

**BRIDGEPREP ACADEMY OF HOLLYWOOD
HILLS CHARTER SCHOOL
HOLLYWOOD, FLORIDA
(A CHARTER SCHOOL UNDER BRIDGEPREP
ACADEMY OF HOLLYWOOD, INC.)**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2023

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

TABLE OF CONTENTS

	PAGES
General Information.....	1
BASIC FINANCIAL STATEMENTS	
Independent Auditor’s Report.....	2-4
Management’s Discussion and Analysis (not covered by Independent Auditor’s Report).....	5-9
Basic Financial Statements	
<i>Government-wide Financial Statement:</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	15
<i>Notes to Basic Financial Statements</i>	16-23
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	24
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Special Revenue Fund.....	25
<i>Note to Required Supplemental Information</i>	26
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 <i>Government Auditing Standards</i>	27-28
Management Letter.....	29-31

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
(A Charter School Under Bridgeprep Academy of Hollywood, Inc.)

1400 N 46th Avenue
Hollywood, FL 33021
(954) 362-8268

2022-2023

BOARD OF DIRECTORS

Mr. Tom Sutterfield, Chair
Ms. Enid Weisman, Treasurer
Mr. Chris Snowden, Secretary
Mr. Lou Lofranco, Vice-Chair
Ms. Leah Burton, Member
Ms. Connie Arnold, Member

SCHOOL ADMINISTRATION

Ms. Trisha Hathy, Principal

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Wyatt Truscheit of S.M.A.R.T. Management, LLC at 9875 S.W. 72nd Street, Miami, Florida 33173.



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridgeprep Academy of Hollywood Hills Charter School
Hollywood, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeprep Academy of Hollywood Hills Charter School (the "School"), a charter school under Bridgeprep Academy of Hollywood, Inc., as of and for the year ended June 30, 2023, 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 Bridgeprep Academy of Hollywood Hills Charter School, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows 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. 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.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

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 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, 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 and budgetary comparison information 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 Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2023, and the respective changes in financial position or the year then ended, and is not intended to be a complete presentation of Bridgeprep Academy of Hollywood, Inc. These financial statements do not purport to and do not present fairly the financial position of Bridgeprep Academy of Hollywood, Inc. as of June 30, 2023 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2023 on our consideration of the Academy’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Academy’s internal control over financial reporting and compliance.

Coral Gables, Florida
September 28, 2023



CERTIFIED PUBLIC ACCOUNTANTS

Management’s Discussion and Analysis
Bridgeprep Academy of Hollywood Hills Charter School
June 30, 2023

The corporate officers of Bridgeprep Academy of Hollywood Hills Charter School (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$563,586.
2. The School had a decrease in fund balance of \$196,729 for the year ended June 30, 2023 and had a deficit in fund balance at fiscal year-end of \$155,378.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal 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.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

The notes to the financial statements 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 on pages 16 - 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2023 and 2022 follows:

Assets	2023	2022
Cash and cash equivalents	\$ 139,420	\$ 258,413
Due from governmental agencies and accounts receivable	424,166	133,540
Capital assets and right to use assets, net	1,918,154	2,140,277
Total Assets	\$ 2,481,740	\$ 2,532,230
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 718,964	\$ 350,602
Long-term debt	2,237,520	2,489,206
Total Liabilities	2,956,484	2,839,808
Invested in capital assets, net of related debt	(36,167)	(48,929)
Restricted	22,820	-
Unrestricted (Deficit)	(461,397)	(258,649)
Total Net Position (Deficit)	(474,744)	(307,578)
Total Liabilities and Net Position	\$ 2,481,740	\$ 2,532,230

At June 30, 2023, the School's total assets were \$2,481,740 and total liabilities were \$2,956,484. At June 30, 2023, the School reported a total deficit in net position \$474,744. Due to the implementation of the new lease standard GASB 87 *Leases*, the School recorded the right-to-use lease asset and liability and has recorded an additional approximately \$154,000 in excess amortization expense (a non-cash expense) over lease payments since July 1, 2022. If this amount was added back the total net position at June 30, 2023 would have been a negative \$320,744.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2023 and 2022 follows:

