

BRIDGING FREEDOM, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017
AND
INDEPENDENT AUDITORS' REPORTS

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ROBERTS, SEWARD, SPEED & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bridging Freedom, Inc.

We have audited the accompanying financial statements of Bridging Freedom, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 of 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 accounting standards generally accepted in the United States of America. 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 Bridging Freedom, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the years 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 basic financial statements of the Organization taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for the purpose of additional analysis as required by Chapter 10.650, State of Florida Rules of the Auditor General, and is not a required part of the basic 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, including comparing and reconciling such information directly to the underlying accounting 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 Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Robert, Sward, CPA, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
May 31, 2019

BRIDGING FREEDOM, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

| | |
|-----------------------------|--------------------------------|
| Current assets | |
| Cash and cash equivalents | \$ 27,551 |
| Grants receivable | 705,316 |
| Pledges receivable | <u>167,017</u> |
| Total current assets | 899,884 |
| Property and equipment, net | 1,563,755 |
| Pledges receivable, net | <u>631,279</u> |
| | <u>2,195,034</u> |
| TOTAL ASSETS | <u><u>\$ 3,094,918</u></u> |

LIABILITIES AND NET ASSETS

| | |
|--------------------------------------|--------------------------------|
| Current liabilities | |
| Accounts payable | <u>\$ 713,523</u> |
| Total current liabilities | <u>713,523</u> |
| Total liabilities | <u>713,523</u> |
| Net assets | |
| Unrestricted | 2,364,395 |
| Temporarily restricted | <u>17,000</u> |
| | <u>2,381,395</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 3,094,918</u></u> |

See notes to financial statements.

BRIDGING FREEDOM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2017

| | Unrestricted | Temporarily Restricted | Total |
|---|---------------|---------------------------|---------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support | | | |
| Contributions | \$ 929,424 | \$ 17,000 | \$ 946,424 |
| Grants from governmental agencies | 901,781 | - | 901,781 |
| In-kind contributions | 39,792 | - | 39,792 |
| Special events, net of direct expenses of \$11,506 | 69,191 | - | 69,191 |
| Total public support | 1,940,188 | 17,000 | 1,957,188 |
| OTHER REVENUE | | | |
| Interest income | 21 | - | 21 |
| Total other revenue | 21 | - | 21 |
| Net assets released from restrictions | - | - | - |
| Total public support and revenue and net assets released from restrictions | 1,940,209 | 17,000 | 1,957,209 |
| EXPENSES | | | |
| Program services | | | |
| Prevention, Awareness and Education | 60,055 | - | 60,055 |
| Total program services | 60,055 | - | 60,055 |
| Supporting services | | | |
| Program Development and Administration | 240,383 | - | 240,383 |
| Fundraising | 10,041 | - | 10,041 |
| Total supporting services | 250,424 | - | 250,424 |
| Total expenses | 310,479 | - | 310,479 |
| Change in net assets | 1,629,730 | 17,000 | 1,646,730 |
| Net assets, beginning of year | 734,665 | - | 734,665 |
| Net assets, end of year | \$ 2,364,395 | \$ 17,000 | \$ 2,381,395 |

See notes to financial statements.

BRIDGING FREEDOM, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

| | |
|--|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 1,646,730 |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Depreciation and amortization | 1,990 |
| (Increase) decrease in operating assets: | |
| Pledges receivable | (798,296) |
| Grants receivable | (705,316) |
| (Decrease) increase in operating liabilities: | |
| Accounts payable | <u>713,523</u> |
| Net cash provided by operating activities | <u>858,631</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | <u>(898,723)</u> |
| Net cash used by investing activities | <u>(898,723)</u> |
| Net decrease in cash and cash equivalents | (40,092) |
| Cash and cash equivalents, beginning of year | <u>67,643</u> |
| Cash and cash equivalents, end of year | <u>\$ 27,551</u> |

See notes to financial statements.

