

Bridges Preparatory School
Beaufort, South Carolina
Report on Financial Statements
Year Ended June 30, 2015

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

Bridges Preparatory School
Beaufort, South Carolina
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Year Ended June 30, 2015

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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), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position for the year then ended, in conformity 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 23 through 27 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 an opinion on the financial statements that collectively comprise the School's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information 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 27, 2015 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 27, 2015

Required Supplementary Information (Unaudited)

Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2015

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, 2015. 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.

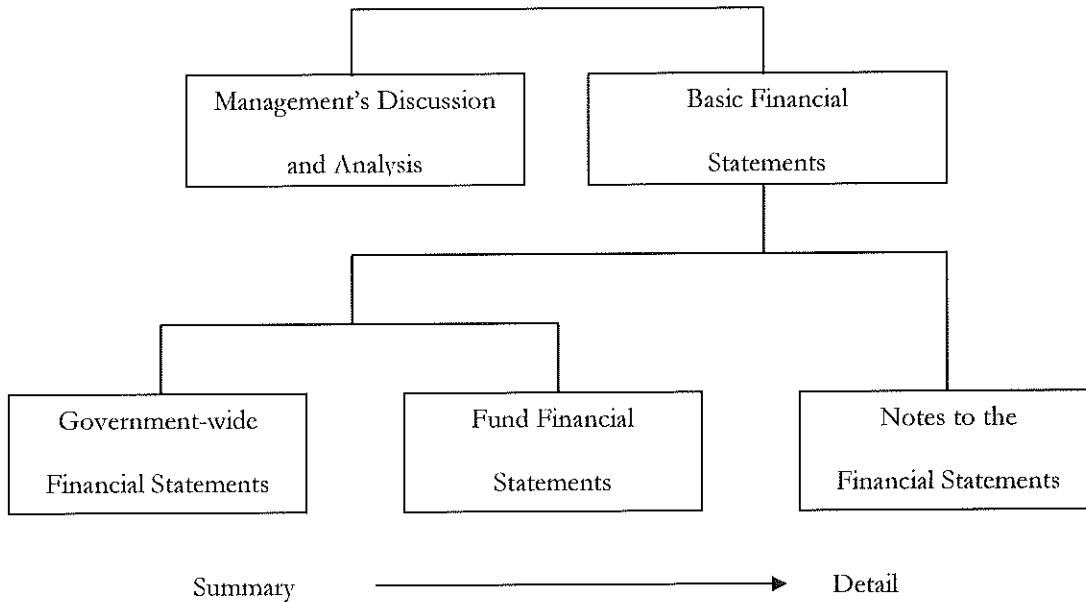
Financial Highlights

- The assets of the School exceeded its liabilities at the close of the fiscal year by \$1,128,296 (*net position*).
- The School's net position increased by \$574,457.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$626,420.
- The 2014-2015 135-day headcount is 432.

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, 2015

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, 2015

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 \$1,128,296 as of June 30, 2015. \$501,876 reflects the School's net investment in capital assets (e.g. furniture and fixtures, equipment, buildings 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 2015	Governmental Activities 2014
Current and other assets	\$ 907,202	\$ 460,634
Capital assets, net of depreciation	1,461,288	184,269
Total assets	2,368,490	644,903
 Total liabilities	 1,240,194	 91,064
 Net investment in capital assets	 501,876	 184,269
Unrestricted	626,420	369,570
Total net position	\$ 1,128,296	\$ 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, 2015**

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

	Governmental Activities 2015	Governmental Activities 2014
Donations and other revenues	\$ 220,406	\$ 92,646
County, state, and federal funds	3,678,982	2,876,080
Total revenues	3,899,388	2,968,726
Instructional programs	1,914,404	1,427,570
Support services	1,362,758	960,528
Interest and other charges	47,769	493
Total expenses	3,324,931	2,388,591
Increase (decrease) in net position	574,457	580,135
Net position, July 1	553,839	(26,296)
Net position, June 30	\$ 1,128,296	\$ 553,839

Governmental activities - Governmental activities increased the School's net position by \$574,457.

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 \$556,646.

Capital Asset and Debt Administration

Capital Assets - The School's investment in capital assets for its governmental activities as of June 30, 2015, totals \$501,876 (net of accumulated depreciation and related debt). Capital assets include furniture, fixtures, equipment, buildings and leasehold improvements.

