

Bridges Preparatory School
(A Component Unit of the South Carolina
Public Charter School District)

Beaufort, South Carolina

ANNUAL FINANCIAL REPORT
June 30, 2022

(With Independent Auditors' Report Thereon)

**BRIDGES PREPARATORY SCHOOL
 BEAUFORT, SOUTH CAROLINA
 Annual Financial Report
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Directors
Bridges Preparatory School
Beaufort, South Carolina

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the School’s financial statements, as listed in the accompanying table of contents.

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 at June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bridges Preparatory School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridges Preparatory School’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bridges Preparatory School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridges Preparatory School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, as listed in the accompanying table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bridges Preparatory School's financial statements. The accompanying combining and individual fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2022, on our consideration of Bridges Preparatory 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 solely 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 effectiveness of Bridges Preparatory School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bridges Preparatory School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

Greenville, South Carolina
September 19, 2022

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

This discussion and analysis of Bridges Preparatory School's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

In the Statement of Net Position, the assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$7,479,277 (net position). Of this amount, however, \$1,866,495 is invested in capital assets (net of debt) and \$4,384,297 is restricted for various purposes. Therefore, the School reported an unrestricted net position of \$1,228,485.

The School's net position increased by \$1,756,210 during the current fiscal year, as compared to an increase of \$1,742,592 in the previous fiscal year.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$10,029,424, compared to a fund balance of \$5,489,485 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were \$30,856,109. The School completed construction of its elementary complex and began work on its gym, increasing its capital assets by \$2,863,030.

The School made its scheduled principal payments on its debt agreements, borrowed on its construction loan for its capital projects, and closed on permanent financing to pay off that construction loan.

During the 2022 fiscal year, the School's governmental fund-type revenues were \$13,088,644. The School reported governmental fund-type revenues of \$10,913,187 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$25,329,230. This amount included \$10,252,331 in debt payments, as it paid off its construction loan, and included \$3,686,076 in capital outlays for its construction projects.

Overall

The 135-day student count increased by 147, from 1,062 students in the prior year to 1,209 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to the School's Financial Statements. The School's Financial Statements consist of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

In addition to the Financial Statements, this report contains Required Supplementary Information that will enhance the reader's understanding of the financial condition of the School.

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of the School's overall financial status, in a manner similar to a private-sector enterprise.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

The Government-Wide Financial Statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). However, all activities of the School are governmental activities, which include instruction, supporting services, and debt service.

Fund Financial Statements

The remaining financial statements are Fund Financial Statements which focus on individual parts of the School, reporting the School's operations in more detail than the Government-Wide Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School are Governmental Funds.

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Funds Financial Statements focus on near-term uses of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School maintains three individual Governmental Funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Special Revenue Funds. The Governmental Funds Financial Statements can be found at Exhibits C, D, E, and F of this report.

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found following Exhibit F of this report.

Other Information

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided in the required supplementary information section for this fund to demonstrate compliance with its budget.

Major Features of Bridges Preparatory School Government-Wide and Fund Financial Statements		
	Government-Wide Statements	Fund Financial Statements
		<i>Government Funds Only</i>
Scope	Entire school unit	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$7,479,277 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2022 compared to 2021:

	Governmental Activities	
	2022	2021
Assets		
Current and other assets	\$ 10,948,387	\$ 6,660,413
Capital assets	30,856,109	29,399,586
Total assets	41,804,496	36,059,999
Liabilities		
Long-term liabilities	33,406,257	29,166,004
Other liabilities	918,963	1,170,928
Total liabilities	34,325,220	30,336,932
Net Position		
Net investment in capital assets	1,866,495	249,090
Restricted	4,384,297	1,139,046
Unrestricted net position	1,228,485	4,334,931
Total net position	\$ 7,479,277	\$ 5,723,067

During the current fiscal year, net position of the School's governmental activities increased by \$1,756,210. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from \$4,334,931 at June 30, 2021, to \$1,228,485 at June 30, 2022.

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The following table shows the changes in net position for fiscal year 2022 compared to 2021:

Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues		
Program revenues:		
Operating grants	\$ 13,287,616	\$ 10,462,073
Charges for services and sales	360,546	388,920
General revenue:		
Other	322,581	62,195
Total revenues	13,970,743	10,913,188
 Program Expenses		
Instruction	7,293,891	5,440,092
Support services	4,084,087	3,548,641
Interest	836,555	978,663
Total expenses	12,214,533	9,967,396
 Non-recurring item - contribution from forgiveness of PPP loan	-	796,800
 Increase in net position	\$ 1,756,210	\$ 1,742,592

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2022, the School's Governmental Funds reported combined fund balances of \$10,029,424 as compared to \$5,489,485 for the prior year. This increase was caused, in part, by the School recording the proceeds from borrowings under long-term notes and not expending all of those funds on its capital project during the current year.

The Special Revenue Funds consists of various Federal and Education Improvement Act Funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The funds that were received during the year were expended during the current fiscal year; therefore, there was no fund balance at the end of the previous or current year.

General Fund Budgetary Highlights

The School's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2022, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the School had \$30,856,109 net investment in capital assets. The year-end total of capital assets was \$32,481,194, with total accumulated depreciation of \$1,325,006. The depreciation expense taken during the year was \$823,046, and capital asset additions were \$3,686,076.

The following table shows fiscal 2022 balances compared to 2021:

	Capital Assets (Net of Depreciation)	
	Governmental Activities	
	2022	2021
Land	\$ 606,600	\$ 1,134,600
Buildings	29,640,940	18,389,672
Buildings/leasehold improvements	16,034	146,976
Vehicles	-	1,410
Furniture, fixtures, and equipment	83,414	122,953
Construction in progress	509,121	9,603,975
Totals	<u>\$ 30,856,109</u>	<u>\$ 29,399,586</u>

The School continued its construction projection for the elementary complex and gym and expects that the project will be completed in the next fiscal year.

