

**BELIEVERS ACADEMY, INC.**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORTS THEREON**  
**JUNE 30, 2022**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Believers Academy, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2022, the School's expenses exceeded revenues by \$232,783, which is a decrease from the prior year when revenues exceeded expenses by \$580,286.
- Overall, revenues (including the special item) decreased by approximately \$460,000, which was a 21% decrease from the prior year.
- Overall, expenses increased by approximately \$353,000, which was a 23% increase from the prior year.
- Total assets were \$1,664,864, and total liabilities were \$684,905, resulting in net position of \$979,959 as of June 30, 2022.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	<b>Government-wide Statements</b>	<b>Fund Statements Governmental Funds</b>
	Scope	Entire School
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds
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, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the 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 or services have been received and payment is due during the year or soon thereafter

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one type of fund:

Governmental Funds – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

The School's combined net position as of June 30, 2022 and 2021 is summarized as follows – see table below:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2022</b>	<b>2021</b>	
Current and other assets	\$ 1,044,019	\$ 1,241,635	-16%
Capital assets, net	620,845	90,762	584%
Total assets	<u>1,664,864</u>	<u>1,332,397</u>	<u>25%</u>
Current and other liabilities	90,038	91,888	-2%
Long-term liabilities	594,867	27,767	2042%
Total liabilities	<u>684,905</u>	<u>119,655</u>	<u>472%</u>
<b>Net position:</b>			
Net investment in capital assets	53,745	90,762	-41%
Unrestricted	926,214	1,121,980	-17%
Total net position	<u>\$ 979,959</u>	<u>\$ 1,212,742</u>	<u>-19%</u>

Net capital assets, long-term liabilities, and net investment in capital assets changed due to the increase in capital asset additions and the recognition of related debt, net of current year payments, as a result of implementing new lease accounting under GASB 87. Current and other assets and unrestricted net position decreased due to the current year operating deficit and the activity noted above.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)

**Change in Net Position**

The School's total revenues decreased by 13% to \$1,689,163, and the total cost of all programs and services increased by 23% to \$1,921,946 – see table below:

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
<b>Revenues:</b>			
Federal direct	\$ 5,325	\$ 22,484	-76%
Federal sources passed through local school district	237,353	236,503	0%
State and local sources	1,276,307	1,591,113	-20%
Contributions and other revenue	<u>170,178</u>	<u>100,254</u>	<u>70%</u>
Total revenues	<u>1,689,163</u>	<u>1,950,354</u>	<u>-13%</u>
<b>Expenses:</b>			
Instruction	835,455	618,215	35%
Student support services	54,975	-	100%
Instruction and curriculum development	179,709	185,030	-3%
Instructional staff training services	18,358	4,036	355%
Instruction-related technology	15,810	16,400	-4%
Board	11,055	15,513	-29%
General administration	32,838	43,248	-24%
School administration	581,363	334,578	74%
Fiscal services	42,290	51,527	-18%
Student transportation services	20,705	4,293	382%
Operation and maintenance of plant	98,388	296,028	-67%
Interest	<u>31,000</u>	<u>-</u>	<u>100%</u>
Total expenses	<u>1,921,946</u>	<u>1,568,868</u>	<u>23%</u>
<b>Special item:</b>			
PPP loan forgiveness	<u>-</u>	<u>198,800</u>	<u>-100%</u>
Change in net position	<u>\$ (232,783)</u>	<u>\$ 580,286</u>	<u>-140%</u>

State and local sources changed due to the School receiving less FEFP funding as a result of a lower number of students. Contributions and other revenue changed due to the School receiving additional fundraising donations in the current year.

Instruction and school administration changed due to increased staffing and payroll-related costs in the current year, along with an increase in depreciation expense related to the leased building under GASB 87. The increase in student support services is due to new staffing added for this function. Operation and maintenance of plant decreased and interest increased as a result of the implementation of GASB 87.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As the School completed the year, its governmental funds reported a combined fund balance of \$953,981. Both revenues and expenditures changed overall for the same reasons described above.

**General Fund Budgetary Highlights**

Over the course of the year, the School revised its budgets several times to account for the changes in student enrollment and resulting decreases in appropriations.

For 2022, actual general fund revenues were approximately \$111,000 above the final budget, which represents a budget variance of 9%. Actual general fund expenditures were approximately \$746,000 above the final budget, which represents a 48% budget variance. Excluding lease accounting changes implemented in the current year, general fund expenditures were approximately \$9,000 over the final budget, which represents a 1% budget variance.

