

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

Financial Statements and
Supplementary Information

Year Ended June 30, 2017



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Bridges of America - The Orlando Bridge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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 Bridges of America - The Orlando Bridge, Inc. as of June 30, 2017, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance, as required by 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 25, 2018, on our consideration of Bridges of America - The Orlando Bridge, 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 Bridges of America - The Orlando Bridge, Inc.'s internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

Orlando, FL
January 25, 2018

Bridges of America - The Orlando Bridge, Inc.
Statement of Financial Position
June 30, 2017

Assets

Current Assets

Cash and cash equivalents - unrestricted	\$ 290,761
Receivables from program contracts	338,185
Receivables from other program contracts	40,816
Other receivables	5,523
Receivables from employees	635
Food stamps	308
Prepaid expense	39,279
Total Current Assets	715,507

Property and Equipment

Leasehold improvements	127,090
Equipment	364,395
Furniture and fixtures	348,548
Accumulated depreciation	(744,443)
Total Property and Equipment	95,590

Other Assets

Due from affiliates	4,967,132
Due from trust account	14,386
Total Other Assets	4,981,518

Total Assets	\$ 5,792,615
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 89,506
Accrued payroll liabilities	95,544
Accrued compensated absences	47,222
Other accrued liabilities	14,633
Total Current Liabilities	246,905

Net Assets, Unrestricted	5,545,710
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Total Liabilities and Net Assets	\$ 5,792,615
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See accompanying notes and independent auditor's report

Bridges of America - The Orlando Bridge, Inc.
Statement of Activities
For the Year Ended June 30, 2017

Unrestricted Revenues and Other Support

Program contract revenues - non-secure program	\$ 1,586,758
Program contract revenues - residential work release program	1,358,884
Program contract revenues - substance abuse transition/ work release center	1,506,068
Program contract revenues - medical assisted treatment	140,441
Resident rent revenues - non-secure program	330,850
Resident rent revenues - residential work release program	1,167,492
Resident rent revenues - substance abuse transition/ work release center	548,785
Other program income	227,839
Total Unrestricted Revenues	6,867,117

Expenses

Program contract expenses	5,195,280
Management and general	1,180,489
Total Unrestricted Expenses	6,375,769

Increase in Unrestricted Net Assets Before Other Income and Expenses 491,348

Other Expenses

Contribution expense	250,000
Total Other Expenses	250,000

Increase in Unrestricted Net Assets 241,348

Unrestricted Net Assets at Beginning of Year 5,304,362

Unrestricted Net Assets at End of Year \$ 5,545,710

See accompanying notes and independent auditor's report

Bridges of America - The Orlando Bridge, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows From Operating Activities	
Cash received from program contracts	\$ 4,546,711
Cash received from resident rent	2,047,127
Cash received from other program income	384,400
Cash paid to employees	(2,123,861)
Cash paid to suppliers	(4,004,935)
Contributions paid	(250,000)
Cash paid for taxes	(178,392)
Net Cash Provided by Operating Activities	<u>421,050</u>
 Cash Flows From Investing Activities	
Purchase of fixed assets	<u>(53,866)</u>
Net Cash Used in Investing Activities	<u>(53,866)</u>
 Cash Flows From Financing Activities	
Net advances to affiliates	<u>(535,739)</u>
Net Cash Used in Financing Activities	<u>(535,739)</u>
Net Decrease in Cash and Cash Equivalents	(168,555)
Cash and Cash Equivalents at Beginning of Year	<u>459,316</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 290,761</u></u>

See accompanying notes and independent auditor's report

Bridges of America - The Orlando Bridge, Inc.
Statement of Cash Flows - Continued
For the Year Ended June 30, 2017

Reconciliation of Increase in Net Assets

To Net Cash Provided by Operating Activities

Increase in net assets	\$ 241,348
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	20,040
(Increase) decrease in:	
Receivables from program contracts	65,138
Receivables from other program contracts	(3,993)
Other receivables	49,696
Employee loan	275
Other assets	(3,232)
Prepaid expense	(3,615)
Increase in:	
Accounts payable	39,879
Accrued payroll liabilities	8,667
Other accrued liabilities	6,847

Net Cash Provided by Operating Activities

\$ 421,050

See accompanying notes and independent auditor's report

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note A – General Information and Significant Accounting Policies

General Information - Bridges of America - The Orlando Bridge, Inc. (the Organization) is a not-for-profit corporation organized to provide a prison Work Release Transitional Program, a Substance Abuse Transition/ Work Release Center, and a Comprehensive Drug and Alcohol Counseling and Rehabilitation Program for criminal offenders in Orange 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 - According to U.S. generally accepted accounting principles, 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 for providing program services under the terms of contracts with the Florida Department of Corrections. Receivables from these program contracts represent amounts due under the contracts and are considered fully collectible.