Long-term Debt

At fiscal year-end, the School had \$33,390,084 in notes payable and capital leases versus \$29,150,496 in the prior year, as shown in the following table:

	Outstanding Debt, at Year End	
	Governmental Activities	
	2022	2021
Note payable to USDA	\$ 9,999,990	\$ 9,999,990
Note payable to USDA	9,858,467	9,858,467
Note payable to USDA	6,700,000	-
Note payable to USDA	4,800,000	-
Note payable to financial institution	1,949,481	1,990,184
Note payable to financial institution	-	7,186,953
Capital lease obligation	82,146	114,902
Total long-term debt	<u>\$ 33,390,084</u>	<u>\$ 29,150,496</u>

The U.S. Department of Agriculture ("USDA") provided permanent financing of \$11,500,000 through two loans, so that the School could repay its construction loan and complete its ongoing construction project.

**BRIDGES PREPARATORY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Economic Factors

The following key economic indicators reflect the operations 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 will continue to seek both federal and private grant funds to supplement its Education Finance Act (“EFA”) funding.

Contacting the School’s Financial Management

This financial report is designed to provide interested parties with a general overview of the School’s finances and to show the School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School’s business office located at 555 Robert Smalls Parkway, Beaufort, South Carolina 29906.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Statement of Net Position
June 30, 2022

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 6,144,598
Restricted cash	4,384,297
Due from other governmental units	333,835
Prepaid expenses	85,657
Capital assets	32,481,194
Less accumulated depreciation and amortization	(1,625,085)
Total capital assets, net of depreciation	<u>30,856,109</u>
Total assets	<u>41,804,496</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	918,710
Revenue collected in advance	149
Due to other governmental units	103
Long-term liabilities:	
Compensated absences	16,173
Due within one year	298,152
Due in more than one year	33,091,932
Total liabilities	<u>34,325,219</u>
 <u>NET POSITION</u>	
Net investment in capital assets	1,866,495
Restricted net position	4,384,297
Unrestricted net position	<u>1,228,485</u>
Total net position	<u>\$ 7,479,277</u>

The notes to the financial statements are an integral part of this statement.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 7,293,891	\$ 21,429	\$ 7,934,681	\$ 662,219
Support services	4,084,087	-	4,442,886	358,799
Interest and other charges	836,555	339,117	910,049	412,611
Total governmental activities	12,214,533	360,546	13,287,616	1,433,629
Total	\$ 12,214,533	\$ 360,546	\$ 13,287,616	1,433,629
General revenues:				
				216,999
				99,390
				6,192
				322,581
				1,756,210
				5,723,067
				\$ 7,479,277

The notes to the financial statements are an integral part of this statement.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2022**

	General	Special Revenue	EIA	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,144,598	\$ -	\$ -	\$ 6,144,598
Restricted cash	4,384,297	-	-	4,384,297
Due from other funds	322,944	-	-	322,944
Due from other governmental units	10,639	230,588	92,608	333,835
Prepaid items	85,657	-	-	85,657
Total assets	\$ 10,948,135	\$ 230,588	\$ 92,608	\$ 11,271,331
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 918,711	\$ -	\$ -	\$ 918,711
Due to other governmental units	-	-	103	103
Due to other funds	-	230,588	92,356	322,944
Unearned revenue	-	-	149	149
Total liabilities	918,711	230,588	92,608	1,241,907
Fund balances:				
Nonspendable	85,657	-	-	85,657
Restricted	4,384,297	-	-	4,384,297
Assigned	-	-	-	-
Unassigned	5,559,470	-	-	5,559,470
Total fund balances	10,029,424	-0-	-0-	10,029,424
Total liabilities and fund balances	\$ 10,948,135	\$ 230,588	\$ 92,608	\$ 11,271,331

The notes to the financial statements are an integral part of this statement.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balance - Governmental Funds	\$	10,029,424
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in Governmental Funds. The cost of assets is \$32,481,194 and the accumulated depreciation is \$1,625,084.		30,856,110
Certain liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(33,390,084)
Certain liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(16,173)</u>
Net position of governmental activities	\$	<u><u>7,479,277</u></u>

The notes to the financial statements are an integral part of this statement.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 683,128	\$ -	\$ -	\$ 683,128
State	5,340,153	90,800	5,930,101	11,361,054
Federal	-	1,044,462	-	1,044,462
Intergovernmental	-	-	-	-
	<u>6,023,281</u>	<u>1,135,262</u>	<u>5,930,101</u>	<u>13,088,644</u>
EXPENDITURES				
Current:				
Instruction	5,623,355	605,768	389,207	6,618,330
Support services	3,313,688	529,494	92,756	3,935,938
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt services:				
Redemption of principal	10,252,331	-	-	10,252,331
Interest payments	836,555	-	-	836,555
Capital outlay	3,686,076	-	-	3,686,076
	<u>23,712,005</u>	<u>1,135,262</u>	<u>481,963</u>	<u>25,329,230</u>
Excess (deficiency) of revenues over expenditures	<u>(17,688,724)</u>	<u>-</u>	<u>5,448,138</u>	<u>(12,240,586)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term notes	14,491,920	-	-	14,491,920
Proceeds from sale of assets	2,288,605	-	-	2,288,605
Operating transfers in	5,448,138	-	-	5,448,138
Operating transfers out	-	-	(5,448,138)	(5,448,138)
	<u>22,228,663</u>	<u>-0-</u>	<u>(5,448,138)</u>	<u>16,780,525</u>
Net changes in fund balance	4,539,939	-0-	-0-	4,539,939
FUND BALANCE, July 1, 2021	<u>5,489,485</u>	<u>-0-</u>	<u>-0-</u>	<u>5,489,485</u>
FUND BALANCE, June 30, 2022	<u>\$ 10,029,424</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,029,424</u>

The notes to the financial statements are an integral part of this statement.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022**

Total net changes in fund balance - Governmental Funds	\$ 4,539,939
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>	
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,686,075), less disposals, exceeds depreciation (\$823,046) in the period.</p>	2,863,029
<p>Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position.</p>	(14,491,920)
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the Governmental Funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the changes in fund balance by the cost of net book value of the equipment sold.</p>	(1,406,505)
<p>Some expenses, including compensated absences, reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.</p>	(665)
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	<u>10,252,331</u>
Change in net position of governmental activities	<u><u>\$ 1,756,209</u></u>

The notes to the financial statements are an integral part of this statement.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Bridges Preparatory School (“the School”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Bridges Preparatory School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School's charter was approved in April 2012 through a ten-year charter granted by the South Carolina Public Charter School District (“the District”). The School serves approximately 1,210 students from kindergarten through twelfth grade in Beaufort County, South Carolina.

