 2012, was \$9,861.

Bridges of America –The Jacksonville Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2012

Note A - General Information and Significant Accounting Policies – Continued

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Expense - The Organization incurred no interest expense during the year ended June 30, 2012.

Income Taxes - The Organization adopted FASB ASC Topic 740. The pronouncements clarify the accounting for uncertainty in income tax recognition in financial statements and require the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained by the taxing authority. The Organization is a not-for-profit corporation which has obtained tax-exempt status under section 501(c)(3) of the Internal Revenue Code with no unrelated business income and is not subject to income tax. Management has evaluated this tax position and has determined that it is more likely than not to be upheld. The adoption has not had a material effect on the Organization.

Fair Value of Financial Instruments – At June 30, 2012, the carrying values of cash, short term investments, accounts receivable and accounts payable approximate fair value because of the short maturity of these financial instruments.

Allocation of Expenses – The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities.

Note B - Related Party Transactions

The Organization shares a common Board of Directors and common management with Christian Prison Ministries, Inc., a not-for-profit corporation, and other Bridges of America entities, which provide similar services in other facilities throughout the State of Florida.

Bridges of America –The Jacksonville Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2012

Note B - Related Party Transactions – Continued

Christian Prison Ministries, Inc. owns all of the facilities used by the Organization in conducting its program activities. Under the terms of a month to month lease, the Organization paid rental charges of \$150,000 to Christian Prison Ministries, Inc. for the use of these facilities in the current year. In addition, the Organization paid administrative fees of \$240,000 to Bridges of America, Inc. for management services in the current year.

Amounts due to affiliates represent funds the Organization borrowed for start-up costs and operating purposes. During the year, the Organization made net borrowings of \$9,511. As of June 30, 2012, the Organization owes \$821,154 to affiliates. This amount is not expected to be repaid within the next operating cycle. No interest is being charged on this loan.

During the current year, The Jacksonville Bridge paid \$18,750 to Society of St. Dismas, an affiliated entity for chaplaincy services. The Organization made vehicle lease payments of \$12,000 directly to Bridges of America, Inc. under the terms of a month-to-month lease. The Organization also made a contribution to Christian Prison Ministries, Inc. of \$150,000 to support the activities of that organization.

A member of the Board of Directors is also an employee and point of contact at Branch Banking and Trust Company (BB&T) through which an affiliated entity secured the line of credit and loan (see Notes C and H).

Note C – Commitments and Contingencies

During the year ended June 30, 2006, Christian Prison Ministries, Inc., (the Ministry) a related entity, issued Orange County Industrial Development Authority Variable Rate Demand Revenue Bonds, Series 2005, at a par value of \$12,565,000. The proceeds from the bond issue went towards refinancing existing long-term debt and financing the expansion of operating facilities. The bonds are secured by an irrevocable standby letter of credit, which is guaranteed by Christian Prison Ministries, Inc. and various related entities, including the Organization. The letter of credit expires November 30, 2012 unless terminated or extended.

As of June 30, 2012, the outstanding indebtedness balance under guarantee is \$9,475,000. In order to maintain compliance with the letter of credit agreement, the Ministry and the related Bridges affiliates must maintain, on a consolidated basis, certain financial covenants. The requirements include maintaining a fixed charge coverage ratio of 1.20 to 1.00, as well as maintaining an unrestricted net asset balance of \$14,907,429 as of June 30, 2012, to be increased by at least 50% of total positive increase in combined net assets, each fiscal year thereafter. The combined entity is also restricted to a limited amount of capital expenditures in the amount of \$750,000 annually.

Bridges of America –The Jacksonville Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2012

Note C – Commitments and Contingencies – Continued

As of June 30, 2012, the Ministry and the related Bridges affiliates met these financial covenants, with the exception of the capital expenditure covenant which was overspent by approximately \$3,155,000. The bank waived this debt covenant. The letter of credit is secured by substantially all corporate assets, and is guaranteed by Christian Prison Ministries, Inc. and various related entities, including the Organization.

Christian Prison Ministries, Inc. has a commitment from a commercial bank for a line of credit through January 14, 2013, of \$1,500,000, of which \$1,461,226 was unused at June 30, 2012. Interest on the principal amount outstanding is paid monthly in arrears and carries an interest rate equal to the One Month LIBOR Rate plus 2.5% per annum. The credit line is secured by substantially all corporate assets, and is guaranteed by Christian Prison Ministries, Inc. and various related entities, including the Organization.