**Bridges Preparatory School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2015**

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

	<u>Governmental Activities 2015</u>	<u>Governmental Activities 2014</u>
Buildings	\$ 654,769	\$ -
Land	528,000	-
Leasehold improvements	249,909	168,849
Furniture, fixtures, and equipment	28,610	15,420
Total	<u>\$ 1,461,288</u>	<u>\$ 184,269</u>

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 \$45,579 is due to the School receiving more than expected for pupil activities.

The negative variance in support expenditures of \$1,167,869 is due to the purchase of a facility for \$1,200,000.

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.
- The School purchased a facility during the year to begin the process of obtaining permanent facilities and continues to evaluate options for their future growth and expansion.

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, 2015

	Primary Government Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 817,011
Due From Other Governmental Units	60,233
Other Receivables	8,000
Prepaid Expenses	6,958
Deposits	15,000
Non-Current Assets	
Capital Assets, Net of Depreciation	1,461,288
Total Assets	2,368,490
Liabilities	
Accounts Payable and Accrued Liabilities	146,783
Due to Other Governmental Units	125,746
Unearned Revenue	8,253
Non Current Liabilities:	
Due Within One Year	47,816
Due In More Than One Year	911,596
Total Liabilities	1,240,194
Net Position	
Net Investment in Capital Assets	501,876
Unrestricted	626,420
Total Net Position	\$ 1,128,296

Bridges Preparatory School
Beaufort, South Carolina
Statement of Activities
Year Ended June 30, 2015

Functions/ Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Total	
Governmental Activities:						
Instruction	\$ 1,914,404	\$ 23,071	\$ -	\$ (1,891,333)	\$	(1,891,333)
Support Services	1,362,758	-	-	(1,362,758)		(1,362,758)
Intergovernmental	-	-	3,678,982	3,678,982		3,678,982
Interest and Other Charges	47,769	-	-	(47,769)		(47,769)
Total Governmental Activities	<u>3,324,931</u>	<u>23,071</u>	<u>3,678,982</u>	<u>377,122</u>		<u>377,122</u>
Total Primary Government	\$ <u>3,324,931</u>	\$ <u>23,071</u>	\$ <u>3,678,982</u>	377,122		377,122
General Revenues:						
Miscellaneous				197,335		197,335
Total General Revenues				<u>197,335</u>		<u>197,335</u>
Change in Net Position				574,457		574,457
Net Position - July 1, 2014				553,839		553,839
Net Position - June 30, 2015				<u>\$ 1,128,296</u>		<u>\$ 1,128,296</u>

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, 2015

	General	Special Revenue	Education Improve- ment Act	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 817,011	\$ -	\$ -	\$ 817,011
Due from Other Funds	-	8,253	-	8,253
Due from Other Governmental Units	60,233	-	-	60,233
Other Receivables	8,000	-	-	8,000
Prepaid Expenses	6,958	-	-	6,958
Deposits	15,000	-	-	15,000
Total Assets	\$ 907,202	\$ 8,253	\$ -	\$ 915,455
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 146,783	\$ -	\$ -	\$ 146,783
Due to Other Governmental Units	125,746	-	-	125,746
Due To Other Funds	8,253	-	-	8,253
Unearned Revenue	-	8,253	-	8,253
Total Liabilities	280,782	8,253	-	289,035
Fund Balances:				
Nonspendable:				
Prepays	6,958	-	-	6,958
Deposits	15,000	-	-	15,000
Assigned to				
Debt Service	47,816	-	-	47,816
Unassigned	556,646	-	-	556,646
Total Fund Balances	626,420	-	-	626,420
Total Liabilities and Fund Balances	\$ 907,202	\$ 8,253	\$ -	\$ 915,455

Bridges Preparatory School
Beaufort, South Carolina
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds \$ 626,420

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	1,499,549	
Less: accumulated depreciation	<u>(38,261)</u>	1,461,288

Certain liabilities such as notes payable and capital lease obligations are not due and payable in the current period, and therefore, are not reported in the funds.

