

Bridges Preparatory School
Beaufort, South Carolina
Report on Financial Statements
Year Ended June 30, 2014

Basic Financial Statements
Required Supplementary Information,
Other Supplementary Financial Information,
And Independent Auditor's Report

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Beaufort, South Carolina
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Year Ended June 30, 2014**

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Beaufort, South Carolina
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Independent Auditor's Report

Board of Directors
Bridges Preparatory School
Beaufort, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bridges Preparatory School, (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bridges Preparatory School as of June 30, 2014, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 22 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic 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 October 16, 2014 on our consideration of the School'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 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*.



Charleston, South Carolina
October 16, 2014

Required Supplementary Information (Unaudited)

Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2014

As management of Bridges Preparatory School (the School), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2014. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

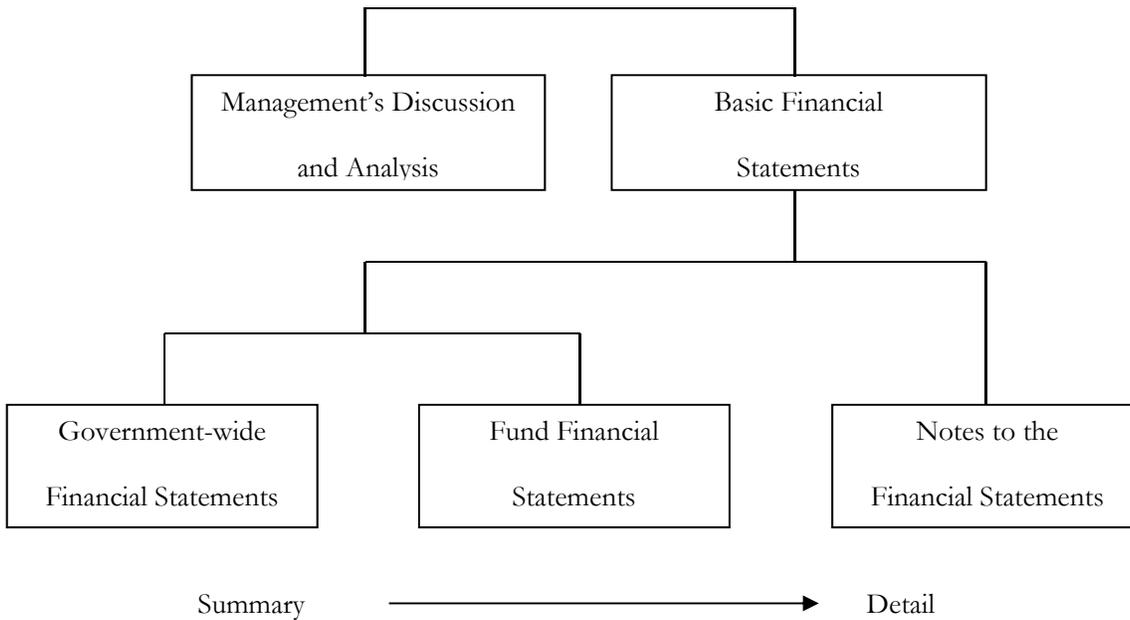
Financial Highlights

- The assets of the School exceeded its liabilities at the close of the fiscal year by \$553,839 (*net position*).
- The School's net position increased by \$580,135.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$369,570.
- The 2013-2014 135-day headcount is 353.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the School.

Figure 1 - Required Components of Annual Financial Report



Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2014

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements. The School's Fund Financial Statements consist of governmental funds.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **Supplemental Information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net position and how they have changed. Net position equals the difference between the School's total assets and total liabilities. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements. All of the funds of the School are governmental funds.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

**Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2014**

The School has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget and whether or not the School has succeeded in providing the services as originally planned.

Notes to Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of the School exceeded liabilities by \$553,839 as of June 30, 2014. \$184,269 reflects the School's net investment in capital assets (e.g. furniture and fixtures, equipment, and leasehold improvements), less any related debt still outstanding that was issued to acquire those items. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

Figure 2 – Bridges Preparatory School's Net Position

	Governmental Activities 2014
Current and other assets	\$ 460,634
Capital assets, net of depreciation	184,269
Total assets	644,903
 Total liabilities	 91,064
 Net investment in capital assets	 184,269
Unrestricted	369,570
Total net position	\$ 553,839

Aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

**Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2014**

Figure 3 – Bridges Preparatory School's Changes in Net Position

	Governmental Activities 2014
Donations and other revenues	\$ 92,646
County, state, and federal funds	2,876,080
Total revenues	2,968,726
Instructional programs	1,427,570
Support services	960,528
Interest and other charges	493
Total expenses	2,388,591
Increase (decrease) in net position	580,135
Net position, July 1	(26,296)
Net position, June 30	\$ 553,839

Governmental activities - Governmental activities increased the School's net position by \$580,135.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing the School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$369,570.