Under the non-secure contract (#C2656), the Organization is authorized to charge those clients employed through the program a subsistence rental charge, which is 40% of the client's gross income, not to exceed a maximum rate per the contract. During the current year, the Organization earned subsistence charges in the amount of \$330,850 from participants who were employed.

Under the work release and subsistence abuse transition contracts (#C2842 and #C2489), 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 earned subsistence charges in the amount of \$1,167,492 from work release program participants who were employed and \$548,785 from therapeutic community program participants who were employed.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note A – General Information and Significant Accounting Policies - Continued

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 their estimated useful lives of 5 and 39 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, 2017, was \$20,040.

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, 2017.

Income Taxes - 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 Organization has evaluated the tax positions for all open tax years and believes that all positions are more likely than not to be sustained upon examination. The Organization is no longer subject to U.S. Federal or State income tax examinations by taxing authorities for years before 2013.

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.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note B – Related Party Transactions

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

Christian Prison Ministry, Inc. owns all of the facilities used by the Organization in conducting its program activities. The Organization rents the facility from Christian Prison Ministry, Inc. under the terms of a five-year lease which ends December 31, 2017, and continued on a month to month basis, calls for monthly payments of \$95,000, which the Organization has the ability to adjust. The Organization paid rental charges of \$1,140,000 to Christian Prison Ministry, Inc. for the use of these facilities in the current year. Future minimum rental payments are as follows:

Years Ending	
June 30,	Amount
<u>2018</u>	<u>570,000</u>

Bridges of Florida, Inc. provides administrative services to the Organization. The Organization paid Bridges of Florida, Inc. \$884,000 for these services in the current year.

Amounts due from affiliates represent funds the Organization has loaned to affiliates to help fund operations and support common missions. During the year ended June 30, 2017, the Organization made net advances of \$535,739 to affiliates. At June 30, 2017, the Organization had a receivable of \$4,967,132 from its affiliates. The Organization has a receivable from the inmate trust account in the amount of \$14,956. However, these amounts are not expected to be repaid within the next operating cycle. No interest is being charged on these loans.

During the current year, the Organization paid \$97,200 to Society of St. Dismas, an affiliated entity for chaplaincy services. The Organization also made vehicle lease payments of \$51,948 directly to Bridges of America, Inc., under the terms of a month to month lease. This amount is included in vehicle expense. The Organization made a contribution to Christian Prison Ministry, Inc. of \$250,000 to support the activities of that organization.

A member of the Board of Directors of Bridges of America, Inc. is also an employee and point of contact at Branch Banking and Trust Company (BB&T). This board member left the Board of Directors in May 2017. Effective June 1, 2017, this former board member became the Chief Financial Officer of Bridges International, Inc., an affiliated entity.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note C – Commitments and Contingencies

Christian Prison Ministry, Inc. (the Ministry) 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. As of June 30, 2017, the outstanding indebtedness balance under guarantee is \$12,244,673.

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

Monthly payments of principal and interest are 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.

In order to maintain compliance with the loan agreement, Christian Prison Ministry, Inc. and the Guarantors must maintain, on a combined 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 \$15,349,768 as of June 30, 2017, to be increased by at least 50% of total positive increase in combined net assets, each fiscal year thereafter. The combined entity may not create, incur, assume or suffer to exist any new operating leases for equipment which create additional annual payment obligations in the aggregate of more than \$750,000 for any fiscal year, or incur capital expenditures in excess of \$750,000 in any fiscal year.