A charter school is an independent public school, governed by an independent Board of Directors (“the Board”). To encourage innovation, charter schools operate free from a number of state laws and regulations. Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Charter schools may charge for selected additional costs consistent with those permitted by school districts. Because charter schools receive local, state, and federal funds they may not charge tuition.

The School is considered a component unit of the South Carolina Public Charter School District. A component unit, although a legally separate entity, is, in substance, part of the District's operations. The School has no component units for which it is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on all of the activities of the School. The School does not have any business-type activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements report detailed information about the School. The focus of Governmental Financial Statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

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. However, debt service expenditures, are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major governmental funds:

- The General Fund is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.

The School has no non-major governmental funds at June 30, 2022.

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

D. Assets, Liabilities, and Net Position or Fund Balance

1) Deposits and Investments

The School’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The School is authorized to invest in securities as allowed by South Carolina statute. Those investments are restricted to:

- 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) Savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the Federal Depository Insurance Corporation (“FDIC”);
- 4) Certificates of deposit where the certificates are collaterally secured 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 so secured, including interest.

2) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-Wide and Fund Financial Statements.

3) Receivables and 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 accounts receivable, due from other governmental units, accounts payable or “due from other funds” or “due to other funds”. The transactions between funds are eliminated in the Governmental Activities’ column of the Statement of Net Position.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

4) Capital Assets

Capital assets include equipment, furniture, technology, vehicles and leasehold improvements. Capital assets are defined by the School 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Assets</u>	<u>Years</u>
Buildings		39
Building / leasehold improvements		15 - 39
Vehicles		5 - 7
Furniture, fixtures, and equipment		3 - 5

5) Unearned Revenue

Unearned revenue arises when resources have been received but not yet earned. Federal, state, local, and private program grants revenue 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 as of June 30, 2022 was \$149.

6) Long-term Obligations

In the Government-Wide Financial Statements long-term debt and long-term obligations are reported as liabilities in the Statement of Net Position. In the Fund Financial Statements, governmental fund-types recognize principal and interest payments as expenditures of the current period and report the face amount of debt issued as other financing sources.

7) Compensated Absences

The School's general leave policy allows for the accumulation of unused vacation leave. Employees terminating or retiring are paid for accumulated vacation leave based on the years of service with the School as listed below, in addition to their severance pay agreed upon with the School. Leave days can accumulate to a maximum of 30 – 40 days according to the chart below, after which they will be forfeited if not used:

<u>Payout for Unused Days</u>	<u>Amount per Day</u>	<u>Accumulated Leave Days</u>
1 to 4 years of service	\$10	Up to 190
5 of more years of service	\$25	191 to 209
5 of more years of service	\$25	210 to 219
5 of more years of service	\$25	220 to 240

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

8) Fund Equity

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes if any are determined. Then any remaining fund balance amounts for the non-general funds. Committed fund balance amounts are established by the School's Board through motions passed at the School's Board meetings. Assigned fund balance amounts are established by the School's administration. The School has no assigned fund balance amounts.

Nonspendable Fund Balance - includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The School's nonspendable fund balance represents amounts not in spendable form.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The School has notes payable from the USDA that require reserves to be established and funded. This Debt Service Reserve Fund ("DSR") has a balance of \$691,488 as of June 30, 2022. The School also has cash balances of \$3,546,995 and \$145,814 as of June 30, 2022 which is restricted for use in its construction project and for student activities, respectively.

Committed Fund Balance - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the Board.

Assigned Fund Balance - includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. Assignments of fund balance are established by the School's administration.

Unassigned Fund Balance - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

9) Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

10) Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School can access at the measurement date.

- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

11) Use of Estimates

The preparation of the financial statements in conformity with GAAP as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures, or expenses during the reporting period. Actual results could differ from those estimates.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all governmental funds are adopted on the modified accrual basis for accounting, which is consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end and the School does not employ encumbrance accounting.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School’s policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the School’s Charter Committee. The legal level of control is at the fund level. During the year, the School revised the budget. The administration has discretionary authority to make transfers between appropriation accounts. The budget amounts in the financial statements are as amended by the administration.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2022, the School’s carrying amount of deposits was \$6,281,783 and the bank balance was \$6,285,114, of which \$6,035,114 was not covered by the FDIC. This amount was fully collateralized. The School had no investments at June 30, 2022. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina. The School had \$691,488 in cash as of June 30, 2022 which was restricted for its Debt Service Reserve Fund and \$3,546,995 and \$145,814 in cash as of June 30, 2022 which was restricted for use in its construction project and student activities, respectively.

B. Due to/From and Transfers between Funds

During the course of normal operations, the School has transactions between funds to provide services. These transactions are generally reflected as transfers. Transfers from and to other funds for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 5,448,138	\$ -
Education Improvement Act Fund	-	5,448,138
Totals	\$ 5,448,138	\$ 5,448,138

The General Fund received transfers from EIA to supplement operations as part of funding flexibility.

At June 30, 2022 the Special Projects Fund and the EIA Fund owed \$230,588 and \$92,356, respectively, to the General Fund for funds expended but not yet received.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,134,600	\$ -	\$ (528,000)	\$ 606,600
Construction in progress	<u>9,603,975</u>	<u>3,672,136</u>	<u>(12,766,990)</u>	<u>509,121</u>
Total assets not being depreciated	<u>10,738,575</u>	<u>3,672,136</u>	<u>(13,294,990)</u>	<u>1,115,721</u>
Capital assets being depreciated:				
Buildings	19,252,626	12,766,990	(902,294)	31,117,322
Buildings/leasehold improvements	694,822	-	(671,601)	23,221
Vehicles	42,300	-	-	42,300
Furniture, fixtures and equipment	<u>223,606</u>	<u>13,940</u>	<u>(54,916)</u>	<u>182,630</u>
Total assets being depreciated	<u>20,213,354</u>	<u>12,780,930</u>	<u>(1,628,811)</u>	<u>31,365,473</u>
Total capital assets	<u>30,951,929</u>	<u>16,453,066</u>	<u>(14,923,801)</u>	<u>32,481,194</u>
Less accumulated depreciation for:				
Buildings	862,955	780,285	(166,858)	1,476,382
Buildings/leasehold improvements	547,846	5,967	(546,626)	7,187
Vehicles	40,890	1,410	-	42,300
Furniture, fixtures and equipment	<u>100,652</u>	<u>35,386</u>	<u>(36,822)</u>	<u>99,216</u>
Total accumulated depreciation	<u>1,552,343</u>	<u>823,048</u>	<u>(750,306)</u>	<u>1,625,085</u>
Net capital assets being depreciated	<u>\$ 18,661,011</u>	<u>\$ 11,957,882</u>	<u>\$ (750,306)</u>	<u>\$ 29,740,388</u>
Governmental activities capital assets, net	<u>\$ 29,399,586</u>	<u>\$ 15,630,018</u>	<u>\$ (13,294,990)</u>	<u>\$ 30,856,109</u>