Capital Asset and Debt Administration

Capital Assets - The School's investment in capital assets for its governmental activities as of June 30, 2014, totals \$184,269 (net of accumulated depreciation). Capital assets include furniture, fixtures, equipment, and leasehold improvements.

**Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2014**

Figure 4 – Bridges Preparatory School's Capital Assets, net of depreciation

	Governmental Activities 2014
Leasehold improvements	\$ 168,849
Furniture, fixtures, and equipment	15,420
Total	\$ 184,269

Additional information about the School's capital assets can be found in Note II. of the Basic Financial Statements.

General Fund Budgetary Highlights

The positive variance in revenue sources of \$39,372 is due to the School receiving more than expected for contributions and some state funding.

The positive variances in instruction and support expenses of \$86,184 and \$36,541, respectively is due to the School monitoring their expenses closely in an effort to plan for future years.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School continues to seek both federal and private grant funds to supplement its EFA funding.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, Bridges Preparatory School, 2015 Boundary Street, Suite 102, Beaufort, SC, 29902, telephone number (843) 982-7737.

Basic Financial Statements

Government-Wide Financial Statements

Bridges Preparatory School
Beaufort, South Carolina
Statement of Net Position
June 30, 2014

	Primary Government <hr/> Governmental Activities <hr/>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 428,157
Due From Other Governmental Units	32,477
Non-Current Assets	
Capital Assets, Net of Depreciation	184,269
Total Assets	<hr/> 644,903 <hr/>
Liabilities	
Accounts Payable and Other Current Liabilities	61,064
Other Current Liability	30,000
Total Liabilities	<hr/> 91,064 <hr/>
Net Position	
Net Investment in Capital Assets	184,269
Unrestricted	369,570
Total Net Position	<hr/> \$ 553,839 <hr/>

**Bridges Preparatory School
Beaufort, South Carolina
Statement of Activities
Year Ended June 30, 2014**

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 1,427,570	\$ 23,881	\$ -	\$ (1,403,689)
Support Services	960,528	-	-	(960,528)
Intergovernmental	-	-	2,876,080	2,876,080
Interest and Other Charges	493	-	-	(493)
Total Governmental Activities	<u>2,388,591</u>	<u>23,881</u>	<u>2,876,080</u>	<u>511,370</u>
Total Primary Government	<u><u>\$ 2,388,591</u></u>	<u><u>\$ 23,881</u></u>	<u><u>\$ 2,876,080</u></u>	<u>511,370</u>
General Revenues:				
Miscellaneous				<u>68,765</u>
Total General Revenues				<u>68,765</u>
				Change in Net Position 580,135
				<u>Net Position - July 1, 2013</u> (26,296)
				<u><u>Net Position - June 30, 2014</u></u> \$ 553,839

See accompanying notes to financial statements and independent auditor's report.

Fund Financial Statements

**Bridges Preparatory School
Beaufort, South Carolina
Balance Sheet
Governmental Funds
June 30, 2014**

	General	Special Revenue	Education Improve- ment Act	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 428,157	\$ -	\$ -	\$ 428,157
Due from Other Governmental Units	32,477	-	-	32,477
Total Assets	\$ 460,634	\$ -	\$ -	\$ 460,634
 Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 61,064	\$ -	\$ -	\$ 61,064
Other Current Liability	30,000	-	-	30,000
Total Liabilities	91,064	-	-	91,064
 Fund Balances:				
Unassigned	369,570	-	-	369,570
Total Fund Balances	369,570	-	-	369,570
Total Liabilities and Fund Balances	\$ 460,634	\$ -	\$ -	\$ 460,634

**Bridges Preparatory School
Beaufort, South Carolina
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
June 30, 2014**

Total Fund Balances - Governmental Funds \$ 369,570

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Cost of the assets	191,342	
Less: accumulated depreciation	<u>(7,073)</u>	<u>184,269</u>