As of June 30, 2017, the Ministry failed to meet the following covenants: fixed charge coverage ratio, and unrestricted net assets. The Ministry has not received a waiver from the bank for these debt covenants. The loan is collateralized by substantially all corporate assets, and is guaranteed by Christian Prison Ministry, Inc. and affiliated entities. As a result of the covenant default, effective June 12, 2017, Branch Banking and Trust Company implemented the default interest rate on this loan, calculated as the greater of Branch Banking and Trust Company Prime plus 2% or 6% per year. As of the date of the report, the effective interest rate on this note is 6.25%.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note C – Commitments and Contingencies – Continued

The Ministry has a promissory note to Branch Banking and Trust Company. Monthly payments of principal and interest in the amount of \$11,419 are due each month, starting March 21, 2014, with an interest rate of one month LIBOR plus 2.5%, not to exceed 24%, to be adjusted monthly. The loan is to be paid in 59 equal payments with one final payment of all remaining principal and accrued interest on February 21, 2019. The note is collateralized by the property owned by the Ministry in Duval County, Florida. As of June 30, 2017, the outstanding indebtedness balance under guarantee is \$832,849. As a result of the covenant default, effective June 12, 2017, Branch Banking and Trust Company implemented the default interest rate on this loan, calculated as Branch Banking and Trust Company Prime plus 5% per year. As of the date of the report, the effective interest rate on this note is 9.25%, with monthly payments of principal and interest in the amount of \$11,830.

The Ministry also has a promissory note payable with Branch Banking and Trust Company with monthly payments of principal and interest in the amount of \$12,531 starting September 28, 2015, with an interest rate of one month LIBOR plus 2.5%, to be adjusted monthly. The loan is to be paid in 59 equal payments with one final payment of all remaining principal and accrued interest on August 28, 2020. As of June 30, 2017, the outstanding indebtedness balance under guarantee is \$456,786. As a result of the covenant default, effective June 12, 2017, Branch Banking and Trust Company implemented the default interest rate on this loan, calculated as Branch Banking and Trust Company Prime plus 5% per year. As of the date of the report, the effective interest rate on this note is 9.25%, with monthly payments of principal and interest in the amount of \$12,741.

The Ministry has a commitment for a Line of Credit (LOC) in the amount of \$2,500,000 with Branch Banking and Trust Company. It 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, 2018. As of June 30, 2017, the Ministry has drawn \$1,258,806 on this LOC. As a result of the covenant default, effective June 12, 2017, Branch Banking and Trust Company implemented the default interest rate on this LOC, calculated as Branch Banking and Trust Company Prime plus 5% per year, and froze the line of credit. As of the date of the report, the effective interest rate on this LOC is 9.25%.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note C – Commitments and Contingencies – Continued

The following entities were listed as Guarantors on the loan agreements and the line of credit agreement: Christian Prison Ministry, Inc., Bridges of America, Inc. d/b/a Bridges International, Inc., Bridges of America – The Bradenton Bridge, Inc., Bridges of America – The Broward County Bridge, Inc., Bridges of America – The Jacksonville Bridge, Inc., Bridges of America – The Orlando Bridge, Inc., Bridges of America – The Polk Bridge, Inc., Bridges of America – Community Re-entry Services, Inc., Bridges of America – The Turning Point Bridge, Inc., Bridges of America – The Cocoa Bridge, Inc., Bridges of America – The Lake City Bridge, Inc., Bridges of America – The Santa Fe Bridge, Inc., Bridges Correctional Treatment, Inc., Bridges of Florida, Inc., and Bridges of America/Bridges International – The Miami Dade Portal, Inc.

Subsequent to year end, the Ministry entered into negotiations to sell property to an unrelated third-party, the proceeds of which will be used to pay off the outstanding principal of the above loans in full. As of the date of this report, the Ministry has received a signed letter of intent, however the sale has not been finalized.

Note D – Major Sources of Support

Non-Secure Program

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 \$1,586,758 under contract #C2656 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, 2018. Subsequent to year-end, the Organization received an amendment, which extends the contract with annual renewals through June 30, 2021 (See Note G). The Organization is compensated for the provision of these services by the Florida Department of Corrections on a monthly basis. As of June 30, 2017, outstanding receivables from the program contract were \$131,999.