Notes payable	<u>(959,412)</u>
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Total Net Position - Governmental Activities \$ 1,128,296

Bridges Preparatory School
Beaufort, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	<u>General</u>	<u>Special Revenue</u>	<u>Education Improve- ment Act</u>	<u>Total Governmental Funds</u>
Revenues				
Other Local	\$ 197,335	\$ 23,071	\$ -	\$ 220,406
Total Local	<u>197,335</u>	<u>23,071</u>	<u>-</u>	<u>220,406</u>
Intergovernmental Revenue				
State Sources	1,397,573	69,008	1,989,540	3,456,121
Federal Sources	-	222,861	-	222,861
Total Intergovernmental Revenue	<u>1,397,573</u>	<u>291,869</u>	<u>1,989,540</u>	<u>3,678,982</u>
Total Revenues	<u>1,594,908</u>	<u>314,940</u>	<u>1,989,540</u>	<u>3,899,388</u>
Expenditures				
Instruction	1,671,597	133,942	108,865	1,914,404
Support Services	1,116,231	180,242	57,531	1,354,004
Capital Outlay	1,285,773	-	-	1,285,773
Total Expenditures	<u>4,073,601</u>	<u>314,184</u>	<u>166,396</u>	<u>4,554,181</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,478,693)</u>	<u>756</u>	<u>1,823,144</u>	<u>(654,793)</u>
Other Financing Sources (Uses)				
Proceeds from Long- Term Notes	1,000,000	-	-	1,000,000
Transfers In	1,823,900	-	-	1,823,900
Transfers Out	-	(756)	(1,823,144)	(1,823,900)
Debt Service				
Principal	(40,588)	-	-	(40,588)
Interest	(47,769)	-	-	(47,769)
Total Other Financing Sources (Uses)	<u>2,735,543</u>	<u>(756)</u>	<u>(1,823,144)</u>	<u>911,643</u>
Net Change in Fund Balances	256,850	-	-	256,850
Fund Balance - July 1, 2014	369,570	-	-	369,570
Fund Balances - June 30, 2015	<u>\$ 626,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,420</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, 2015**

Net Change in Fund Balances - Governmental Funds \$ 256,850

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	1,308,207	
Depreciation expense in the current period	<u>(31,188)</u>	1,277,019

Proceeds from debt are reflected in the Statement of Revenues, Expenditures and Change in Fund Balance as a source of financing but not in the Statement of Activities.	(1,000,000)
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Principal payments on long term debt are reflected in the Statement of Revenues, Expenditures and Change in Fund Balance, but not in the Statement of Activities.	<u>40,588</u>
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Change in net position - Governmental Activities	<u><u>\$ 574,457</u></u>
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**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 2015, the School consisted of twenty-one primary classrooms with kindergarten through seventh 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, 2015, the School's volunteer Board of Directors is as follows:

Board Members

Delores Matthews – Chair	Calvin White
Caroline Lovell	Charles Yahres
Marty Miley	Stephen Durham

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, 2015.

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, 2015.

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, 2015 that has been earned but not yet received as of June 30, 2015.

Capital Assets

Capital assets, which include buildings, leasehold improvements, 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:

Assets	Years
Buildings	39
Leasehold Improvements	Life of the Lease
Furniture and Equipment	3 to 5

Due to Other Governmental Units

Amounts due to other governmental units represents funds owed to South Carolina Department of Education from the School for duplicate payments of planning and implementation grant funds that were received during the year and was returned after June 30, 2015. The total amount owed at June 30, 2015 was \$125,746.

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. Unearned revenue at June 30, 2015 was \$8,253.

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.

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

- 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.
- c. *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 identified (not including non-spendable amounts). Any remaining fund balance amounts are evaluated for committed or assigned purposes and the remaining 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, 2015, \$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, 2015 consisted of intergovernmental grants and reimbursements. All governmental receivables are considered collectible in full.

Due from federal government		
Planning and implementation	\$	11,526
Improving Teacher Quality		6,500
IDEA		<u>30,861</u>
Total due from federal government		<u>48,887</u>
Due from state government		
Student Health and Fitness- Nurses		5,030
6-8 Enhancement Lottery		<u>6,316</u>
Total due from state government		<u>11,346</u>
Total due from other governmental units	\$	<u><u>60,233</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 \$1,823,144 from the special revenue EIA fund to the the general fund to align funding within the fund from which the majority of the School's expenditures are paid. Additionally, \$756 from the special revenue fund to the general fund due to a school food service surplus.