Total Net Position - Governmental Activities \$ 553,839

**Bridges Preparatory School
Beaufort, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Education Improve- ment Act</u>	<u>Total Governmental Funds</u>
Revenues				
Other Local	\$ 48,558	\$ 23,881	\$ -	\$ 72,439
Total Local	<u>48,558</u>	<u>23,881</u>	<u>-</u>	<u>72,439</u>
Intergovernmental Revenue	2,547,730	-	-	2,547,730
State Sources	-	-	109,899	109,899
Federal Sources	<u>-</u>	<u>218,451</u>	<u>-</u>	<u>218,451</u>
Total Intergovernmental Revenue	<u>2,547,730</u>	<u>218,451</u>	<u>109,899</u>	<u>2,876,080</u>
Total Revenues	<u>2,596,288</u>	<u>242,332</u>	<u>109,899</u>	<u>2,948,519</u>
Expenditures				
Instruction	1,226,908	126,495	74,167	1,427,570
Support Services	802,256	115,467	35,732	953,455
Debt Service				
Interest	493	-	-	493
Capital Outlay	<u>191,342</u>	<u>-</u>	<u>-</u>	<u>191,342</u>
Total Expenditures	<u>2,220,999</u>	<u>241,962</u>	<u>109,899</u>	<u>2,572,860</u>
Excess of Revenues Over Expenditures	<u>375,289</u>	<u>370</u>	<u>-</u>	<u>375,659</u>
Other Financing Sources (Uses)				
Transfers In	20,577	-	-	20,577
Transfers Out	<u>-</u>	<u>(370)</u>	<u>-</u>	<u>(370)</u>
Total Other Financing Sources (Uses)	<u>20,577</u>	<u>(370)</u>	<u>-</u>	<u>20,207</u>
Net Change in Fund Balances	395,866	-	-	395,866
Fund Balance (Deficits) - July 1, 2013	<u>(26,296)</u>	<u>-</u>	<u>-</u>	<u>(26,296)</u>
Fund Balances - June 30, 2014	<u>\$ 369,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,570</u>

See accompanying notes to financial statements and independent auditor's report.

Bridges Preparatory School
Beaufort, South Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net Change in Fund Balances - Governmental Funds \$ 395,866

Amounts reported for the governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capitalized capital outlays in the current period	191,342	
Depreciation expense in the current period	<u>(7,073)</u>	<u>184,269</u>

Change in net position - Governmental Activities \$ 580,135

**Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements**

I. Summary of Significant Accounting Policies

Bridges Preparatory School (the School) was created in April 2012 through a ten year charter granted by the South Carolina Public Charter School District (the District). The School is a component unit of the District. The School teaches in the traditional style with one grade level learning in one classroom area. In fiscal year 2014, the School consisted of eighteen primary classrooms with kindergarten through sixth grade students.

A. Reporting Entity

The Board of Directors (the Board) of the School determines the operating policies of the School and such policies are implemented by the School's staff. As of June 30, 2014, the School's volunteer Board of Directors is as follows:

Board Members

John Payne – Chairman	Marty Miley
Charlie Calvert	Amy Roberts
Eve Miller	Brant Huff
Mary-Hope Roseneau	

These financial statements present the School which is a component unit of the District. The School is a legally separate entity that is in substance part of the District's operation.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School does not have any business-type activities. Intergovernmental revenue included on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds includes state sourced revenue and any federal revenue that flows to the school from the South Carolina Public Charter School District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements

Major Funds

1. General Fund - The General Operating Fund of the School is used to account for all financial resources except those required to be accounted for in another fund. All revenue, charges for services, Education Finance Act revenue, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected in a fiduciary capacity. Operational expenditures for general instruction, support services, general administration, and other departments of the School are paid through the General Fund.
2. Special Revenue Fund - Special Revenue Funds account for the operations of federal and state projects, which are required by the South Carolina State Department of Education to be accounted for in separate funds.
3. Education Improvement Act Fund - This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

Non-major Funds

The School did not have any non-major funds as of June 30, 2014.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-exchange transactions are transactions in which the School receives value without directly giving equal value in return, including grants, entitlements and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Amounts reported as program revenues include operating grants and contributions.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements**

D. Assets, Liabilities, and Equity

Deposits and Investments

The School's cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less, that are both readily convertible to known amounts of cash, and so near their maturity that they present no significant risk of changes in value because of changes in interest rates.