**Special Revenue Fund Budgetary Highlights**

For 2022, actual special revenue fund revenues were not significantly different from the final budget amounts.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The School's investment in capital assets at the end of fiscal 2022 amounts to \$620,845 (net of accumulated depreciation). See table below:

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2022</b>	<b>2021</b>	<b>(Decrease)</b>
Leased building	\$ 730,000	\$ -	100%
Leasehold improvements	37,500	37,500	0%
Computer software	111,785	111,785	0%
Furniture, fixtures and equipment	137,873	130,873	5%
Motor vehicles	17,300	17,300	0%
Less accumulated depreciation	(413,613)	(206,696)	-100%
Total capital assets, net	<u>\$ 620,845</u>	<u>\$ 90,762</u>	<u>584%</u>

This year's major capital asset additions include the following:

- Leased building due to implementation of GASB 87 – \$730,000
- Leased copiers – \$7,000

More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Long-term Debt**

As of June 30, 2022, the School had \$594,867 in long-term debt outstanding, consisting of compensated absences and the lease liability. The lease liability is the result of the implementation of new lease accounting under GASB 87. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2023:

- Projected increase in student population
- Projected decrease in county referendum revenue

Amounts available for appropriation in the general fund are approximately \$1,291,000, a decrease of 6% from the final 2022 amount of \$1,373,646. Budgeted expenditures are expected to be approximately \$1,347,000, a decrease of 42% from the final 2022 amount of \$2,306,412, primarily due to a decrease in non-recurring capital outlay expenditures. The School has added no major new programs to the fiscal 2023 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to decrease by the close of fiscal 2023.

### **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 demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 5840 Corporate Way, Suite 100, West Palm Beach, Florida 33407.

## **INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Believers Academy, Inc.

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Believers Academy, Inc. (the "School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the 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, each major fund and the aggregate remaining fund information of Believers Academy, Inc. as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

#### **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 the 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.

### **Auditor's 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 auditor's report that includes our opinions. 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 a 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 the 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 the 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 on pages 1 – 7 and the budgetary comparison information on pages 27 – 28 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the 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 the School's internal control over financial reporting and compliance.



Orlando, Florida  
September 26, 2022

**BELIEVERS ACADEMY, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 867,729
Accounts receivable	133,243
Prepaid expenses	27,541
Deposits	15,506
Capital assets, net	620,845
Total assets	\$ 1,664,864
<b>LIABILITIES</b>	
Accounts payable	\$ 13,125
Accrued expenses	76,913
Long-term liabilities:	
Due within one year	203,467
Due in more than one year	391,400
Total liabilities	684,905
<b>NET POSITION</b>	
Net investment in capital assets	53,745
Unrestricted	926,214
Total net position	979,959
Total liabilities and net position	\$ 1,664,864

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

**BELIEVERS ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED JUNE 30, 2022**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 835,455	\$ -	\$ 152,227	\$ -	\$ (683,228)	\$ (683,228)
Student support services	54,975	-	-	-	(54,975)	(54,975)
Instruction and curriculum development	179,709	-	82,126	-	(97,583)	(97,583)
Instructional staff training services	18,358	-	3,000	-	(15,358)	(15,358)
Instruction-related technology	15,810	-	-	-	(15,810)	(15,810)
Board	11,055	-	-	-	(11,055)	(11,055)
General administration	32,838	-	-	-	(32,838)	(32,838)
School administration	581,363	-	-	-	(581,363)	(581,363)
Fiscal services	42,290	-	-	-	(42,290)	(42,290)
Student transportation services	20,705	-	-	-	(20,705)	(20,705)
Operation and maintenance of plant	98,388	-	5,325	-	(93,063)	(93,063)
Interest	31,000	-	-	-	(31,000)	(31,000)
Total primary government	<u>\$ 1,921,946</u>	<u>\$ -</u>	<u>\$ 242,678</u>	<u>\$ -</u>	<u>\$ (1,679,268)</u>	<u>(1,679,268)</u>
General revenues:						
State and local sources					1,276,307	1,276,307
Contributions and other revenue					170,178	170,178
Total general revenues					<u>1,446,485</u>	<u>1,446,485</u>
Change in net position					(232,783)	(232,783)
Net position at beginning of year					<u>1,212,742</u>	<u>1,212,742</u>
Net position at end of year					<u>\$ 979,959</u>	<u>\$ 979,959</u>