	Transfers In	Transfers Out
General Fund	\$ 1,823,900	\$ -
Special Revenue Fund	-	756
EIA Fund	<u>-</u>	<u>1,823,144</u>
	<u>\$ 1,823,900</u>	<u>\$ 1,823,900</u>

D. Leases

On May 21, 2014, the School entered into a one year lease for use of a facility. Lease expense for the year ended June 30, 2015 under this operating lease was \$33,000.

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

On March 30, 2015, the School entered into an operating lease for a modular unit. The lease requires 36 payments of \$4,116.

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

In July 2015, the School entered into a two year operating lease for use of commercial space. The lease requires payments of \$4,000 per month for the initial year beginning August 15, 2015 and increases at a rate of 3% per annum for each additional year.

The future minimum lease payments are as follows for June 30:

2016	\$	94,112
2017		99,432
2018		41,884
Total minimum payments	\$	<u>235,428</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2015, is as follows:

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ -	\$ 528,000	\$ -	\$ -	\$ 528,000
Total Capital Assets, Not Being Depreciated	<u>-</u>	<u>528,000</u>	<u>-</u>	<u>-</u>	<u>528,000</u>
Capital assets, being depreciated					
Buildings	-	672,000	-	-	672,000
Leasehold improvements	174,672	92,207	-	-	266,879
Furniture and equipment	16,670	16,000	-	-	32,670
Total capital assets, being depreciated	<u>191,342</u>	<u>780,207</u>	<u>-</u>	<u>-</u>	<u>971,549</u>
Total capital assets, cost	<u>191,342</u>	<u>1,308,207</u>	<u>-</u>	<u>-</u>	<u>1,499,549</u>

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

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Less accumulated depreciation:					
Buildings	-	17,231	-	-	17,231
Leasehold improvements	5,823	11,147	-	-	16,970
Furniture and equipment	1,250	2,810	-	-	4,060
Total accumulated depreciation	<u>7,073</u>	<u>31,188</u>	<u>-</u>	<u>-</u>	<u>38,261</u>
Total capital assets, being depreciated, net	<u>184,269</u>	<u>749,019</u>	<u>-</u>	<u>-</u>	<u>933,288</u>
Total governmental activities capital assets, net	<u>\$ 184,269</u>	<u>\$ 1,277,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,461,288</u>

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

Support services	<u>\$ 31,188</u>
Total depreciation	<u>\$ 31,188</u>

F. Long-term Debt

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>
2016	\$ 47,816	\$ 47,079	\$ 94,895
2017	50,262	44,633	94,895
2018	<u>861,334</u>	<u>10,761</u>	<u>872,095</u>
Total	<u>\$ 959,412</u>	<u>\$ 102,473</u>	<u>\$ 1,061,885</u>

G. Commitments

The School entered into an agreement for bookkeeping and consulting services commencing July 1, 2015. The contract commitment is equal to \$42,000 and is payable in equal monthly installments.

The School entered into an agreement for janitorial services commencing July 1, 2015. The contract commitment is equal to \$99,996 and is payable in equal monthly installments.

**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. Annual funding allocated from the District to the School during the year ended June 30, 2015 totaled \$3,493,482. The District additionally provides services to the School at fair market value. The School paid the District \$212,661 for health insurance that was paid to South Carolina Public Employment Benefit Authority on the School's behalf and \$67,779 for a District fee.

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, 2015 was \$25,498.

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

The School began a new operating lease in August 2015 for additional commercial space. See section II, note D for additional information regarding the lease.