State statutes authorized the School to invest in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Banks and savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

The School has not formally adopted a deposit and investment policy. The School has no investments as of June 30, 2014.

Receivables/Payables

During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as other receivables, accounts payable or "due from other funds" or "due to other funds" on the balance sheet. The transactions between funds are eliminated in the governmental activities columns of the statement of net assets.

Due from Other Governmental Units

Amounts due from other governmental units represents amounts owed to the School from the District for grant/contractual funding related to the school year ending June 30, 2014 that has been earned but not yet received as of June 30, 2014.

Capital Assets

Capital assets, which include leasehold improvement, classroom equipment, and office equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	Life of the Lease
Furniture and Fixtures	3 to 5
Equipment	3 to 5

Unearned Revenues

Unearned revenues arise when resources have been received but not yet earned. Federal, state, local and private program grant revenues received and not yet expended by the School are recorded as unearned revenue. In subsequent periods, when both revenue recognition criteria are met, or when the School has a legal claim to the grant proceeds, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Reservations and Designations of Fund Balances

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements

The School’s fund balance amounts are properly reported within one of the following fund balance categories:

- a. *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints (such as inventories, prepaids, long-term loans and notes receivable and property held for resale).
- b. *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c. *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- d. *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director.

Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements

- e. *Unassigned* – is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

The School does not currently have policies in place for committed and assigned fund balances.

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

E. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the School’s management to make estimates and assumptions. These estimates and assumptions 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/expenditures during the reporting period. Actual results could differ from those estimates.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government’s deposits might not be recovered. The School does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2014, \$0 of the School’s bank balance is exposed to custodial credit risk.

**Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements**

B. Due from Other Governmental Units

Intergovernmental receivables at June 30, 2014 consisted of intergovernmental grants and reimbursements. All governmental receivables are considered collectible in full.

Due from federal government		
Planning and implementation	\$	5,184
Improving Teacher Quality		<u>7,372</u>
Total due from federal government		<u>12,556</u>
Due from state government		
Education Finance Act		<u>19,921</u>
Total due from state government		<u>19,921</u>
Total due from other governmental units	\$	<u><u>32,477</u></u>

C. Transfers from and to Other Funds

During the course of normal operations, the school has transactions between funds to provide services. These transactions are generally reflected as transfers. During the year the School transferred \$370 from the special revenue fund to the general fund due to a school food service surplus. Additionally, \$20,207 was transferred from the pupil activity fund to the general fund due to a surplus in pupil activities during the year.

	Transfers In	Transfers Out
General Fund	\$ 20,577	\$ -
Special Revenue Fund	-	370
Pupil Activities Fund	<u>-</u>	<u>20,207</u>
	<u><u>\$ 20,577</u></u>	<u><u>\$ 20,577</u></u>

D. Leases

On August 1, 2013, the School entered into a one year lease for use of a facility. Lease expense for the year ended June 30, 2014 under this operating lease was \$33,000.

On July 1, 2013, the School entered into a one year lease for its facility. Lease expense under this operating lease was \$108,000 for the year ended June 30, 2014.

On July 1, 2013, the School entered into an operating lease for office equipment. The lease requires 60 payments of \$275.

**Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements**

E. Capital Assets

Capital asset activity for the year ended June 30, 2014, is as follows:

	June 30, 2013	Increases	Decreases	Transfers	June 30, 2014
Governmental Activities:					
Capital assets, being depreciated					
Leasehold improvements	\$ -	\$ 174,672	\$ -	\$ -	\$ 174,672
Furniture and equipment	-	16,670	-	-	16,670
Total capital assets, being depreciated	-	191,342	-	-	191,342
Total capital assets, cost	-	191,342	-	-	191,342
Less accumulated depreciation:					
Leasehold improvements	-	5,823	-	-	5,823
Furniture and equipment	-	1,250	-	-	1,250
Total accumulated depreciation	-	7,073	-	-	7,073
Total capital assets, being depreciated, net	-	184,269	-	-	184,269
Total governmental activities capital assets, net	\$ -	\$ 184,269	\$ -	\$ -	\$ 184,269

Depreciation expense is charged to functions of the School as follows:

Support services	\$ 7,073
Total depreciation	\$ 7,073

F. Commitments

The School entered into an agreement for bookkeeping and consulting services commencing July 1, 2014. The contract commitment is equal to \$36,000 and is payable in equal monthly installments.