Depreciation expense charged to functions/programs was as follows:

Governmental Activities:

Instruction	\$ 36,024
Support services	<u>517,027</u>

Total depreciation / amortization expense for governmental activities \$ 553,051

During the year ended June 30, 2021, the School began a construction project for the next phase of its campus, an elementary complex. The project was completed during the year ended June 30, 2022, and amounts expended on this project were transferred to the fixed asset accounts. During the year ended June 30, 2022, the School began a construction project for its gym. Amounts expended on this project were included in construction in progress at June 30, 2022. It is expected that the project will be completed in the next fiscal year.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-Term Debt

The School closed on two U.S. Department of Agriculture (“USDA”) loans for permanent financing of its campus in the amounts of \$9,999,990 and \$9,999,980 on November 1, 2019. The School borrowed \$19,858,547 under these two loans to fully repay its construction loan. Each of these loans is repayable monthly over 35 years at a fixed interest rate of 3%, with monthly payments of \$40,600. For the first twenty-four months after closing, the loans require monthly payments of interest only. The loans are collateralized by the land, buildings, furniture, and equipment.

In February 2020, the School entered into a \$2,000,000 loan with a financial institution for completion of the furnishing and technology needs of its permanent campus. This loan had an outstanding balance of \$1,949,481 at June 30, 2022.

In October 2020, the School entered into a \$10,980,000 construction loan with a financial institution for interim financing of construction of its elementary complex. This loan was used to fund construction expenditures. The U.S. Department of Agriculture provided a permanent financing commitment. The School closed on two USDA loans for permanent financing of its elementary complex in the amounts of \$6,700,000 and \$4,800,000 on December 20, 2021. The School borrowed \$11,500,000 under these two loans to fully repay its construction loan and fund additional construction expenditures. Each of these loans is repayable monthly over 35 years at a fixed interest rate of 2.125%, with monthly payments of \$24,120 and \$17,280. For the first twenty-four months after closing, the loans require monthly payments of interest only. The loans are collateralized by the land, buildings, furniture, and equipment.

Notes payable consist of the following as of June 30, 2022:

Note payable to USDA, bearing interest at 3.00%, interest payments due monthly through November 2022, then monthly principal and interest payments of \$40,600 due for 420 months. The loan is secured by real estate mortgage on land and building.	\$ 9,999,990
Note payable to USDA, bearing interest at 3.00%, interest payments due monthly through November 2022, then monthly principal and interest payments of \$40,600 due for 420 months. The loan is secured by real estate mortgage on land and building.	9,858,467
Note payable to financial institution, bearing interest at prime rate + 1%, interest payments due monthly through March 2021, then monthly principal and interest payments of \$40,600 due for 288 months. The loan is secured by real estate mortgage on land and building.	1,949,481
Note payable to USDA, bearing interest at 2.125%, interest payments due monthly through December 2024, then monthly principal and interest payments of \$24,120 due for 420 months. The loan is secured by real estate mortgage on land and building.	6,700,000
Note payable to USDA, bearing interest at 2.125%, interest payments due monthly through December 2024, then monthly principal and interest payments of \$17,280 due for 420 months. The loan is secured by real estate mortgage on land and building.	<div style="border-top: 1px solid black;">4,800,000</div> <div style="border-top: 1px solid black;">33,307,938</div>
Less current portion of long-term debt	<div style="border-top: 1px solid black;">(263,151)</div>
Total long-term debt	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 33,044,787</div>

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022**

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-Term Debt, continued

Maturities of notes outstanding at June 30, 2022, based upon current financing arrangements, are as follows:

Year Ending June 30		
2023	\$	263,151
2024		431,935
2025		573,152
2026		718,957
2027		739,983
Thereafter		<u>30,580,760</u>
Total	\$	<u>33,307,938</u>

Changes in long-term debt for the year ended June 30, 2022 were as follows:

Notes payable, beginning of year	\$	29,035,594
Borrowings		14,491,920
Principal payments/forgiveness		<u>(10,219,576)</u>
Notes payable, end of year	\$	<u>33,307,938</u>

Capital Leases Payable

During the year ended June 30, 2020, the School entered into a lease agreement to finance the purchase of computer equipment. The lease is a five-year term requiring annual installments including interest at 6.648%, liquidated by the General Fund. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments. As of June 30, 2022, the lease remained unpaid with remaining payments as follows:

Year Ended June 30		
2023	\$	39,409
2024		39,409
2025		<u>9,852</u>
		88,670
Less amounts representing interest		<u>(6,524)</u>
	\$	<u>82,146</u>

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022

IV. OTHER INFORMATION

A. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains a \$1,000,000 per occurrence general liability policy and a \$2,000,000 per occurrence errors and omissions policy with a commercial carrier.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

B. Employee Retirement Plan

The School maintains a 457 Deferred Compensation Plan and Trust (“the Plan”) with the State of South Carolina for all full-time employees. Employees contribute through payroll deductions to the Plan and the School matches up to 5% of gross wages of the employee’s contributions. These provisions were established by the Board. The School contributed \$134,310 to the Plan for the year ended June 30, 2022.

D. Commitments and Contingencies

The School participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures that may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the School's management believes such disallowances, if any, would be immaterial.