BRIDGING FREEDOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total Supporting Services</u> | <u>Total</u> |
|--|--------------------------------------|---|------------------|--|-------------------|
| | Prevention Awareness Education | Program Development and Administration | Fundraising | | |
| Salaries | \$ 21,975 | \$ 134,503 | \$ - | \$ 134,503 | \$ 156,478 |
| Payroll taxes and other costs | 1,758 | 13,438 | - | 13,438 | 15,196 |
| Total salaries and related expenses | 23,733 | 147,941 | - | 147,941 | 171,674 |
| Business registration fees | - | 717 | - | 717 | 717 |
| Contract services | - | 22,958 | 7,500 | 30,458 | 30,458 |
| Insurance | - | 8,620 | - | 8,620 | 8,620 |
| In-kind rent expense | - | 39,792 | - | 39,792 | 39,792 |
| Equipment rental | - | 1,215 | - | 1,215 | 1,215 |
| Occupancy costs | - | 2,892 | - | 2,892 | 2,892 |
| Dues and subscriptions | - | 1,147 | - | 1,147 | 1,147 |
| Postage | - | 931 | - | 931 | 931 |
| Printing | - | 140 | - | 140 | 140 |
| Supplies | 2,550 | 2,547 | 565 | 3,112 | 5,662 |
| Telephone | 1,561 | 1,561 | - | 1,561 | 3,122 |
| Bank fees | - | 100 | - | 100 | 100 |
| Internet service | - | 1,085 | - | 1,085 | 1,085 |
| Advertising and promotion | 14,733 | - | 1,000 | 1,000 | 15,733 |
| Office expenses | - | 5,350 | - | 5,350 | 5,350 |
| Staff development | - | 1,397 | - | 1,397 | 1,397 |
| Web development services | 2,526 | - | 845 | 845 | 3,371 |
| Mentorship | 8,000 | - | - | - | 8,000 |
| Awareness campaign | 3,484 | - | - | - | 3,484 |
| Travel and meetings | 3,468 | - | 131 | 131 | 3,599 |
| Total expenses before depreciation and amortization | 60,055 | 238,393 | 10,041 | 248,434 | 308,489 |
| Depreciation and amortization | - | 1,990 | - | 1,990 | 1,990 |
| Total expenses | \$ 60,055 | \$ 240,383 | \$ 10,041 | \$ 250,424 | \$ 310,479 |

See notes to financial statements.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of the Organization

Bridging Freedom, Inc. (the "Organization") is a not-for-profit Florida corporation founded in 2011, whose mission is to combat domestic minor sex-trafficking by bringing restoration to those rescued and preventing further victims of these crimes through the Organization's educational and outreach programs. The programs of the Organization include on-campus therapeutic modalities of mental health, health management, education, life skills, therapeutic activities, as well as safety and transitional services. The Organization collaborates with law enforcement, service providers, and universities to enable a collective impact of community involvement with the issue of human trafficking. In addition, the Organization provides educational awareness presentations with churches, community events, schools, and agency leaders in order to help prevent these crimes in the future.

During 2017, the Organization was in the construction phase of building its facility to service future clients. The majority of program services were begun during fiscal year 2018.

2. Basis of Accounting

The Organization follows the provisions of FASB Accounting Standards Codification Topic 958 "Not-for-Profit Entities" ("ASC 958"). Under this topic, 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 utilizes restricted and unrestricted groupings to account for its resources. Contributions and grants receivable are presented in these groupings as applicable, in the accompanying financial statements. ASC 958 requires a statement of financial position, a statement of activities and a statement of cash flows for not-for-profit organizations. Accordingly, the financial statements are prepared on an accrual basis of accounting.

ASC 958 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values.

3. Income Tax Exemption

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and is considered an organization that is not a private foundation.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments, with original maturities of three months or less to be cash equivalents. The Organization did not maintain any investments considered to be cash equivalents for the year ended December 31, 2017.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Grants Receivable

The Organization receives support from various state grants. The grants receivable results from services which have been provided or incurred pursuant to various State and Federal grants and contracts, but for which reimbursement has not yet been received as of December 31, 2017. None of the amounts receivable at December 31, 2017 are deemed to be uncollectible. Therefore, no provision for uncollectible accounts has been made in the accompanying financial statements.

6. Property and Equipment

Property and equipment are stated at cost or at estimated fair value at date of gift, if donated. Replacements, maintenance and repairs that do not improve or extend the lives of related assets are expensed currently. Property and equipment additions in excess of \$2,500 are generally capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging between five and forty years. Maintenance and repairs are expensed in the year in which the expense is incurred.