The School entered into an agreement for training services for its teachers. The estimated future commitment is \$11,125 for the year ended June 30, 2015.

**Bridges Preparatory School
Beaufort, South Carolina
Notes to Financial Statements**

III. Other Information

A. Related Parties

The School is a component unit of the District's financial statements. Annual funding allocated from the District to the School during the year ended June 30, 2014 is \$2,695,080. The District additionally provides services to the School at fair market value. The School paid the District \$125,243 for health insurance.

B. Retirement Plan

Plan Description

The School maintains a 457 Deferred Compensation Plan and Trust for all full time employees with the State of South Carolina. Employees contribute through payroll deduction to the plan and the School will match up to five percent (5%) of gross wages of the employee's contributions. These provisions were established by the School's Board of Directors. The School's contributions to the plan for the year ended June 30, 2014 is \$12,372.

C. Contingencies

Grants

The School participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Litigation

The School may be party to various legal proceedings incidental to its operation. Certain claims, suits and complaints arising in the ordinary course of business occur from time to time. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts as would not have a significant effect on the financial position of the School if disposed of unfavorably.

D. Subsequent Events

Subsequent to June 30, 2014, the school purchased a facility for \$1,200,000, entering into a note arrangement for \$1,000,000 of the purchase price. The school is to pay \$7,908 in monthly payments at a 5% interest rate until August 1, 2017 when the remaining balance is owed in full.

Annual debt service requirements to maturity under this note arrangement are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 36,694	\$ 42,385	\$ 79,079
2016	47,816	47,079	94,895
2017	50,262	44,633	94,895
2018	865,228	10,761	875,989
Total	<u>\$ 1,000,000</u>	<u>\$ 144,858</u>	<u>\$ 1,144,858</u>

**Required Supplementary Information Other Than
Management's Discussion and Analysis (Unaudited)**

Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
Local Sources	\$ 25,000	\$ 25,000	\$ 48,558
State Sources	2,481,278	2,531,916	2,547,730
Total Revenues	<u>2,506,278</u>	<u>2,556,916</u>	<u>2,596,288</u>
Expenditures			
Current:			
Instruction	1,315,904	1,313,092	1,226,908
Support Services	788,598	833,139	802,256
Capital Outlay	197,000	197,000	191,342
Debt Service Interest	5,000	750	493
Total Expenditures	<u>2,306,502</u>	<u>2,343,981</u>	<u>2,220,999</u>
Excess of Revenues Over Expenditures	<u>199,776</u>	<u>212,935</u>	<u>375,289</u>
Other Financing Sources, Net	<u>-</u>	<u>-</u>	<u>20,577</u>
Net Change In Fund Balance	199,776	212,935	395,866
Fund Balance (Deficits) - July 1, 2013	<u>(26,296)</u>	<u>(26,296)</u>	<u>(26,296)</u>
Fund Balances - June 30, 2014	<u>\$ 173,480</u>	<u>\$ 186,639</u>	<u>\$ 369,570</u>

Bridges Preparatory School
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2014

Note A – Budgetary Basis

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles. The budget for the General Fund is prepared by function and activity and includes current year estimates for the next fiscal year. Fund expenditures may not exceed amounts within the total budget without the approval of the Board. Line item transfers within functions are approved by the Board of Directors. Budget amounts reflected in the accompanying schedule represent the adopted budget and any revisions during the fiscal year.

Budgets for the Special Revenue Fund and EIA Fund are approved by the appropriate granting agencies, and as such, these budgets are not part of the School's legally adopted budget and are not presented in the Budgetary Comparison Schedule.