During the year ended June 30, 2017, the Organization extended their agreement with the Florida Alcohol and Drug Abuse Association (FADAA) to provide screening for and administration of extended-release injectable naltrexone (VIVITROL) available to treat alcohol and opioid-addicted criminal offenders. The Organization also entered into an agreement with the Florida Department of Corrections to provide medical assisted treatment services to criminal offenders. The Organization earned \$140,441 under these agreements for medical assisted treatment during the current year. The current FADAA and Florida Department of Corrections agreements are effective through June 30, 2017, and July 31, 2017, respectively. As of June 30, 2017, the outstanding receivable from FADAA was \$40,816.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note D – Major Sources of Support – Continued

Work Release Program

The Organization has a contract with the Florida Department of Corrections to provide a secure work release program for inmates. The Organization earned \$1,358,884 under contract #C2842 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, 2018.

The Organization is compensated for the provision of these services by the Florida Department of Corrections on a monthly basis. As of June 30, 2017, outstanding receivables from the program contract were \$113,056.

Substance Abuse Transition/ Work Release Center

The Organization has a contract with the Florida Department of Corrections to provide a substance abuse transition/ work release center for inmates. The Organization earned \$1,506,068 under contract #C2489 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 December 31, 2017. Subsequent to year-end, the Organization received an amendment, which extends the contract for six months through June 30, 2018 (See Note G).

The Organization is compensated for the provision of these services by the Florida Department of Corrections on a monthly basis. As of June 30, 2017, outstanding receivables from the program contract were \$101,707.

Note E – Concentration of Credit Risk

The Organization maintains cash balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation. At various times during the year ended June 30, 2017, 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, resident rent revenue 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 Florida Department of Corrections.

Bridges of America - The Orlando Bridge, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

Note F – Employee Benefit Plan

The Organization participates in a retirement plan pursuant to Internal Revenue Code 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 discretionary matching contribution of up to 8% of the participant's salary contribution and is funded annually. During the year ended June 30, 2017, the Organization decided not to make a contribution to the plan.

Note G – Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 25, 2018, the date the financial statements were available to be issued.

Subsequent to year-end, on December 20, 2017, the Organization received Amendment #4 for Contract #C2656 between Bridges of America – The Orlando Bridge, Inc. – Non-Secure Transition Program and the Florida Department of Corrections, which extends the contract with annual renewals through June 30, 2021.

Subsequent to year-end, on December 20, 2017, the Organization received Amendment #12 for Contract #C2489 between Bridges of America – The Orlando Bridge, Inc. – Substance Abuse Transition/ Work Release Center and the Florida Department of Corrections for six months ending June 30, 2018. In addition, the Organization has been in negotiations with the Florida Department of Corrections for additional terms under Contract #C2489.

Subsequent to year-end, the Organization has plans to negotiate with the Florida Department of Corrections for additional terms under Community Release Center Contract #C2842.

Subsequent to year end the combined group of affiliated organizations has incurred significant cash flow issues in the operation of their programs. To alleviate these problems, Christian Prison Ministry, Inc., an affiliate of this organization, entered into an agreement to sell specifically identified properties to a non-affiliated organization and lease such property back under the terms of a 15-year lease, with two additional 5-year renewal options. The sale is projected to be completed in February of 2018, and is expected to pay off the principal of outstanding debt, of which this organization is a guarantor, and in addition provide over \$4 million of cash flow to support the operations of the combined group.

Supplementary Information

Bridges of America - The Orlando Bridge, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017