E. Operating Leases

The School has entered into operating leases for office equipment, with terms ranging from month-to-month to sixty months. Rent expense under these leases for the year ended June 30, 2022 was \$7,200. Future minimum lease payments are \$7,200 for 2023.

The School adopted GASB Statement #87 *Leases* as of July 1, 2021. This statement seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities that previously were classified as operating leases. Under this new standard, a lessee entity is required to recognize a lease liability and an intangible asset representing the lessee’s right to use the leased asset, for long-term lease obligations. The School analyzed its leases and determined that, due to terms and insignificance, they did not meet the criteria for recognition as a long-term lease obligation and Right of Use Asset.

F. Compliance with the USDA Notes Payable Reserve Requirements

The School has a note payable from the USDA that requires reserves to be established and funded as a condition to issuing the loan. The DSR is determined as follows:

- **DSR** - The School must fund this reserve such that the accumulated amount equals one year’s annual installments. This reserve is established to assist with debt payments should the need arise and use of these funds must have the USDA approval. The DSR was fully funded in a previous year and remains fully funded as of June 30, 2022.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2022

IV. OTHER INFORMATION, Continued

G. Other

In December 2019, an outbreak of novel coronavirus (“COVID-19”) originated in China and spread to other countries, including the U.S. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. Multiple jurisdictions in the U.S. declared a state of emergency, and limited most aspects of business, education, travel, and personal physical interactions. Beginning in March 2020 through much of the following school year, the School was forced to move to primarily remote educational offerings and to cancel certain other programs. These necessary actions did cause certain school-related revenues to decrease and additional expenses to be incurred. Management of the School took prompt action to postpone certain initiatives and reduce operating expenses so as to maintain its financial stability.

In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”) which introduced aid to affected organizations. Follow-up legislation to the CARES Act provides funding to state schools and other entities for COVID-19 related expenditures. The School determined its eligibility for funding under various programs, applied for, and received additional funding through several programs, including ESSER I, ESSER II, and GEER Fund. This funding did serve to mitigate the financial impact of expenditures the School had made or will be making.

H. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 19, 2022, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2022.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 1,000	\$ 6,192	\$ 5,192
1700 Pupil activities			
1730 Pupil organization membership dues and fees	5,000	1,840	(3,160)
1740 Student fees	25,000	21,430	(3,570)
1790 Other pupil activity income	204,000	339,117	135,117
1900 Other revenue from local sources			
1910 Rentals	30,000	47,670	17,670
1920 Contributions and donations from private sources	75,000	99,390	24,390
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	4,960	167,489	162,529
Total local sources	<u>344,960</u>	<u>683,128</u>	<u>338,168</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3180 Fringe benefits employer contrib (no carryover)	1,174,240	1,275,269	101,029
3186 State aid to classrooms - teacher salary increase	-	246,603	246,603
3300 State aid to classrooms - Education Finance Act (EFA)			
3311 Kindergarten	265,000	285,742	20,742
3312 Primary	640,000	651,719	11,719
3313 Elementary	1,185,000	1,197,289	12,289
3314 High school	340,000	354,781	14,781
3315 Trainable mentally handicapped	5,000	5,133	133
3316 Speech handicapped (part-time)	175,000	182,085	7,085
3317 Homebound	1,000	830	(170)
3320 Part-time programs			
3321 Emotionally handicapped	4,000	5,133	1,133
3323 Learning disabilities	245,000	267,880	22,880
3326 Orthopedically handicapped	4,000	5,133	1,133
3327 Pre-career and career technology	340,000	366,725	26,725

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3330 Miscellaneous EFA programs			
3331 Autism	\$ 24,000	\$ 28,257	\$ 4,257
3332 High achieving students	30,000	33,324	3,324
3334 Limited english proficiency	10,000	11,357	1,357
3350 Residential Treatment Facilities (RTF)			
3351 Academic assistance	140,000	152,583	12,583
3352 Pupils in poverty	220,354	243,277	22,923
3353 Dual credit enrollment	15,000	16,394	1,394
3392 NBC excess EFA formula	10,000	10,639	639
Total state sources	<u>4,827,594</u>	<u>5,340,153</u>	<u>512,559</u>
Total revenues all sources	<u>5,172,554</u>	<u>6,023,281</u>	<u>850,727</u>

EXPENDITURES

100 Instruction

110 General instruction

111 Kindergarten programs

100 Salaries	259,084	322,937	(63,853)
200 Employee benefits	105,706	131,396	(25,690)
400 Supplies and materials	2,000	1,605	395

112 Primary programs

100 Salaries	1,244,184	1,322,514	(78,330)
200 Employee benefits	279,319	296,924	(17,605)
400 Supplies and materials	3,000	2,941	59

113 Elementary programs

100 Salaries	1,593,372	1,530,167	63,205
200 Employee benefits	379,860	364,860	15,000
300 Purchased services	55,000	69,419	(14,419)
400 Supplies and materials	220,000	231,722	(11,722)
500 Capital outlay	-	13,940	(13,940)

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
114 High school programs			
100 Salaries	\$ 355,465	\$ 278,593	\$ 76,872
200 Employee benefits	106,640	163,718	(57,078)
300 Purchased services	25,000	71,683	(46,683)
400 Supplies and materials	-	56,959	(56,959)
120 Exceptional programs			
126 Speech handicapped			
100 Salaries	28,000	23,702	4,298
200 Employee benefits	9,401	14,203	(4,802)
127 Learning disabilities			
100 Salaries	327,500	302,121	25,379
200 Employee benefits	103,170	92,952	10,218
400 Supplies and materials	7,000	5,107	1,893
140 Special programs			
145 Homebound			
100 Salaries	1,000	1,360	(360)
170 Summer school programs			
172 Elementary summer school			
400 Supplies and materials	-	2,166	(2,166)
175 Instructional programs beyond regular school day			
100 Salaries	94,000	84,346	9,654
200 Employee benefits	22,560	3,101	19,459
300 Purchased services	-	70,043	(70,043)
400 Supplies and materials	-	11,021	(11,021)
190 Instructional pupil activity			
300 Purchased services	10,000	12,889	(2,889)
400 Supplies and materials	52,000	73,941	(21,941)
660 Instructional pupil activity	80,000	80,965	(965)
Total instruction	<u>5,363,261</u>	<u>5,637,295</u>	<u>(274,034)</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
100 Salaries	54,000	52,018	1,982
200 Employee benefits	15,000	15,280	(280)