Other Supplementary Financial Information

**Combining and Individual Fund Statements
and Supporting Schedules**

General Fund

To account for all financial resources except those required to be accounted for in another fund. All intergovernmental revenues and miscellaneous revenues are recorded in this fund. Operational expenditures for general education, support services and other departments of the School are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

Bridges Preparatory School
Beaufort, South Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget to Actual
Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
1000 Revenue from Local Sources			
1900 Other Revenue from Local Sources			
1920 Contributions & Donations Private Sources	\$ 25,000	\$ 48,558	\$ 23,558
Total Local Sources	<u>25,000</u>	<u>48,558</u>	<u>23,558</u>
3000 Revenue from State Sources			
3100 Restricted State Funding			
3130 Special Programs			
3138 Charter Funding	1,373,515	1,374,711	1,196
3180 Fringe Benefits Employer Contribution (No Carryover Provision)	270,477	284,743	14,266
3300 Education Finance Act			
3310 Full-time Programs			
3311 Kindergarten	155,684	162,571	6,887
3312 Primary	445,496	438,697	(6,799)
3313 Elementary	233,211	235,074	1,863
3316 Speech Handicapped (Part-time program)	27,943	28,888	945
3320 Part-time Programs			
3323 Learning Disabilities	25,590	17,649	(7,941)
3330 Other EFA Programs			
3331 Autism	-	5,397	5,397
Total State Sources	<u>2,531,916</u>	<u>2,547,730</u>	<u>15,814</u>
Total Revenue All Sources	<u>2,556,916</u>	<u>2,596,288</u>	<u>39,372</u>

**Bridges Preparatory School
Beaufort, South Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget to Actual
Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	195,000	193,974	1,026
200 Employee Benefits	42,170	46,755	(4,585)
400 Supplies and Materials	15,000	877	14,123
112 Primary Programs			
100 Salaries	467,328	453,159	14,169
200 Employee Benefits	95,601	87,498	8,103
300 Purchased Services	8,320	14,068	(5,748)
400 Supplies and Materials	28,600	11,304	17,296
113 Elementary Programs			
100 Salaries	293,000	286,243	6,757
200 Employee Benefits	72,292	68,620	3,672
300 Purchased Services	-	359	(359)
400 Supplies and Materials	6,000	6,623	(623)
120 Exceptional Programs			
126 Speech Handicapped			
300 Purchased Services	25,000	9,818	15,182
127 Learning Disabilities			
100 Salaries	45,520	35,315	10,205
200 Employee Benefits	11,761	5,019	6,742
300 Purchased Services	-	1,575	(1,575)
400 Supplies and Materials	7,500	5,701	1,799
Total Instruction	1,313,092	1,226,908	86,184
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	43,000	42,301	699
200 Employee Benefits	13,175	7,174	6,001

**Bridges Preparatory School
Beaufort, South Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget to Actual
Year Ended June 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
213 Health Services			
100 Salaries	6,880	7,360	(480)
200 Employee Benefits	909	2,748	(1,839)
300 Purchased Services	-	90	(90)
400 Supplies and Materials	-	1,291	(1,291)
214 Psychological Services			
300 Purchased Services	18,000	-	18,000
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
300 Purchased Services	-	127	(127)
224 Improvement of Instruction - Inserve and Staff Training			
300 Purchased Services	24,000	8,381	15,619
230 General Administration Services			
231 Board of Education			
300 Purchased Services	22,150	47,153	(25,003)
318 Audit Services	2,000	3,000	(1,000)
400 Supplies and Materials	3,000	40	2,960
600 Other Objects	13,000	13,890	(890)
233 School Administration			
100 Salaries	178,874	196,854	(17,980)
200 Employee Benefits	32,786	30,577	2,209
300 Purchased Services	19,000	15,368	3,632
400 Supplies and Materials	10,000	11,681	(1,681)
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	53,888	54,349	(461)
600 Other Objects	800	24	776
253 Facilities Acquisition and Construction			
300 Purchased Services	29,000	27,220	1,780
520 Construction Services	179,000	174,672	4,328