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
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
1000 Revenue from Local Sources				
1500 Earnings on Investments				
1510 Interest Income	\$ -	\$ -	\$ 489	\$ 489
1700 Pupil Activities				
1790 Other pupil activity	87,853	87,853	154,191	66,338
1900 Other Revenue from Local Sources				
1910 Rentals	-	-	480	480
1920 Contributions & Donations Private Sources	25,000	50,000	37,660	(12,340)
1999 Revenue from Other Local Sources	5,000	5,000	4,515	(485)
Total Local Sources	<u>117,853</u>	<u>142,853</u>	<u>197,335</u>	<u>54,482</u>
3000 Revenue from State Sources				
3100 Restricted State Funding				
3180 Fringe Benefits Employer Contribution (No Carryover Provision)	307,781	338,378	333,742	(4,636)
3300 Education Finance Act				
3310 Full-time Programs				
3311 Kindergarten	159,707	123,200	122,468	(732)
3312 Primary	371,707	361,600	360,619	(981)
3313 Elementary	371,707	380,160	376,647	(3,513)
3315 Trainable Mentally Handicapped	-	-	4,242	4,242
3316 Speech Handicapped (Part-time program)	32,224	60,420	61,944	1,524
3320 Part-time Programs				
3323 Learning Disabilities	18,444	14,755	11,331	(3,424)
3330 Other EFA Programs				
3331 Autism	5,448	16,345	15,980	(365)
3332 High Achieving	10,494	15,900	15,755	(145)
3351 Academic Assistance	-	15,582	15,440	(142)
3352 Pupils in Poverty	49,793	80,136	79,405	(731)
Total State Sources	<u>1,327,305</u>	<u>1,406,476</u>	<u>1,397,573</u>	<u>(8,903)</u>
Total Revenue All Sources	<u>1,445,158</u>	<u>1,549,329</u>	<u>1,594,908</u>	<u>45,579</u>

**Bridges Preparatory School
Beaufort, South Carolina
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures				
100 Instruction				
110 General Instruction				
111 Kindergarten Programs				
100 Salaries	279,455	226,889	227,523	(634)
200 Employee Benefits	75,701	68,413	77,007	(8,594)
400 Supplies and Materials	-	500	308	192
112 Primary Programs				
100 Salaries	579,640	527,845	520,503	7,342
200 Employee Benefits	98,447	103,140	104,841	(1,701)
300 Purchased Services	-	-	60	(60)
400 Supplies and Materials	-	1,500	1,411	89
113 Elementary Programs				
100 Salaries	427,980	393,600	385,574	8,026
200 Employee Benefits	95,507	92,363	95,634	(3,271)
300 Purchased Services	-	-	2,520	(2,520)
400 Supplies and Materials	60,000	34,349	4,610	29,739
500 Capital Outlay	20,000	20,000	16,000	4,000
120 Exceptional Programs				
125 Hearing Handicapped				
300 Purchased Services	-	-	1,250	(1,250)
400 Supplies and Materials	-	2,000	1,729	271
126 Speech Handicapped				
300 Purchased Services	35,000	17,915	17,348	567
400 Supplies and Materials	-	100	72	28
127 Learning Disabilities				
100 Salaries	54,885	86,068	78,209	7,859
200 Employee Benefits	16,639	23,006	4,267	18,739
300 Purchased Services	1,500	7,000	7,975	(975)
400 Supplies and Materials	7,500	7,250	660	6,590
170 Summer School Program				
175 Instructional Program Bey. Reg. School Day				
100 Salaries	40,000	50,000	94,217	(44,217)
200 Employee Benefits	5,775	5,775	6,729	(954)
400 Supplies and Materials	5,000	5,000	3,601	1,399

Bridges Preparatory School
Beaufort, South Carolina
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
190 Instructional Pupil Activity				
300 Purchased Services	-	-	16,201	(16,201)
400 Supplies and Materials	20,000	15,000	19,193	(4,193)
600 Other Objects	-	-	155	(155)
Total Instruction	1,823,029	1,687,713	1,687,597	116
200 Support Services				
210 Pupil Services				
212 Guidance Services				
100 Salaries	45,580	49,900	50,345	(445)
200 Employee Benefits	13,431	14,059	9,442	4,617
400 Supplies and Materials	1,000	1,000	-	1,000
213 Health Services				
100 Salaries	4,094	4,966	5,046	(80)
200 Employee Benefits	7,045	841	613	228
300 Purchased Services	-	-	80	(80)
400 Supplies and Materials	5,000	5,000	5,243	(243)
214 Psychological Services				
300 Purchased Services	3,000	3,000	-	3,000
215 Exceptional Program Services				
300 Purchased Services	3,000	3,000	3,478	(478)
220 Instructional Staff Services				
221, Improvement of Instruction Curriculum Development				
100 Salaries	-	-	380	(380)
200 Employee Benefits	-	-	-	-
300 Purchased Services	10,000	10,000	7,627	2,373
224 Improvement of Instruction - Inserve and Staff Training				
300 Purchased Services	-	-	6,877	(6,877)
400 Supplies and Materials	-	-	1,354	(1,354)
230 General Administration Services				
231 Board of Education				
300 Purchased Services	15,000	24,000	35,303	(11,303)
318 Audit Services	15,000	3,000	2,750	250
400 Supplies and Materials	3,000	3,000	2,833	167
600 Other Objects	17,000	21,000	29,426	(8,426)