Financial Accounting Standards

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC").

FASB ASC 958-605 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values.

FASB ASC 958-205 established the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, and a statement of cash flows. It requires the classification resources into three classes of net assets based on the absence or existence of donor-imposed restrictions. These three classifications of net assets are unrestricted, temporarily restricted, and permanently restricted. The Organization had no permanently restricted net assets at December 31, 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions whose restrictions are met in the same reporting period are treated as unrestricted.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose for which the gift was received has been accomplished, or time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same accounting period during which the contribution is received are recorded as unrestricted support in the period received. Federal, state and local government and other grants are recognized as support when performance occurs pursuant to the contract agreement.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

8. In-Kind Donations and Services

The Organization records the value of donated supplies and services when there is an objective basis available to measure their value. Donated supplies and services are reflected as In-kind Donations and Services in the accompanying financial statements at their estimated values at the date of receipt.

Contribution of services are recognized if the services received (a) create or enhance capital assets, or (b) are provided by entities that normally provide those services for compensation and are substantially the same services normally purchased by the Organization. A substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs and fundraising campaigns. The Organization received the services of 350 volunteers, with an approximate value of \$5,250. No amounts have been reported in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

For the year ended December 31, 2017, the Organization received donated office facility use for its administrative functions. The estimated value of the rent was \$39,792 and is included in the accompanying financial statements as In-kind contributions.

9. Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A- DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the accompanying notes thereto. Actual results could differ from those estimates.

11. Income Taxes

The Organization follows FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, which provides guidance on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken, or expected to be taken in a tax return, and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. In addition, the standard includes the position that the Organization continues to qualify to be treated as a 501(c) (3) Organization for federal income tax purposes. As of December 31, 2017, the Organization had no uncertain tax positions that require either recognition or disclosure in the Organization's financial statements.

The Organization's informational returns are subject to examination by taxing authorities for a period of three years from the date they are filed. The Organization's open audit periods are 2015-2017.

12. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization manages this risk using high credit worthy financial institutions. Interest bearing and non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor at each financial institution. At December 31, 2017, the Organization had no cash balances in excess of Federal Deposit Insurance Corporation (FDIC) insured limits.

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE B – PLEDGES RECEIVABLE

Pledges receivable are summarized as follows at December 31, 2017:

| | |
|---|------------------|
| Gross unconditional pledges | \$850,000 |
| Less allowance for uncollectible pledges | - |
| Less unamortized discount for present value | <u>(51,704)</u> |
| Net pledges receivable | <u>\$798,296</u> |

Pledges receivable expected to be collected after December 31, 2017 are as follows:

| | |
|---|------------------|
| Year ending December 31, | |
| 2018 | \$170,000 |
| 2019 | 170,000 |
| 2020 | 170,000 |
| 2021 | 170,000 |
| 2022 | <u>170,000</u> |
| | 850,000 |
| Less unamortized discount for present value | <u>(51,704)</u> |
| | <u>\$798,296</u> |

Pledges receivable are reported at the fair value of promises to give that are due in more than one year by discounting expected future cash flows using a discount rate of 3.0%. Management believes that the pledge receivables are fully collectible, and therefore an allowance for uncollectible pledges has not been recorded.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2017

| | |
|--------------------------|--------------------|
| Land | \$ 480,000 |
| Site development | 974,808 |
| Equipment | 7,000 |
| Furniture and fixtures | 4,133 |
| Construction in progress | <u>104,004</u> |
| | 1,569,945 |
| Accumulated depreciation | <u>(6,190)</u> |
| | <u>\$1,563,755</u> |

BRIDGING FREEDOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE D – CONCENTRATION OF RISK

The Organization receives a substantial amount of support from grantor agencies for its programs. Approximately 46% of public support revenue came from two providers, consisting of \$573,774 from the Department of Children and Families and \$328,006 from the Department of Legal Affairs. If this support were to be reduced or eliminated, it could affect the operation of the supported programs. In addition, the Organization is subject to audit examination by grantor agencies. In the event that reimbursed expenditures were disallowed, repayments would be required.