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
212 Guidance services			
100 Salaries	\$ 158,605	\$ 149,360	\$ 9,245
200 Employee benefits	24,587	20,509	4,078
400 Supplies and materials	1,250	2,815	(1,565)
213 Health services			
100 Salaries	27,000	27,028	(28)
200 Employee benefits	13,250	14,835	(1,585)
400 Supplies and materials	5,000	9,167	(4,167)
214 Psychological services			
300 Purchased services	35,000	23,179	11,821
215 Exceptional program services			
300 Purchased services	20,000	685	19,315
217 Career specialist services			
100 Salaries	-	19,985	(19,985)
200 Employee benefits	-	1,365	(1,365)
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	170,842	208,206	(37,364)
200 Employee benefits	45,750	54,077	(8,327)
222 Library and media services			
100 Salaries	64,000	60,708	3,292
200 Employee benefits	8,140	7,663	477
223 Supervision of special programs			
100 Salaries	28,000	26,581	1,419
200 Employee benefits	7,560	6,906	654
224 Improvement of instruction inserv and staff training			
100 Salaries	-	24,245	(24,245)
200 Employee benefits	-	2,798	(2,798)
300 Purchased services	36,500	47,424	(10,924)
400 Supplies and materials	-	1,469	(1,469)

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
230 General administrative services			
231 Board of education			
300 Purchased services	\$ 10,500	\$ 375	\$ 10,125
318 Audit services	12,000	10,000	2,000
400 Supplies and materials	1,000	70	930
600 Other objects	32,000	41,279	(9,279)
233 School administration			
100 Salaries	1,254,521	885,242	369,279
200 Employee benefits	242,610	167,236	75,374
300 Purchased services	18,000	82,508	(64,508)
400 Supplies and materials	58,000	103,700	(45,700)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	274,890	297,665	(22,775)
600 Other objects	800	3,757	(2,957)
253 Facilities acquisition and construction			
520 Construction services	-	3,672,136	(3,672,136)
254 Operation and maintenance of plant			
100 Salaries	30,345	49,189	(18,844)
200 Employee benefits	13,304	8,922	4,382
300 Purchased services	391,500	373,942	17,558
321 Public utilities	18,000	24,066	(6,066)
400 Supplies and materials	40,000	47,729	(7,729)
470 Energy	121,000	160,670	(39,670)
255 Student transportation (state mandated)			
200 Employee benefits	150	220	(70)
300 Purchased services	3,000	54,879	(51,879)
400 Supplies and materials	-	3,866	(3,866)
256 Food services			
400 Supplies and materials	25,000	450	24,550
258 Security			
300 Purchased services	9,492	7,068	2,424

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
260 Central support services			
263 Information services			
300 Purchased services	\$ 21,000	\$ 25,590	\$ (4,590)
400 Supplies and materials	10,000	10,304	(304)
266 Technology and data processing services			
100 Salaries	27,600	32,298	(4,698)
200 Employee benefits	5,432	7,532	(2,100)
300 Purchased services	15,000	5,720	9,280
400 Supplies and materials	7,000	16,771	(9,771)
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	8,000	8,000	-
300 Purchased services	55,000	63,666	(8,666)
400 Supplies and materials	42,000	44,671	(2,671)
Total support services	<u>3,392,628</u>	<u>6,918,526</u>	<u>(3,525,898)</u>
500 Debt services			
610 Redemption of principal	40,509	10,252,331	(10,211,822)
620 Interest	1,029,429	836,555	192,874
Total debt services	<u>1,069,938</u>	<u>11,088,886</u>	<u>(10,018,948)</u>
Total expenditures	<u>9,825,827</u>	<u>23,644,707</u>	<u>(13,818,880)</u>
OTHER FINANCING SOURCES (USES)			
5400 Proceeds from long-term notes	-	14,491,920	14,491,920
5300 Sale of fixed assets	-	2,288,605	2,288,605
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	5,284,080	5,448,138	164,058
Total other financing sources (uses)	<u>5,284,080</u>	<u>22,228,663</u>	<u>16,944,583</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 630,807</u>	4,607,237	<u>\$ 3,976,430</u>
FUND BALANCE, July 1, 2021		<u>5,489,485</u>	
FUND BALANCE, June 30, 2022		<u>\$ 10,096,722</u>	

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2022

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Total</u>
REVENUES								
3000 Revenue from state sources								
3100 Restricted state funding								
3120 General education								
3127 Student health/fitness-PE teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,425	\$ -	\$ 9,425
3130 Special programs								
3135 Reading coaches	-	-	-	-	-	55,836	-	55,836
3136 Student health/fitness - nurses	-	-	-	-	-	9,039	-	9,039
3187 Teacher supplies (no carryover)	-	-	-	-	-	16,500	-	16,500
Total state sources	-	-	-	-	-	90,800	-	90,800
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4351 Supporting effective instruction	-	-	-	-	-	-	27,982	27,982
4500 Programs for children with disabilities								
4510 Individ with Disabilities Educ Act (IDEA)	-	126,611	-	-	-	-	48,093	174,704
4900 Other federal sources								
4977 ESSER II	-	-	-	-	-	-	558,053	558,053

* See Schedule 3 for a listing of LEA subfund codes for each program

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2022**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
4900 Other federal sources								
4990 Other federal revenue								
4999 Revenue from other federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,723	\$ 283,723
Total federal sources	<u>-</u>	<u>126,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>917,851</u>	<u>1,044,462</u>
Total revenues all sources	<u>-</u>	<u>126,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,800</u>	<u>917,851</u>	<u>1,135,262</u>

EXPENDITURES

100 Instruction								
110 General instruction								
111 Kindergarten programs								
100 Salaries	-	-	-	-	-	-	44,315	44,315
112 Primary programs								
100 Salaries	-	-	-	-	-	-	64,479	64,479
113 Elementary programs								
100 Salaries	-	-	-	-	-	-	138,207	138,207
300 Purchased services	-	-	-	-	-	-	68,400	68,400
400 Supplies and materials	-	-	-	-	-	10,725	54,738	65,463
114 High school programs								
100 Salaries	-	-	-	-	-	9,425	30,000	39,425
400 Supplies and materials	-	-	-	-	-	4,125	-	4,125