REVENUES	<u>2023</u>	<u>2022</u>
Program Revenues		
Revenues from state sources	\$ 333,982	\$ 225,174
National School Lunch Program	98,742	99,152
Capital outlay funding	191,361	181,345
Charges for services	254,588	129,355
General Revenues		
FEFP nonspecific revenues	2,798,197	2,532,312
Fundraising and other revenues	-	98,446
Total Revenues	<u>\$ 3,676,870</u>	<u>\$ 3,265,784</u>
EXPENSES		
Instructional services	\$ 1,910,375	\$ 1,828,033
Instructional support services	55,744	38,712
Instructional media services	975	4,177
Instruction and curriculum development services	1,578	6,940
General administration	454,780	427,959
School administration	415,638	424,096
Facilities acquisition and construction	1,560	171
Food services	146,809	108,620
Board	10,673	7,527
Operation of plant	565,928	502,875
Maintenance of plant	76,073	61,142
Community services	95,828	79,140
Extracurricular activities	86,945	-
Interest expense	21,130	123,932
Total Expenses	<u>\$ 3,844,036</u>	<u>\$ 3,613,324</u>
Change in Net Position	(167,166)	(347,540)
 Net Position (Deficit) at Beginning of Year	 <u>(307,578)</u>	 <u>39,962</u>
Net Position (Deficit) at End of Year	<u>\$ (474,744)</u>	<u>\$ (307,578)</u>

The School's total revenues for the year ended June 30, 2023 were \$3,676,870, while its total expenses were \$3,844,036 for a net decrease of \$167,166. The School's revenues increased due to primarily an increase in student enrollment and FEFP allocation. In addition, due to the implementation of the new lease standard, the School recorded an additional expense of \$70,000, which was the excess of amortization and interest expense over actual lease payments made during the year which added to the deficit for the year ended June 30, 2023. If this amount was added back the total net position at June 30, 2023 would have been approximately a negative \$97,000.

SCHOOL LOCATION

The School operates in the Miami area located at 1400 N 46th Avenue, Hollywood, FL 33021.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds had a net change in fund balance of \$196,729 and reported a combined deficit in fund balance of \$155,378.

CAPITAL AND RIGHT TO USE ASSETS

Due to the implementation of GASB 87 *Leases*, the School has recorded a right to use asset for the lease of its facilities of \$1,918,154, net of accumulated amortization and an initial right to use liability of \$1,925,516. The School's investment in capital and right to use assets, as of June 30, 2023, amounts to \$1,918,154 (net of accumulated depreciation and amortization).

This investment in capital assets includes leasehold improvements, furniture, fixtures and equipment and audio visual materials and computer software.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,697,343	\$ 2,798,197	\$ 2,798,197
Federal passed through state	100,000	333,982	333,982
Federal lunch program	75,000	98,742	98,742
State capital outlay funding	181,345	191,361	191,361
Charges for services and other income	163,000	254,588	254,588
TOTAL REVENUES	\$ 3,216,688	\$ 3,676,870	\$ 3,676,870
EXPENDITURES			
Instruction	\$ 1,570,500	\$ 1,869,941	\$ 1,869,941
Instructional support services	58,600	55,744	55,744
Instructional media services	-	975	975
Instruction and curriculum development services	-	1,578	1,578
School board	9,000	10,673	10,673
General administrative	260,134	454,780	454,780
School administration	559,484	415,638	415,638
Facilities acquisition and construction	-	107,149	107,149
Food services	88,000	146,809	146,809
Community services	78,855	95,828	95,828
Operation of plant	514,500	278,650	278,650
Maintenance of plant	50,000	76,073	76,073
Extracurricular activities	-	86,945	86,945
Debt service	-	272,816	272,816
TOTAL EXPENDITURES	\$ 3,189,073	\$ 3,873,599	\$ 3,873,599
Net change in fund balance	\$ 27,615	\$ (196,729)	\$ (196,729)
Other financing sources	-	-	-
Net change in fund balance	\$ 27,615	\$ (196,729)	\$ (196,729)

The general, special revenue and capital outlay fund budgets for the year ending June 30, 2023, were developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School revised its budgets for all funds and the final budgets were equal to the actual expenditures. Refer to the budgetary comparison schedules on pages 24-25 for additional information.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2023

Governmental
 Activities

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	139,420
Due from other agencies		394,392
Accounts receivable		29,774
TOTAL CURRENT ASSETS		563,586