**Bridges Preparatory School
Beaufort, South Carolina
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
233 School Administration				
100 Salaries	273,406	304,556	291,227	13,329
200 Employee Benefits	58,963	64,029	43,661	20,368
300 Purchased Services	109,500	54,500	18,355	36,145
400 Supplies and Materials	28,000	20,496	15,220	5,276
250 Finance and Operations Services				
252 Fiscal Services				
300 Purchased Services	61,591	73,146	70,342	2,804
600 Other Objects	800	800	523	277
253 Facilities Acquisition and Construction				
300 Purchased Services	-	45,000	32,997	12,003
520 Construction Services	1,250,000	125,000	1,269,773	(1,144,773)
254 Operation and Maintenance of Plant				
100 Salaries	24,960	47,562	67,366	(19,804)
200 Employee Benefits	15,640	18,385	11,398	6,987
300 Purchased Services	126,000	170,544	194,591	(24,047)
321 Public Utilities	5,000	5,000	9,257	(4,257)
400 Supplies and Materials	30,000	15,600	18,797	(3,197)
470 Energy	75,000	65,000	70,213	(5,213)
255 Student Transportation				
300 Purchased Services	-	-	171	(171)
256 Food Services				
400 Supplies and Materials	-	-	640	(640)
258 Security				
300 Purchased Services	15,000	7,200	6,482	718
260 Central Support Services				
263 Information Services				
300 Purchased Services	10,000	10,000	5,152	4,848
400 Supplies and Materials	2,000	2,000	694	1,306
266 Technology and Data Processing Services				
100 Salaries	-	-	2,291	(2,291)
200 Employee Benefits	-	-	626	(626)
300 Purchased Services	25,000	21,435	11,394	10,041
400 Supplies and Materials	-	10,000	25,819	(15,819)

Bridges Preparatory School
Beaufort, South Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget to Actual
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
270 Support Services Pupil Activity				
271 Pupil Services Activities				
300 Purchased Services	-	-	3,531	(3,531)
400 Supplies and Materials	-	-	298	(298)
600 Other Objects	15,000	15,000	54,389	(39,389)
Total Support Services	<u>2,268,010</u>	<u>1,218,019</u>	<u>2,386,004</u>	<u>(1,167,985)</u>
Total Expenditures	<u>4,091,039</u>	<u>2,905,732</u>	<u>4,073,601</u>	<u>(1,167,869)</u>
Excess of Expenditures over Revenues	<u>(2,645,881)</u>	<u>(1,356,403)</u>	<u>(2,478,693)</u>	<u>(1,122,290)</u>
Other Financing Sources (Uses)				
5230 Transfer from EIA Fund	1,731,266	1,813,752	1,823,144	9,392
5220 Transfer from Special Revenue Fund	-	-	756	756
5400 Proceeds from Long-Term Notes	1,030,000	-	1,000,000	1,000,000
610 Redemption of Principal	(47,317)	(36,694)	(40,588)	(3,894)
620 Interest	(50,425)	(42,385)	(47,769)	(5,384)
Total Other Financing Sources (Uses)	<u>2,663,524</u>	<u>1,734,673</u>	<u>2,735,543</u>	<u>1,000,870</u>
Net Change In Fund Balance	17,643	378,270	256,850	(121,420)
Fund Balance - July 1, 2014	<u>369,570</u>	<u>369,570</u>	<u>369,570</u>	<u>-</u>
Fund Balances - June 30, 2015	<u>\$ 387,213</u>	<u>\$ 747,840</u>	<u>\$ 626,420</u>	<u>\$ (121,420)</u>