	<u>Program/Contract</u>			<u>Total Programs</u>	<u>Management and General</u>	<u>Total</u>
	<u>Non-Secure</u>	<u>Work Release</u>	<u>Substance Abuse/ Work Release</u>			
Salaries & wages	\$ 377,885	\$ 724,239	\$ 843,904	\$ 1,946,028	\$ 193,622	\$ 2,139,650
Facility rental	410,000	351,000	379,000	1,140,000	-	1,140,000
Administrative fee	-	-	-	-	884,000	884,000
Insurance	89,235	171,024	199,281	459,540	45,722	505,262
Food expense	120,918	199,980	9,267	330,165	-	330,165
Utilities	60,584	57,994	128,366	246,944	-	246,944
Payroll taxes	30,201	57,882	67,446	155,529	15,474	171,003
Medical assisted treatment	135,064	-	-	135,064	-	135,064
Legal	1,222	-	115,164	116,386	-	116,386
Repairs and maintenance	19,596	50,676	45,335	115,607	-	115,607
Chaplaincy services	31,200	30,000	36,000	97,200	-	97,200
Vehicle expense	21,459	53,774	11,886	87,119	-	87,119
Accounting	16,200	30,300	29,400	75,900	3,600	79,500
Client welfare	14,608	19,435	24,901	58,944	-	58,944
Supplies	11,970	13,515	14,400	39,885	15,503	55,388
Miscellaneous	1,223	21,113	24,719	47,055	-	47,055
Telephone	12,873	19,879	11,839	44,591	-	44,591
Employee education and awards	175	820	105	1,100	21,316	22,416
Depreciation expense	7,537	5,930	6,573	20,040	-	20,040
Fire and safety	7,514	5,388	5,701	18,603	-	18,603
Equipment leasing and rental	2,719	8,158	5,439	16,316	-	16,316
Inmate banking expense	-	8,878	6,461	15,339	-	15,339
Payroll fees	2,443	4,682	5,456	12,581	1,252	13,833
Extermination and pest control	2,783	2,389	2,783	7,955	-	7,955
Taxes and licenses	2,174	2,541	2,674	7,389	-	7,389
	<u>\$ 1,379,583</u>	<u>\$ 1,839,597</u>	<u>\$ 1,976,100</u>	<u>\$ 5,195,280</u>	<u>\$ 1,180,489</u>	<u>\$ 6,375,769</u>

See accompanying notes and independent auditor's report

Bridges of America - The Orlando Bridge, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2017

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:						
Substance Abuse Services	C2656	70.016	\$ -	\$ 1,616,724	\$ -	\$ 1,616,724
Work Release Centers	C2842	70.017	-	1,358,552	-	1,358,552
Transitional Services - Pre-Release	C2489	70.013	-	1,571,435	-	1,571,435
			<u>\$ -</u>	<u>\$ 4,546,711</u>	<u>\$ -</u>	<u>\$ 4,546,711</u>
				(1)		

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

See accompanying notes and independent auditor's report

**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***

Board of Directors
**Bridges of America -
The Orlando Bridge, Inc.**
Orlando, 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 Bridges of America - The Orlando Bridge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridges of America - The Orlando Bridge, 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 Bridges of America - The Orlando Bridge, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 organization’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 Bridges of America - The Orlando Bridge, Inc.'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.

Orlando, FL
January 25, 2018

Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General*, of the State of Florida

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

Report on Compliance for Each Major State Project

We have audited Bridges of America - The Orlando Bridge, Inc.'s compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Bridges of America - The Orlando Bridge, Inc.'s major State projects for the year ended June 30, 2017. Bridges of America - The Orlando 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Bridges of America - The Orlando Bridge, Inc.'s major 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 and Chapter 10.650, *Rules of the Auditor General*, of the State of Florida. Those standards, and Chapter 10.650, *Rules of the Auditor General*, of the State of Florida 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 Orlando 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 on compliance for each major State project. However, our audit does not provide a legal determination on the Bridges of America - The Orlando Bridge, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Bridges of America - The Orlando Bridge, 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 State projects for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Bridges of America - The Orlando Bridge, 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 Bridges of America - The Orlando Bridge, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 State project and to test and report on internal control over compliance in accordance with Chapter 10.650, *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 Orlando 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. *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 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 the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General*, of the State of Florida. Accordingly, this report is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

Orlando, FL
January 25, 2018

**Bridges of America – The Orlando Bridge, Inc.
Schedule of Findings and Questioned Costs-
Florida State Projects**

For the Year Ended June 30, 2017

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None
Noncompliance material to financial statements noted?	None noted

State Projects

Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None
Type of auditor's report issued on compliance For major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> , of the State of Florida?	No

**Bridges of America – The Orlando Bridge, Inc.
Schedule of Findings and Questioned Costs-
Florida State Projects**

For the Year Ended June 30, 2017

Summary of Auditor’s Results

Identification of major programs:

State Project	State CSFA No.
Work Release Centers In Orange County, Florida	70.017
Transitional Services – Pre-Release In Orange County, Florida	70.013
Substance Abuse Services In Orange County, Florida	70.016

The threshold for distinguishing Type A and Type B programs was \$300,000 for major State projects.

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*, of the State of Florida.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.