Note D – Major Sources of Support

The Organization has a contract with the Florida Department of Corrections to provide comprehensive drug and alcohol counseling, rehabilitation, and employment programs for criminal offenders. The Organization earned \$1,050,809 under contract #C2447 during the current year. The contract, which is terminable by the Florida Department of Corrections under certain conditions, is renewable on a periodic basis. The current contract is effective through June 30, 2013.

The Organization provides drug and alcohol counseling, rehabilitation and employment services to clients and is compensated for the provision of these services by the Florida Department of Corrections on a monthly basis. As of June 30, 2012, outstanding receivables from these programs were \$86,467.

Note E – Operating Leases

During the year ended June 30, 2012, the Organization had several office equipment leases, which are accounted for as operating leases. The total equipment lease expense for the current year was \$5,251. Management has determined that future minimum lease payments under terms of non-cancelable operating leases are not considered material.

Bridges of America –The Jacksonville Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2012

Note F – Concentration of Credit Risk

The Organization maintains cash balances at one financial institutions which is insured by the Federal Deposit Insurance Corporation. At various times during the year ended June 30, 2012, the Organization may have had balances in these accounts which exceeded insured amounts.

Additionally, the Organization has a concentration of credit risk for program contract revenues and receivables. If there were a significant decrease or termination of the contracts, there would be an adverse effect on the Organization's program services and operations. These revenues and receivables represent amounts earned and collectible, respectively, for providing drug and alcohol counseling and rehabilitation programs for criminal offenders. All of the program contract revenue and receivables are received from the State of Florida Department of Corrections.

Note G – Employee Benefit Plan

The Organization participates in a retirement plan pursuant to Section 401(k) which was established by Bridges of America, Inc. To be eligible to participate in the plan, employees must have completed one year of service, be 21 years of age or older and are required to work 1,000 hours or more during a twelve consecutive month period. Employees are vested over a six year period for the employer's matching contributions into the plan. The plan provides for a matching contribution of up to 8% of the participant's salary contribution and is funded annually. During the year ended June 30, 2012, the Organization's expense to the plan was \$541.

Note H – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 2, 2012, the date the financial statements were available to be issued.

Subsequent to year end, Christian Prison Ministries, Inc. entered into a mortgage and security agreement. Under the agreement Branch Banking and Trust Company (the mortgagee) has agreed to purchase Orange County Industrial Development Authority (Florida) Variable Rate Demand Revenue and Refunding Bonds, Series 2012, in the total amount of \$14,027,676. In return the Orange County Industrial Development Authority (Florida) (the Issuer) has agreed to loan the proceeds from the sale of the bonds to the Ministry pursuant to a loan agreement dated, August 1, 2012, between the Issuer and the Ministry.

Bridges of America –The Jacksonville Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2012

Note H – Subsequent Events – Continued

The funds are to be used for the purpose of redeeming the outstanding principal amount of the Variable Rate Demand Revenue Bonds, Series 2005, finance the site acquisition and construction of the new Jacksonville facilities, finance capital expenditures to be made at various facilities operated by the Ministry, and to pay the costs associated with issuing the bonds.

Monthly payments of principal and interest will be due on the first of each month, starting September 1, 2012, with an interest rate of 78% of one month LIBOR plus 1.625%, to be adjusted monthly. The loan will be callable on demand after seven years and any date thereafter upon 120 days' notice to the Ministry. The principal is to be amortized over a period of 25 years.

The Ministry was also granted a Line of Credit (LOC) in the amount of \$2,500,000 which carries an interest rate of one month LIBOR plus 2.5%, rounded upward, to be adjusted monthly. The LOC calls for monthly interest payments with the principal due at the term of the agreement. The LOC matures on August 1, 2015.

Future principal payments on the loan payable are as follows:

Years Ending June 30,	Amount
2013	\$ 283,070
2014	352,825
2015	367,598
2016	382,567
2017	396,943
Thereafter	<u>12,244,673</u>
	<u><u>\$ 14,027,676</u></u>

The loan and the line of credit are secured by substantially all corporate assets, and are guaranteed by Christian Prison Ministries, Inc. and various related entities, including the Organization.