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

**BELIEVERS ACADEMY, INC.**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 867,729	\$ -	\$ -	\$ 867,729
Accounts receivable	-	125,883	7,360	133,243
Prepaid expenditures	27,541	-	-	27,541
Deposits	15,506	-	-	15,506
Due from other funds	133,243	-	-	133,243
Total assets	<u>\$ 1,044,019</u>	<u>\$ 125,883</u>	<u>\$ 7,360</u>	<u>\$ 1,177,262</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,125	\$ -	\$ -	\$ 13,125
Accrued expenditures	76,913	-	-	76,913
Due to general fund	-	125,883	7,360	133,243
Total liabilities	<u>90,038</u>	<u>125,883</u>	<u>7,360</u>	<u>223,281</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenditures	27,541	-	-	27,541
Deposits	15,506	-	-	15,506
Unassigned	910,934	-	-	910,934
Total fund balances	<u>953,981</u>	<u>-</u>	<u>-</u>	<u>953,981</u>
Total liabilities and fund balances	<u>\$ 1,044,019</u>	<u>\$ 125,883</u>	<u>\$ 7,360</u>	<u>\$ 1,177,262</u>

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

**BELIEVERS ACADEMY, INC.**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2022**

<b>Total fund balances - total governmental funds</b>	<b>\$ 953,981</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,034,458 and the accumulated depreciation is \$413,613.	620,845
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:	
Compensated absences	(27,767)
Lease liability	(567,100)
	<hr/>
<b>Total net position - governmental activities</b>	<b><u><u>\$ 979,959</u></u></b>

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

**BELIEVERS ACADEMY, INC.**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Federal direct	\$ -	\$ 5,325	\$ -	\$ 5,325
Federal sources passed through local school district	-	237,353	-	237,353
State and local sources	1,203,468	-	72,839	1,276,307
Contributions and other revenue	170,178	-	-	170,178
<b>Total revenues</b>	<b>1,373,646</b>	<b>242,678</b>	<b>72,839</b>	<b>1,689,163</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	545,199	152,227	-	697,426
Student support services	54,975	-	-	54,975
Instruction and curriculum development	97,583	82,126	-	179,709
Instructional staff training services	15,358	3,000	-	18,358
Instruction-related technology	15,810	-	-	15,810
Board	11,055	-	-	11,055
General administration	32,838	-	-	32,838
School administration	512,475	-	-	512,475
Fiscal services	42,290	-	-	42,290
Student transportation services	20,705	-	-	20,705
Operation and maintenance of plant	93,063	5,325	-	98,388
Debt service:				
Principal	97,061	-	72,839	169,900
Interest	31,000	-	-	31,000
Other capital outlay	737,000	-	-	737,000
<b>Total expenditures</b>	<b>2,306,412</b>	<b>242,678</b>	<b>72,839</b>	<b>2,621,929</b>
Excess of expenditures over revenues	(932,766)	-	-	(932,766)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease	737,000	-	-	737,000
<b>Total other financing sources</b>	<b>737,000</b>	<b>-</b>	<b>-</b>	<b>737,000</b>
Net change in fund balances	(195,766)	-	-	(195,766)
Fund balances at beginning of year	1,149,747	-	-	1,149,747
Fund balances at end of year	\$ 953,981	\$ -	\$ -	\$ 953,981

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

**BELIEVERS ACADEMY, INC.**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

**Net changes in fund balances - total governmental funds** \$ (195,766)

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

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the costs of those assets are allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays (\$737,000) exceed depreciation expense  
(\$206,917) in the current period. 530,083

Lease proceeds provide current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net position. (737,000)

Principal payments on long-term debt are expenditures in the governmental  
funds, but the repayments reduce long-term liabilities in the statement of net  
position. 169,900

**Change in net position of governmental activities** \$ (232,783)

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

# **BELIEVERS ACADEMY, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2022**

#### **1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Organization**

Believers Academy, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of at least five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Palm Beach County, Florida (the "School Board"). The current charter is effective until June 30, 2029 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School meets the definition of a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

##### **Basis of Presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School’s basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (“FEFP”) and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School’s most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general and special revenue funds are considered major funds. The capital projects fund is considered non-major and is included as the other governmental fund.

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

**Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes.

**Receivables**

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. Allowances are reported when management estimates that accounts may be uncollectible.

**Capital Assets and Depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leased building	5
Leasehold improvements	5
Computer software	3
Furniture, fixtures and equipment	3 - 10
Motor vehicles	10

Information relative to changes in capital assets is described in Note 4.

**Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 6.

**Long-term Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 6.

**Fund Balance Spending Policy**

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. No funds may be assigned. There are no minimum fund balance requirements for any of the School's funds.

**Revenue Sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

## **BELIEVERS ACADEMY, INC.**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unexpended portion is reflected as restricted net position and reserved fund balance in the accompanying financial statements.

#### **Income Taxes**

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

#### **Use of Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

#### **Subsequent Events**

The School has evaluated subsequent events through September 26, 2022, the date these financial statements were available to be issued.

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Recently Adopted Accounting Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The School adopted the standard on July 1, 2021 on a prospective basis. Upon adoption of the standard, \$730,000 was recorded in leased building asset; \$7,000 was recorded in furniture, fixtures, and equipment; and \$737,000 was recorded as a lease liability in the statement of net position. In addition, \$737,000 was recorded as other financing sources and capital outlay expenditures in the general fund in the statement of revenues, expenditures and changes in fund balances – governmental funds. There was no effect on the School's beginning net position or fund balance.

**2 ACCOUNTS RECEIVABLE**

Accounts receivable in the accompanying financial statements include \$133,243 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

**3 INTERFUND ACTIVITIES**

Due to/from other funds consisted of the following balances as of June 30, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 133,243	\$ -
Special revenue fund	-	125,883
Other non-major governmental fund	-	7,360
Total interfund	<u>\$ 133,243</u>	<u>\$ 133,243</u>

The amounts payable by the special revenue fund and the other non-major governmental fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 CHANGES IN CAPITAL ASSETS**

Capital asset activity during 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Leased building	\$ -	\$ 730,000	\$ -	\$ 730,000
Leasehold improvements	37,500	-	-	37,500
Computer software	111,785	-	-	111,785
Furniture, fixtures and equipment	130,873	7,000	-	137,873
Motor vehicles	17,300	-	-	17,300
Total capital assets being depreciated	<u>297,458</u>	<u>737,000</u>	<u>-</u>	<u>1,034,458</u>
Less accumulated depreciation for:				
Leased building	-	(178,800)	-	(178,800)
Leasehold improvements	(37,500)	-	-	(37,500)
Computer software	(111,785)	-	-	(111,785)
Furniture, fixtures and equipment	(45,156)	(26,387)	-	(71,543)
Motor vehicles	(12,255)	(1,730)	-	(13,985)
Total accumulated depreciation	<u>(206,696)</u>	<u>(206,917)</u>	<u>-</u>	<u>(413,613)</u>
Capital assets being depreciated, net	<u>90,762</u>	<u>530,083</u>	<u>-</u>	<u>620,845</u>
Governmental activities capital assets, net	<u>\$ 90,762</u>	<u>\$ 530,083</u>	<u>\$ -</u>	<u>\$ 620,845</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 138,029
School administration	68,888
Total governmental activities depreciation expense	<u>\$ 206,917</u>

**5 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2022 may be impaired.

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal Matters**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**Risk Management Program**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**Employee Benefit Plan**

The School sponsors the Believers Academy 403(b) Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. All employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes amounts to the Plan at the discretion of the Board of Directors. The School's contributions during 2022 totaled approximately \$51,000, of which approximately \$26,000 and \$25,000 are included in instruction and school administration, respectively, in the accompanying financial statements.

**6 LONG-TERM LIABILITIES**

Long-term liabilities activity during 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 27,767	\$ -	\$ -	\$ 27,767	\$ 27,767
Lease liability	<u>-</u>	<u>737,000</u>	<u>(169,900)</u>	<u>567,100</u>	<u>175,700</u>
Governmental activities, long-term liabilities	<u>\$ 27,767</u>	<u>\$ 737,000</u>	<u>\$(169,900)</u>	<u>\$ 594,867</u>	<u>\$ 203,467</u>

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**Lease Liability**

The School leases its facility in an agreement that ends in July 2025. The lease requires monthly rent of \$16,500. The School also leases copiers under lease agreements that require monthly principal and interest payments of approximately \$250 through June 2024. The discount rate used for these leases ranges from 5.25% to 7.00%.