Bridges Preparatory School
Beaufort, South Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget to Actual
Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
254 Operation and Maintenance of Plant			
100 Salaries	38,000	39,479	(1,479)
200 Employee Benefits	16,677	11,171	5,506
300 Purchased Services	192,000	187,578	4,422
321 Public Utilities	5,000	3,272	1,728
400 Supplies and Materials	13,000	8,368	4,632
470 Energy	75,000	56,090	18,910
258 Security			
300 Purchased Services	4,000	3,718	282
500 Capital Outlay	18,000	16,670	1,330
260 Central Support Services			
263 Information Services			
300 Purchased Services	10,000	10,015	(15)
400 Supplies and Materials	-	477	(477)
300 Purchased Services	9,000	12,460	(3,460)
Total Support Services	<u>1,030,139</u>	<u>993,598</u>	<u>36,541</u>
500 Debt Service			
620 Interest	750	493	257
Total Debt Service	<u>750</u>	<u>493</u>	<u>257</u>
Total Expenditures	<u>2,343,981</u>	<u>2,220,999</u>	<u>122,982</u>
Excess of Revenues over Expenditures	<u>212,935</u>	<u>375,289</u>	<u>162,354</u>
Interfund Transfers, From Other Funds:			
5220 Transfer from Special Revenue Fund	-	370	370
5270 Transfer from Pupil Activity Fund	-	20,207	20,207
Total Other Financing Sources	<u>-</u>	<u>20,577</u>	<u>20,577</u>
Net Change In Fund Balance	212,935	395,866	182,931
Fund Balance (Deficits) - July 1, 2013	<u>(26,296)</u>	<u>(26,296)</u>	<u>-</u>
Fund Balances - June 30, 2014	<u>\$ 186,639</u>	<u>\$ 369,570</u>	<u>\$ 182,931</u>

Special Revenue Funds

The purpose of the Special Revenue Funds account for the operations of federal and state projects, which are required to be accounted for in separate funds.

Special Revenue Fund – This fund is used to account for all federal and state projects except for those subject to Education Improvement Act requirements.

Education Improvement Act Fund – This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The following combining and individual fund statements and schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina Department of Education.

**Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund – Special Revenue Programs
Schedule of Revenues, Expenditures, and
Changes In Fund Balance
Year Ended June 30, 2014**

	IDEA	Other Special Revenue Programs	Total
Revenues			
1000 Revenue from Local Sources			
1600 Food Service			
1610 Lunch Sales to Pupils	\$ -	\$ 23,881	\$ 23,881
Total Revenue from Local Sources	-	23,881	23,881
4000 Revenue from Federal Sources			
4300 Elementary and Secondary Education Act of 1965 (ESEA)			
4320 Public Charter School Grants (Carryover Provision)	-	181,000	181,000
4351 Improving Teacher Quality (Carryover Provision)	-	7,372	7,372
4500 Programs for Children with Disabilities			
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	30,079	-	30,079
Total Federal Sources	30,079	188,372	218,451
Total Revenue All Sources	30,079	212,253	242,332

**Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund – Special Revenue Programs
Schedule of Revenues, Expenditures, and
Changes In Fund Balance
Year Ended June 30, 2014**

	<u>IDEA</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
400 Supplies and Materials	-	3,740	3,740
112 Primary Programs			
400 Supplies and Materials	-	73,854	73,854
113 Elementary Programs			
400 Supplies and Materials	-	18,822	18,822
127 Learning Disabilities			
100 Salaries	28,500	-	28,500
200 Employee Benefits	1,579	-	1,579
Total Instruction	<u>30,079</u>	<u>96,416</u>	<u>126,495</u>
200 Support Services			
210 Pupil Services			
213 Health Services			
400 Supplies and Materials	-	3,646	3,646
215 Exceptional Program Services			
300 Purchased Services	-	13,310	13,310
220 Instructional Staff Services			
224 Improvement of Instruction-Inservice and Staff Training			
300 Purchased Services	-	5,972	5,972
400 Supplies and Materials	-	1,400	1,400
230 General Administration Services			
233 School Administration			
300 Purchased Services	-	9,797	9,797
400 Supplies and Materials	-	10,824	10,824

Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund – Special Revenue Programs
Schedule of Revenues, Expenditures, and
Changes In Fund Balance
Year Ended June 30, 2014

	<u>IDEA</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	-	27,379	27,379
254 Operation and Maintenance of Plant			
400 Supplies and Materials	-	9,871	9,871
256 Food Services			
400 Supplies and Materials	-	23,512	23,512
260 Central Support Services			
263 Information Services			
300 Purchased Services	-	229	229
266 Technology and Data Processing Services			
300 Purchased Services	-	9,527	9,527
Total Support Services	<u>-</u>	<u>115,467</u>	<u>115,467</u>
Total Expenditures	<u>30,079</u>	<u>211,883</u>	<u>241,962</u>
Excess of Revenues over Expenditures	-	370	370
Interfund Transfers, To Other Funds:			
420-710 Transfer to General Fund	-	(370)	(370)
Total Other Financing Uses	<u>-</u>	<u>(370)</u>	<u>(370)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund - Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balance – All Programs
Year Ended June 30, 2014**