Other Supplementary Financial Information

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, 2015**

	<u>IDEA</u>	<u>Other Designated Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
Revenues				
1000 Revenue from Local Sources				
1600 Food Service				
1610 Lunch Sales to Pupils	\$ -	\$ -	\$ 23,071	\$ 23,071
Total Revenue from Local Sources	<u>-</u>	<u>-</u>	<u>23,071</u>	<u>23,071</u>
3000 Revenue from State Sources				
3100 Restricted State Funding				
3130 Special Programs				
3135 Reading Coaches	-	31,365	-	31,365
3190 Miscellaneous Restricted State Grants				
3198 Tech Professional Development	-	2,043	-	2,043
3600 Education Lottery Act Revenue				
3607 6-8 Enhancement Lottery	-	620	-	620
3610 K-5 Enhancement	-	26,361	-	26,361
3630 K-12 Technology Initiative	-	8,619	-	8,619
Total State Sources	<u>-</u>	<u>69,008</u>	<u>-</u>	<u>69,008</u>
4000 Revenue from Federal Sources				
4300 Elementary and Secondary Education Act of 1965 (ESEA)				
4320 Public Charter School Grants (Carryover Provision)	-	-	185,500	185,500
4351 Improving Teacher Quality	-	-	6,500	6,500
4500 Programs for Children with Disabilities				
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	30,861	-	-	30,861
Total Federal Sources	<u>30,861</u>	<u>-</u>	<u>192,000</u>	<u>222,861</u>
Total Revenue All Sources	<u>30,861</u>	<u>69,008</u>	<u>215,071</u>	<u>314,940</u>

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, 2015

	<u>IDEA</u>	<u>Other Designated Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
Expenditures				
100 Instruction				
110 General Instruction				
111 Kindergarten Programs				
200 Employee Benefits	-	14,742	-	14,742
112 Primary Programs				
200 Employee Benefits	-	8,433	-	8,433
400 Supplies and Materials	-	-	37,503	37,503
113 Elementary Programs				
200 Employee Benefits	-	3,186	-	3,186
400 Supplies and Materials	-	620	38,597	39,217
120 Exceptional Programs				
127 Learning Disabilities				
100 Salaries	26,000	-	-	26,000
200 Employee Benefits	4,861	-	-	4,861
Total Instruction	<u>30,861</u>	<u>26,981</u>	<u>76,100</u>	<u>133,942</u>
200 Support Services				
210 Pupil Services				
215 Exceptional Program Services				
300 Purchased Services	-	-	19,250	19,250
220 Instructional Staff Services				
221 Improvement of Instruction - Curriculum Development				
100 Salaries	-	29,365	-	29,365
200 Employee Benefits	-	2,000	-	2,000
224 Improvement of Instruction-Inservice and Staff Training				
300 Purchased Services	-	2,043	20,750	22,793
230 General Administration Services				
231 Board of Education				
300 Purchased Services	-	-	10,500	10,500
600 Other Objects	-	-	6,000	6,000
233 School Administration				
400 Supplies and Materials	-	-	7,200	7,200

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, 2015

	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
250 Finance and Operations Services				
252 Fiscal Services				
300 Purchased Services	-	-	37,800	37,800
254 Operation and Maintenance of Plant				
400 Supplies and Materials	-	-	14,400	14,400
256 Food Services				
400 Supplies and Materials	-	-	22,315	22,315
260 Central Support Services				
266 Technology and Data Processing Services				
300 Purchased Services	-	8,565	-	8,565
400 Supplies and Materials	-	54	-	54
Total Support Services	-	42,027	138,215	180,242
Total Expenditures	30,861	69,008	214,315	314,184
Excess of Revenues over Expenditures	-	-	756	756
Interfund Transfers, To Other Funds:				
420-710 Transfer to General Fund	-	-	(756)	(756)
Total Other Financing Uses	-	-	(756)	(756)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2014	-	-	-	-
Fund Balances - June 30, 2015	\$ -	\$ -	\$ -	\$ -

Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund – Special Revenue Programs
Summary Schedule for Designated State Restricted Grants
Year Ended June 30, 2015