Supplemental Information

Bridges of America - The Jacksonville Bridge, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2012

Agency and Program Title	Contract Number	Catalog of State Financial Assistance	State Expenditures - Grants/Aids Appropriations	State Expenditures - Other Funds	Federal Through State Expenditures	Total Expenditures
Florida Department of Corrections:						
Work Release Transition Program	C2447	70.013	\$ -	\$ 1,048,241	\$ -	\$ 1,048,241
			\$ -	\$ 1,048,241	\$ -	\$ 1,048,241
				(1)		

(1) State expenditures are reported on the cash basis of accounting.



**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 the *Government Auditing
Standards* and Chapter 10.650, *Rules of the Auditor General*
of the State of Florida**

Board of Directors

Bridges of America - The Jacksonville Bridge, Inc.

Orlando, Florida

We have audited the financial statements of Bridges of America – The Jacksonville Bridge, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 2, 2012. 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 and Chapter 10.650, *Rules of the Auditor General*, of the State of Florida.

Internal Control Over Financial Reporting

Management of Bridges of America – The Jacksonville Bridge, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Bridges of America – The Jacksonville Bridge Inc's internal control over financial reporting as a basis for designing our auditing procedures 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 Bridges of America – The Jacksonville Bridge, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridges of America – The Jacksonville Bridge, Inc.’s financial statements are free of 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* or Chapter 10.650, *Rules of the Auditor General*, of the State of Florida.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, State of Florida Auditor General and State of Florida Department of Corrections and is not intended to be and should not be used by anyone other than those specified parties.

Borchbeck & Lane LLP

November 2, 2012



Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650 Rules of the Auditor General

Board of Directors
Bridges of America – The Jacksonville Bridge, Inc.
Orlando, Florida

Compliance

We have audited Bridges of America – The Jacksonville Bridge, Inc.'s compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of its major State projects for the year ended June 30, 2012. Bridges of America – The Jacksonville Bridge, Inc.'s major State projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State projects is the responsibility of Bridges of America – The Jacksonville Bridge, Inc.'s management. Our responsibility is to express an opinion on Bridges of America – The Jacksonville Bridge, Inc.'s compliance based on our audit.

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 and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, 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 State project occurred. An audit includes examining, on a test basis, evidence about Bridges of America – The Jacksonville Bridge, Inc.'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. Our audit does not provide a legal determination on Bridges of America – The Jacksonville Bridge, Inc.'s compliance with those requirements.

In our opinion, Bridges of America – The Jacksonville Bridge, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Bridges of America – The Jacksonville Bridge, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State projects. In planning and performing our audit, we considered Bridges of America – The Jacksonville Bridge, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major State project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *Rules of the Auditor General*, of the State of Florida, 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 Bridges of America – The Jacksonville Bridge, Inc.'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 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 State project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within Bridges of America – The Jacksonville Bridge Inc., State of Florida Auditor General, State of Florida Department of Corrections and is not intended to be and should not be used by anyone other than these specified parties.

Borchbeck & Lane LLP

November 2, 2012

Schedule of Findings and Questioned Costs- State Financial Assistance

For the Year Ended June 30, 2012

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Bridges of America – The Jacksonville Bridge, Inc.
2. There were no significant deficiencies disclosed during the audit of the financial statements of Bridges of America – The Jacksonville Bridge, Inc.
3. No instances of noncompliance material to the financial statements of Bridges of America – The Jacksonville Bridge, Inc. were disclosed during the audit.
4. There were no significant deficiencies relating to the audit of the State project.
5. The auditor's report on compliance with requirements that could have a direct and material effect on each major State project for Bridges of America – The Jacksonville Bridge, Inc. expresses an unqualified opinion.
6. Our audit disclosed no findings required to be reported related to the State projects required to be disclosed under Chapter 10.650, *Rules of the Auditor General*.
7. The programs/projects tested as major programs/ projects included the following:

State Project	State CSFA No.
Work Release Transition Program In Duval County, Florida	Contracts #C2447
8. The threshold for distinguishing Type A and Type B programs was \$100,000 for major State projects.
9. No Summary of Schedule of Prior Audit Findings is required because there were no prior audit findings related to the State project listed above.
10. No management letter is required because there were no findings required to be reported to management pursuant to Chapter 10.650, *Rules of the Auditor General*.