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:

3518 Formative Assessment	\$ 625
3544 High Achieving Students	5,767
3550 Teacher Salary Increase (No Carryover Provision)	43,580
3555 School Employer Contributions (No Carryover Provision)	5,795
3577 Teacher Supplies (No Carryover Provision)	6,325
3581 Student Health and Fitness - Nurses	30,927
3585 Aid to Districts - Special Education	376
3594 EEDA Supplemental Programs	103
3597 Aid to Districts	16,401

Total State Sources 109,899

Total Revenue All Sources 109,899

Expenditures

100 Instruction

110 General Instruction

111 Kindergarten Programs

100 Salaries	16,459
400 Supplies and Materials	825

112 Primary Programs

100 Salaries	24,962
300 Purchased Services	728
400 Supplies and Materials	18,876

113 Elementary Programs

100 Salaries	8,229
400 Supplies and Materials	3,813

120 Exceptional Programs

127 Learning Disabilities

400 Supplies and Materials	275
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Total Instruction 74,167

Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund - Education Improvement Act Fund
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balance – All Programs
Year Ended June 30, 2014

200 Support Services	
210 Support Services - Students	
212 Guidance Services	
400 Supplies and Materials	550
213 Health Services	
100 Salaries	27,120
200 Employee Benefits	3,807
400 Supplies and Materials	275
230 General Administration Services	
233 School Administration	
400 Supplies and Materials	3,604
250 Support Services - Finances and Operations	
254 Operation and Maintenance of Plant	
400 Supplies and Materials	376
Total Support Services	35,732
Total Expenditures	109,899
Excess of Revenues over Expenditures	-
Net Change in Fund Balance	-
Fund Balances - July 1, 2013	-
Fund Balances - June 30, 2014	\$ -

**Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund – Education Improvement Act
Summary Schedule by Program
Year Ended June 30, 2014**

Program	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act:			
3518 Formative Assessment	\$ 625	\$ 625	\$ -
3544 High Achieving Students	5,767	5,767	-
3550 Teacher Salary Increase (No Carryover Provision)	43,580	43,580	-
3555 School Employer Contributions (No Carryover Provision)	5,795	5,795	-
3577 Teacher Supplies (No Carryover Provision)	6,325	6,325	-
3581 Student Health and Fitness - Nurses	30,927	30,927	-
3585 Aid to Districts - Special Education	376	376	-
3594 EEDA Supplemental Programs	103	103	-
3597 Aid to Districts	16,401	16,401	-
	<u>16,401</u>	<u>16,401</u>	<u>-</u>
Totals	<u>\$ 109,899</u>	<u>\$ 109,899</u>	<u>\$ -</u>

**Bridges Preparatory School
Beaufort, South Carolina
Pupil Activity Fund
Schedule of Revenues, Expenditures, and
Changes in Due to Student Organizations
Year Ended June 30, 2014**

Revenues

1000 Revenue from Local Sources

1700 Pupil Activities

1790 Other Pupil Activity \$ 45,888

Total Local Sources 45,888

Total Revenue All Sources 45,888

Disbursements

190 Instructional Pupil Activity

300 Purchased Services 1,535

400 Supplies and Materials 6,709

270 Support Services

271 Pupil Service Activities

400 Supplies and Materials 17,437

Total Pupil Activity Expenditures 25,681

Other Financing Uses

Interfund Transfers, To Other Funds

420-710 Transfer to General Fund (20,207)

Total Other Financing Uses (20,207)

Excess of Revenues over Expenditures -

Due to Student Organizations - July 1, 2013 -

Due to Student Organizations - June 30, 2014 \$ -

Compliance Section



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed In Accordance With
Government Auditing Standards**

Board of Directors
Bridges Preparatory School
Beaufort, South Carolina

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 the governmental activities and each major fund of Bridges Preparatory School (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 School'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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, South Carolina
October 16, 2014

**Bridges Preparatory School
Beaufort, South Carolina
Schedule of Findings and Responses
Year Ended June 30, 2014**

I. Summary of Independent Auditor's Results

Financial Statements

Type of report issued:	Unmodified		
Internal control over financial reporting: Material weaknesses identified?	_____ Yes	<u> X </u> No	
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	<u> X </u> No	
Non-compliance material to financial statements noted?	_____ Yes	<u> X </u> No	