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>SR Fund Unearned Revenue</u>
918	3198	Tech Professional Development	\$ 2,043	\$ 2,043	\$ -
935	3135	Reading Coaches	31,365	31,365	-
960	3610	K-5 Enhancement	26,361	26,361	-
963	3630	K-12 Technology Initiative	8,619	8,619	-
967	3607	6-8 Enhancement	620	620	-
Totals			<u>\$ 69,008</u>	<u>\$ 69,008</u>	<u>\$ -</u>

Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund - Education Improvement Act Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – All Programs
Year Ended June 30, 2015

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:

3511 Professional Development	\$ 2,018
3518 Formative Assessment	1,908
3538 Students at Risk of School Failure	32,479
3550 Teacher Salary Increase (No Carryover Provision)	56,378
3555 School Employer Contributions (No Carryover Provision)	9,754
3558 Reading	1,610
3577 Teacher Supplies (No Carryover Provision)	7,250
3581 Student Health and Fitness - Nurses	36,511
3583 Public Charter School Funding	1,823,144
3595 EEDA Supplies and Materials- Career Awareness	142
3597 Aid to Districts	18,346

Total State Sources	<u>1,989,540</u>
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Total Revenue All Sources	<u>1,989,540</u>
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Expenditures

100 Instruction

110 General Instruction

111 Kindergarten Programs

100 Salaries	34,544
200 Employee Benefits	2,516
400 Supplies and Materials	3,453

112 Primary Programs

100 Salaries	11,933
200 Employee Benefits	1,239
300 Purchased Services	4,658
400 Supplies and Materials	23,939

113 Elementary Programs

100 Salaries	16,045
200 Employee Benefits	1,466
400 Supplies and Materials	8,822

Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund - Education Improvement Act Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – All Programs
Year Ended June 30, 2015

120 Exceptional Programs	
127 Learning Disabilities	
400 Supplies and Materials	250
Total Instruction	108,865
200 Support Services	
210 Support Services - Students	
212 Guidance Services	
400 Supplies and Materials	250
213 Health Services	
100 Salaries	30,054
200 Employee Benefits	6,457
215 Exceptional Program Services	
300 Purchased Services	7,835
220 Instructional Staff Services	
224 Improv. of Instr. - In-service and Staff Training	
300 Purchased Services	12,935
Total Support Services	57,531
Total Expenditures	166,396
Excess of Revenues over Expenditures	1,823,144
Other Financing Uses	
420-710 Transfer to General Fund	(1,823,144)
Total Other Financing Uses	(1,823,144)
Net Change in Fund Balance	-
Fund Balances - July 1, 2014	-
Fund Balances - June 30, 2015	\$ -

Bridges Preparatory School
Beaufort, South Carolina
Special Revenue Fund – Education Improvement Act
Summary Schedule by Program
Year Ended June 30, 2015

Program	Revenues	Expenditures	Interfund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:				
3511 Professional Development	\$ 2,018	\$ 2,018	\$ -	\$ -
3518 Formative Assessment	1,908	1,908	-	-
3538 Students at Risk of School Failure	32,479	32,479	-	-
3550 Teacher Salary Increase (No Carryover Provision)	56,378	56,378	-	-
3555 School Employer Contributions (No Carryover Prov)	9,754	9,754	-	-
3558 Reading	1,610	1,610	-	-
3577 Teacher Supplies (No Carryover Provision)	7,250	7,250	-	-
3581 Student Health and Fitness - Nurses	36,511	36,511	-	-
3583 Public Charter School Funding	1,823,144	-	(1,823,144)	-
3595 EEDA Supplies and Materials- Career Awareness	142	142	-	-
3597 Aid to Districts	18,346	18,346	-	-
Totals	\$ 1,989,540	\$ 166,396	\$ (1,823,144)	\$ -

Bridges Preparatory School
Beaufort, South Carolina
Detailed Schedule of Due to South Carolina
Department of Education/Federal Government
Year Ended June 30, 2015

<u>Program</u>	<u>Grant or Project Number and FY</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDE or Federal Government</u>	<u>Status of Amounts Due to Grantors</u>
Planning and Implementation Grant	13B117F	4320	Received duplicate payment for claims from SCDE	\$ 125,746	Remitted to SCDE July 2015

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, 2015, 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 27, 2015.

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 opinion 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 did not disclose any instance of noncompliance that is 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.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina
October 27, 2015