Leased assets as of June 30, 2022 consist of the following:

	<b>Governmental Activities</b>
Leased building	\$ 730,000
Furniture, fixtures and equipment	7,000
Less accumulated depreciation	(181,600)
	<u>\$ 555,400</u>

Future debt service requirements related to the leases are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 175,700	\$ 25,000	\$ 200,700
2024	183,400	16,000	199,400
2025	192,000	6,000	198,000
2026	16,000	500	16,500
	<u>\$ 567,100</u>	<u>\$ 47,500</u>	<u>\$ 614,600</u>

**BELIEVERS ACADEMY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Palm Beach County, Florida:	
ESE guaranteed allocation	\$ 429,224
Florida Education Finance Program	422,546
Local referendum revenue	94,613
Class size reduction	89,422
Discretionary local effort	72,863
Capital outlay	72,839
Student transportation	22,177
Teacher salary increase allocation	20,233
Supplemental academic instruction	20,195
Additional allocation	10,832
Instructional materials	6,644
Safe schools	5,449
Reading allocation	3,695
Mental health allocation	3,585
Teacher lead	1,920
Digital classrooms allocation	70
Total	<u>\$ 1,276,307</u>

The administration fee paid to the School Board during 2022 totaled approximately \$33,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

**BELIEVERS ACADEMY, INC.**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 1,302,872	\$ 1,079,858	\$ 1,203,468	\$ 123,610
Contributions and other revenue	10,600	183,021	170,178	(12,843)
Total revenues	<u>1,313,472</u>	<u>1,262,879</u>	<u>1,373,646</u>	<u>110,767</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	532,809	561,212	545,199	16,013
Student support services	-	-	54,975	(54,975)
Instruction and curriculum development	140,000	300,000	97,583	202,417
Instructional staff training services	-	-	15,358	(15,358)
Instruction-related technology	-	-	15,810	(15,810)
Board	16,000	16,000	11,055	4,945
General administration	-	-	32,838	(32,838)
School administration	500,000	375,000	512,475	(137,475)
Fiscal services	51,600	51,600	42,290	9,310
Student transportation services	5,000	27,000	20,705	6,295
Operation and maintenance of plant	142,698	220,728	93,063	127,665
Administrative technology services	500	8,500	-	8,500
Debt service:				
Principal	-	-	97,061	(97,061)
Interest	-	-	31,000	(31,000)
Other capital outlay	-	-	737,000	(737,000)
Total expenditures	<u>1,388,607</u>	<u>1,560,040</u>	<u>2,306,412</u>	<u>(746,372)</u>
Excess (deficiency) of revenues over expenditures	<u>(75,135)</u>	<u>(297,161)</u>	<u>(932,766)</u>	<u>(635,605)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from lease	-	-	737,000	737,000
Total other financing sources	-	-	737,000	737,000
Net change in fund balance	(75,135)	(297,161)	(195,766)	101,395
Fund balance at beginning of year	1,149,747	1,149,747	1,149,747	-
Fund balance at end of year	<u>\$ 1,074,612</u>	<u>\$ 852,586</u>	<u>\$ 953,981</u>	<u>\$ 101,395</u>

See independent auditor's report.

**BELIEVERS ACADEMY, INC.**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Federal direct	\$ 4,772	\$ 4,772	\$ 5,325	\$ 553
Federal sources passed through local school district	150,614	240,239	237,353	(2,886)
Total revenues	<u>155,386</u>	<u>245,011</u>	<u>242,678</u>	<u>(2,333)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	104,586	194,211	152,227	41,984
Instruction and curriculum development	46,028	46,028	82,126	(36,098)
Instructional staff training services	-	-	3,000	(3,000)
Operation and maintenance of plant	4,772	4,772	5,325	(553)
Total expenditures	<u>155,386</u>	<u>245,011</u>	<u>242,678</u>	<u>2,333</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Believers Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Believers Academy, Inc. (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 26, 2022.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Orlando, Florida  
September 26, 2022

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850**

To the Board of Directors of  
Believers Academy, Inc.

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Believers Academy, Inc. (the “School”), as of and for the year ended June 30, 2022, and have issued our report thereon dated September 26, 2022.

## **AUDITOR’S RESPONSIBILITY**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

## **OTHER REPORTING REQUIREMENTS**

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 26, 2022, should be considered in conjunction with this management letter.

## **PRIOR AUDIT FINDINGS**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations in the preceding annual financial audit report.

## **OFFICIAL TITLE**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Believers Academy, Inc., and the school code assigned by the Florida Department of Education is 3400.

## **FINANCIAL CONDITION AND MANAGEMENT**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the condition(s) described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was done as of the fiscal year-end.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **TRANSPARENCY**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### **ADDITIONAL MATTERS**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **PURPOSE OF THIS LETTER**

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

*BKHM, P.A.*

Orlando, Florida  
September 26, 2022