NOTE E- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Organization. The net assets are then released and reclassified to unrestricted support when these restrictions are satisfied. As of December 31, 2017, the Organization had purpose restricted net assets of \$17,000 related to equine therapy to be provided on the campus of the Organization.

NOTE F – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2019, the date which the financial statements were available to be issued.

In February 2018, the Organization obtained two construction loan draws from a bank in the amounts of \$280,000 and \$400,000. The loans were made to bridge the pledge payments from two corporate pledges received during 2017, in the amounts of \$350,000 and \$500,000, respectively. (see Note B). Loan payments will be made annually beginning February 2019, including accrued interest at 4.8%. The collateral for the loan included a mortgage on the Bridging Freedom Campus, as well as an assignment of the full pledge receivables of \$850,000.

Future maturities on the construction loan draws are as follows:

| | |
|---------------------------|------------------|
| Years ending December 31, | |
| 2019 | \$191,187 |
| 2020 | 191,187 |
| 2021 | 191,187 |
| 2022 | <u>189,950</u> |
| | <u>\$763,511</u> |

BRIDGING FREEDOM, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year ended December 31, 2017

| <u>State Grantor/Project Title</u> | <u>State CSFA#</u> | <u>Contract Number</u> | <u>State Expenditures</u> |
|--|------------------------|----------------------------|-------------------------------|
| Department of Children and Families | 60.149 | WC013 | \$ 573,774 |
| Department of Legal Affairs and Attorney General | 41.023 | K04288 | <u>328,007</u> |
| Total | | | <u>\$ 901,781</u> |

See notes to financial statements.

BRIDGING FREEDOM, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
December 31, 2017

NOTE A- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

NOTE B- CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Organization's continued participation in specific projects. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any to be immaterial.

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INDEPENDENT AUDITORS' 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*

Board of Directors
Bridging Freedom, Inc.

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 Bridging Freedom, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 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 May 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization'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 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 Organization'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.

Roberts, Seward, Speed & Company, P.A.

Tampa, Florida
May 31, 2019

ROBERTS, SEWARD, SPEED & COMPANY, P.A.
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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, STATE OF FLORIDA

Board of Directors
Bridging Freedom, Inc.

Report on Compliance for Each Major State Project

We have audited Bridging Freedom, Inc.'s (the "Organization") 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 the Organization's major state projects for the year ended December 31, 2017. The Organization'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 laws, regulations, contracts, and grants, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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, Rule of the Auditor General, State of Florida. Those standards and Chapter 10.650, Rule of the Auditor General, 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 the Organization'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 of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, Bridging Freedom 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 December 31, 2017.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-01. Our opinion on each major State project is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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, 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 Organization'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 a 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, State of Florida. Accordingly, this report is not suitable for any other purpose.



Tampa, Florida
May 31, 2019

BRIDGING FREEDOM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

Section I- Summary of Auditors' Results

Type of Auditors' report issued

| | | | | |
|---|-------|-----|---------------|---------------|
| Internal control over financial reporting | | | | |
| Material weakness(s) identified? | _____ | yes | _____ x _____ | no |
| Significant deficiency(ies) identified? | _____ | yes | _____ x _____ | none reported |
| Noncompliance material to financial statements noted? | _____ | yes | _____ x _____ | no |

State Financial Assistance

| | | | | |
|--|-------|-----|---------------|----|
| Internal control over major state projects | | | | |
| Material weakness(es) identified? | _____ | yes | _____ x _____ | no |
| Significant deficiency(ies) identified? | _____ | yes | _____ x _____ | no |

Type of auditors' report issued on compliance for major State projects

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General, State of Florida?

| | | | |
|---------------|-----|-------|----|
| _____ x _____ | yes | _____ | no |
|---------------|-----|-------|----|

Identification of major projects

State

CSFA Number

Name of State Project

60.149

Family Safety Program, Department of Children and Families

CSFA Number

Name of State Project

41.023

Victim Services, Department of Legal Affairs and Attorney General

Dollar threshold used to distinguish between Type A and Type B State Projects

\$270,534

Section II- Financial Statement Findings

No matters were reported for the year ended December 31, 2017. Accordingly, a corrective action plan is not required.