* See Schedule 3 for a listing of LEA subfund codes for each program

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2022**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
120 Exceptional programs								
126 Speech handicapped								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
127 Learning disabilities								
100 Salaries	-	81,611	-	-	-	-	48,093	129,704
400 Supplies and materials	-	-	-	-	-	1,650	-	1,650
Total instruction	-	81,611	-	-	-	25,925	498,232	605,768
200 Support services								
210 Pupil services								
213 Health services								
100 Salaries	-	-	-	-	-	9,039	100,000	109,039
214 Psychological services								
300 Purchased services	-	-	-	-	-	-	30,323	30,323
215 Exceptional program services								
300 Purchased services	-	-	-	-	-	-	86,314	86,314
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	-	-	-	-	-	55,836	-	55,836
223 Supervision of special programs								
100 Salaries	-	45,000	-	-	-	-	-	45,000

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2022

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
224 Improvement of instruction inserv and staff training								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640	\$ 640
250 Finance and operations services								
254 Operation and maintenance of plant								
300 Purchased services	-	-	-	-	-	-	175,000	175,000
260 Central support services								
264 Staff services								
100 Salaries	-	-	-	-	-	-	27,342	27,342
Total support services	-	45,000	-	-	-	64,875	419,619	529,494
Total expenditures	-	126,611	-	-	-	90,800	917,851	1,135,262
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
EXCESS/DEFICIENCY OF REVENUES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2021	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2022	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2022

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
937	Student health/fitness-PE teachers	\$ 9,425	3127
935	Reading coaches	55,836	3135
936	Student health/fitness - nurses	9,039	3136
217	Teacher supplies (no carryover)	16,500	3187
		<u>\$ 90,800</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
267	Supporting effective instruction	\$ 27,982	4351
212	IDEA - Extended school year	9,265	4510
230	IDEA - ARP	38,828	4510
225	ESSER II	558,053	4977
809	GEER Fund	283,723	4999
		<u>\$ 917,851</u>	

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2022

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
267	3127	Student health/fitness-PE teachers	\$ 9,425	\$ 9,425	\$ -	\$ -	\$ -
212	3135	Reading coaches	55,836	55,836	-	-	-
225	3136	Student health/fitness - nurses	9,039	9,039	-	-	-
809	3187	Teacher supplies (no carryover)	16,500	16,500	-	-	-
			<u>\$ 90,800</u>	<u>\$ 90,800</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2022

REVENUES

3000 Revenue from state sources		
3500 Education improvement act		
3502 ADEPT	\$	1,000
3519 Grade 10 assessments		21
3526 Refurbishment of science kits		6,521
3533 Teacher of the year awards (no carryover prov)		1,077
3536 Student health & fitness		15,418
3538 Students at risk of school failure		82,578
3550 Teacher salary increase (no carryover)		193,211
3555 Teacher salary fringe		46,412
3557 Summer reading program		10,774
3577 Teacher supplies (no carryover provision)		5,775
3583 Charter school payments		5,448,138
3595 EEDA - supplies and materials		2,115
3597 Aid to districts		43,915
3599 Other EIA		<u>73,146</u>
Total state sources		<u>5,930,101</u>
Total revenues all sources		<u>5,930,101</u>

EXPENDITURES

100 Instruction		
110 General instruction		
113 Elementary programs		
100 Salaries		60,147
200 Employee benefits		46,412
400 Supplies and materials		338
114 High school programs		
100 Salaries		275,789
400 Supplies and materials		<u>6,521</u>
Total instruction		<u>389,207</u>

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2022

200 Support services		
210 Pupil services		
212 Guidance services		
400 Supplies and materials	\$	2,115
213 Health services		
100 Salaries		15,418
220 Instructional staff services		
224 Improvement of instruction inserv and staff training		
300 Purchased services		1,000
250 Finance and operations services		
254 Operation and maintenance of plant		
300 Purchased services		73,146
260 Central support services		
263 Information services		
500 Capital outlay		<u>1,077</u>
Total support services		<u>92,756</u>
Total expenditures		<u>481,963</u>
 OTHER FINANCING SOURCES (USES)		
Interfund transfers, from (to) other funds		
420-710 Transfer to General Fund (excludes indirect costs)		<u>(5,448,138)</u>
Total other financing sources (uses)		<u>(5,448,138)</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES		 <u>-0-</u>
FUND BALANCE, July 1, 2021		<u>-0-</u>
FUND BALANCE, June 30, 2022		<u>\$ -0-</u>

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2022**

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfunc Other Fund</u>		<u>EIA Fund Unearned</u>
			<u>Transfers In(Out)</u>	<u>Transfers In(Out)</u>	
3500 Education Improvement Act					
3502 ADEPT	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -
3519 Grade 10 assessments	21	21	-	-	-
3526 Refurbishment of science kits	6,521	6,521	-	-	149
3533 Teacher of the year awards (no carryover prov)	1,077	1,077	-	-	-
3536 Student health & fitness	15,418	15,418	-	-	-
3538 Students at risk of school failure	82,578	82,578	-	-	-
3550 Teacher salary increase (no carryover)	193,211	193,211	-	-	-
3555 Teacher salary fringe	46,412	46,412	-	-	-
3557 Summer reading program	10,774	10,774	-	-	-
3577 Teacher supplies (no carryover provision)	5,775	5,775	-	-	-
3583 Charter school payments	5,448,138	-	-	(5,448,138)	-
3595 EEDA - supplies and materials	2,115	2,115	-	-	-
3597 Aid to districts	43,915	43,915	-	-	-
3599 Other EIA	73,146	73,146	-	-	-
TOTALS	\$ 5,930,101	\$ 481,963	\$ -0-	\$ (5,448,138)	\$ 149

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA**
Schedule of Due to State Department of Education/Federal Government
June 30, 2022

<u>Program</u>	<u>Grant/ Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDOE/Federal Government</u>	<u>Status of Payments</u>
Grade 10 Assessments	EIA	3519/319	Unexpended allocation	\$ <u>102.80</u>	Unpaid as of September 19, 2022