Section III- State Financial Assistance Findings and Questioned Costs

A matter was reported in the Findings and Questioned Costs related to Major State Projects.

Section IV- Other Issues

- a) A management letter is required because there was a finding required to be reported in the management letter. (see Florida Auditor General Rule Section 10.656(3)(e).
- b) A summary Schedule of Prior Audit Findings is not required because there were no prior audit requirement. (see Florida Auditor General Rules 10.557(3)(5) and 10.656(3)(d)(5).

BRIDGING FREEDOM, INC.
FINDINGS AND QUESTIONED COSTS- MAJOR STATE PROJECTS
YEAR ENDED DECEMBER 31, 2017

FINDING NUMBER

2017-01

Department of Children and Families
CSFA Number 60.149
Family Safety Program

Department of Legal Affairs and Attorney General
CSFA Number 41.023
Victim Services

Criteria of specific requirement: According to Rules of the Auditor General, Section 10.657(2), the financial reporting package required to be submitted to the Auditor General and State awarding agencies shall be submitted no later than nine months after the end of the fiscal year of the auditee.

Condition: The auditee submission of the financial reporting package occurred subsequent to nine months after the fiscal year end.

Questioned Costs: None

Context: The work performed that resulted in the finding was referencing the Rules of the Auditor General, Section 10.657(2), relating to submission guidelines of the financial reporting package.

Effect: The concern of awarding agencies or regulatory authorities in not determinable.

Cause: The issue appears to be an isolated incident as fiscal year 2017 was the first year that the auditee was subject to an audit in accordance with the Rules of the Auditor General. It appears that the auditee did not understand the threshold level of State Financial Assistance, in determining when an audit is required.

Recommendation: Management should prepare and maintain a schedule of expenditures of State and Federal (if applicable) Financial Assistance to determine whether the Organization is subject to a financial statement audit in accordance with the Rules of the Auditor General, State of Florida.

BRIDGING FREEDOM, INC.
CORRECTIVE ACTION PLAN
Year Ended December 31, 2017

Bridging Freedom, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2017.

Contact person responsible for corrective action:

Ms. Laura Hamilton
President
Bridging Freedom, Inc.
P.O. Box 18984
Tampa, Florida 33679

The findings from the December 31, 2017 Schedule of Findings and Questioned Costs are discussed below. The findings are lettered consistently with the letter assigned in the Findings and Questioned Costs- Major State Projects schedule.

FINDING: 2017-01

PLANNED CORRECTIVE ACTION:

The auditee will maintain a schedule of expenditures of State and Federal (if applicable) Financial Assistance to determine whether the Organization is subject to a financial statement audit in accordance with the *Rules of the Auditor General*, State of Florida.

ANTICIPATED COMPLETION DATE:

Compliance is currently underway, and to be demonstrated for fiscal year ended December 31, 2018.

ROBERTS, SEWARD, SPEED & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

RICHARD A. ROBERTS, C.P.A.
JOHN D. SEWARD, C.P.A.
RANDALL A. SPEED, C.P.A.

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Management Letter

Board of Directors
Bridging Freedom, Inc.

Report on the Financial Statements

We have audited the financial statements of Bridging Freedom, Inc. (a nonprofit organization) (the "Organization") as of and for the fiscal year ended December 31, 2017, and have issued our report thereon, dated May 31, 2019.

Auditors' Responsibility

We conducted our audit 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 Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' 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*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance as Required by Chapter 10.650, *Rules of the Florida Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, dated May 31, 2019, should be considered in conjunction with this letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuses, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted that the auditee was not in compliance with submission of the financial reporting package on a timely basis. Specifically, Rules of the Auditor General, Section 10.657(2) states that the submission of the financial reporting package is due no later than nine months after the auditee's fiscal year end. The report was submitted subsequent to this deadline. As noted in the Findings and Questioned Costs report, we recommend that management prepare and maintain a schedule of expenditures of State and Federal (if applicable) Financial Assistance to determine whether the Organization is subject to a financial audit in accordance with the *Rules of the Auditor General*, State of Florida.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Roberts, Seward, Speed & Company, P.A.

Tampa, Florida
May 31, 2019