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant weakness(es) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant weakness(es) identified that are not considered to be material weakness(es)? Yes No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>	Community Facilities
10.766	Community Facilities Loans and Grants	

Dollar threshold used to distinguish between type A and type B programs: \$1,062,021

Auditee qualified as low-risk auditee? Yes No

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2022**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

2022-001

Deadline Exceeded

- Condition:** The School did not meet the deadline for submission of its data collection form and reporting package to the Federal Audit Clearinghouse for the fiscal year ended June 30, 2021. The data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' report or nine months after the end of the audit period. Therefore, the deadline for submission of the required information for the fiscal year ended June 30, 2021 was December 5, 2021. The data collection form and reporting package were not submitted by that date.
- Criteria:** 2 CFR 200.512
- Cause:** The School engaged its independent audit firm to assist in the preparation and submission of its data collection report and reporting package. That firm did upload the data collection form and reporting package to the Federal Audit Clearinghouse on December 2, 2021. However, the School did not certify the data collection form and reporting package, the audit firm did not certify, and did not submit the certified information by the December 5, 2021 deadline.
- Effect:** The School did not meet the deadline of 30 calendar days after receipt of the auditors' report.
- Recommendation:** Establish procedures to verify that the data collection form and reporting package have been properly submitted on a timely basis.
- Response:** The School has implemented procedures to monitor communications with its audit firm and the Federal Audit Clearinghouse to ensure timely submission of complete and accurate reports to federal entities.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2022**

Section I - Financial Statement Findings

None.

**BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022**

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor Program Title	Assistance Listing Number	Pass- Through Grantor's Number	Total Expenditures
<u>U.S. Department of Education</u>				
Passed through the South Carolina Public Charter School District:				
203	Individ with Disabilities Education Act (IDEA)	84.027		\$ 126,611
212	IDEA - Extended school year	84.027		9,265
	Total special education cluster			<u>135,876</u>
225	ESSER II	84.425D		558,053
230	ARP - IDEA children with disabilities	84.425U		38,828
809	GEER Fund	84.425C		283,723
267	Supporting effective instruction	84.367A		<u>27,982</u>
	Total U.S. Department of Education			<u>1,044,462</u>
<u>U.S. Department of Agriculture</u>				
Direct Program:				
	Community Facilities Loans and Grants	10.766	N/A	2,991,919 *
	Community Facilities Loans and Grants	10.766	2021-01	6,700,000
	Amount of borrowings used to pay off loan included on prior year Schedule of Federal Expenditures			<u>(6,700,000)</u>
				-0-
	Community Facilities Loans and Grants	10.766	2021-02	4,800,000
	Amount of borrowings used to pay off loan included on prior year Schedule of Federal Expenditures			<u>(486,953)</u>
				<u>4,313,047</u>
				<u>7,304,966</u>
				<u>Beginning of Year Outstanding Loan Balances</u>
	Community Facilities Loans and Grants	10.766	2019-01	9,999,990
	Community Facilities Loans and Grants	10.766	2019-02	9,858,467
	Community Facilities Loans and Grants	10.766	N/A	7,186,953 *
				<u>27,045,410</u>
	Total U.S. Department of Agriculture			<u>34,350,376</u>
	Total Federal Assistance Expended			<u>\$ 35,394,838</u>

* Represents interim financing utilized during construction period before closing on USDA loans.

None of the above amounts were passed through to subrecipients.
See accompanying notes to the Schedule of Expenditures of Federal Awards.

BRIDGES PREPARATORY SCHOOL
BEAUFORT, SOUTH CAROLINA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the SEFA") includes the federal grant activity of Bridges Preparatory School under programs of the federal government for the year ended June 30, 2022. The information in the SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* ("CFR") *Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of Bridges Preparatory School, it is not intended to and does not present the financial position, change in net assets, or cash flows of Bridges Preparatory School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Outstanding Loans

Federal loan outstanding at June 30, 2022:
Community Facilities Loans and Grants (CFDA 10.766) :

	Beginning Balance	Additions	Reductions	Ending Balance
Ameris Bank (Interim financing)	\$ 7,186,953	\$ 2,991,919	\$(10,178,872)	-
USDA Loan 2019-01	9,999,990	-	-	9,999,990
USDA Loan 2019-02	9,858,467	-	-	9,858,467
USDA Loan 2021-01	-	6,700,000	-	6,700,000
USDA Loan 2021-02	-	4,800,000	-	4,800,000
Totals	<u>\$27,045,410</u>	<u>\$14,491,919</u>	<u>\$(10,178,872)</u>	<u>\$ 31,358,457</u>

Note: According to the Compliance Supplement issued by the Office of Management and Budget, interim financing from a commercial source used to fund construction costs that will be repaid by a Community Facilities Loan are considered to be Federal Awards expended. Such awards must be reported on the SEFA.

Note 4 - Reconciliation of SEFA to the Financial Statements

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

Note 5 - Indirect Cost Rate

The School has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 the financial statements of Bridges Preparatory School ("the School") as of and for the year ended June 30, 2022, and have issued our report thereon dated September 19, 2022. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Greenville, South Carolina
September 19, 2022

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Directors
Bridges Preparatory School
Beaufort, South Carolina

We have audited the compliance of Bridges Preparatory School (“the School”) with the types of compliance requirements described in the United States Office of Management and Budget Compliance Supplement (“OMB”) that could have a direct and material effect on each major federal program for the year ended June 30, 2022. The School’s major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards.

Management’s Responsibility

Compliance with the requirements of laws, regulations, contracts and grants that could have a direct and material effect on its major federal program is the responsibility of the School’s management.

Auditor’s Responsibility

Our responsibility is to express an opinion on the School’s compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School’s compliance with those requirements.

Opinion

In our opinion, Bridges Preparatory School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with the Uniform Guidance.

Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in an entity’s internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the School’s internal controls on a timely basis. A significant deficiency in internal control over compliance 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. We noted no matters involving the internal control over compliance that we consider material weaknesses.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did have a finding requiring disclosure as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001. The auditor's opinion on major programs is not modified with respect to this matter.

School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Greenville, South Carolina
September 19, 2022