CAPITAL AND RIGHT TO USE ASSETS, NET		1,918,154
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TOTAL ASSETS	\$	2,481,740
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LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable and accrued liabilities	\$	511,522
Accrued wages payable		207,442
Note payable - current portion		14,972
Right to use liability- current portion		241,309
TOTAL CURRENT LIABILITIES		975,245

Right to use liability - long-term portion		1,684,207
Loan payable - long-term portion		283,199
Note payable - long-term portion		13,833
TOTAL LIABILITIES		2,956,484

NET POSITION

Net investment in capital assets		(36,167)
Restricted		22,820
Unrestricted		(461,397)
TOTAL NET POSITION (DEFICIT)		(474,744)

TOTAL LIABILITIES AND NET POSITION	\$	2,481,740
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The accompanying notes are an integral part of this financial statement.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,910,375	\$ -	333,982	\$ -	\$ (1,576,393)
Instructional support services	55,744	-	-	-	(55,744)
Instructional media services	975	-	-	-	(975)
Instruction and curriculum development services	1,578	-	-	-	(1,578)
General administrative	454,780	-	-	-	(454,780)
School administration	415,638	-	-	-	(415,638)
Facilities acquisition and construction	1,560	-	-	-	(1,560)
Food services	146,809	6,501	98,742	-	(41,566)
Board	10,673	-	-	-	(10,673)
Operation of plant	565,928	-	-	191,361	(374,567)
Maintenance of plant	76,073	-	-	-	(76,073)
Community services	95,828	138,322	-	-	42,494
Extracurricular activities	86,945	109,765	-	-	22,820
Interest expense	21,130	-	-	-	(21,130)
Total Governmental Activities	\$ 3,844,036	\$ 254,588	\$ 432,724	\$ 191,361	\$ (2,965,363)

GENERAL REVENUES:

Local revenue	2,798,197
Other miscellaneous revenue	-
Total general revenues	<u>2,798,197</u>

Change in Net Position (167,166)

NET POSITION (DEFICIT) - BEGINNING (307,578)

NET POSITION (DEFICIT) - ENDING \$ (474,744)

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

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	Governmental Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 116,600	\$ 22,820	\$ 139,420
Due from other agencies	-	394,392	394,392
Accounts receivable	29,774	-	29,774
Due from internal funds	394,392	-	394,392
TOTAL ASSETS	<u>\$ 540,766</u>	<u>\$ 417,212</u>	<u>\$ 957,978</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 511,522	\$ -	\$ 511,522
Accrued wages payable	207,442	-	207,442
Due to internal funds	-	394,392	394,392
TOTAL LIABILITIES	<u>718,964</u>	<u>394,392</u>	<u>1,113,356</u>
FUND BALANCE			
Restricted	-	22,820	22,820
Unassigned	(178,198)	-	(178,198)
TOTAL FUND BALANCE	<u>(178,198)</u>	<u>22,820</u>	<u>(155,378)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 540,766</u>	<u>\$ 417,212</u>	<u>\$ 957,978</u>

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

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds \$ (155,378)

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

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.

Capital assets	502,599
Accumulated depreciation	(355,993)

Right-to-use assets and liabilities used in governmental activities are not financial resources or obligations and therefore are not reported

Right to use asset	1,771,548
Right to use liability	(1,925,516)

Advances and other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital lease payable	(298,171)
Note payable	(13,833)
Loan payable	-

Total Net Position (Deficit) - Governmental Activities	\$ (474,744)
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The accompanying notes are an integral part of this financial statement.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Funds	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 2,798,197	\$ -	\$ -	\$ 2,798,197
Federal lunch program	-	-	98,742	98,742
Federal passed through state	-	-	333,982	333,982
State capital outlay funding	-	191,361	-	191,361
Charges for services	138,322	-	116,266	254,588
Other income	-	-	-	-
TOTAL REVENUES	\$ 2,936,519	\$ 191,361	\$ 548,990	\$ 3,676,870
EXPENDITURES				
Current:				
Instruction	\$ 1,633,795	\$ -	\$ 236,146	\$ 1,869,941
Instructional support services	55,744	-	-	55,744
Instructional media services	975	-	-	975
Instruction and curriculum development services	1,578	-	-	1,578
General administrative	454,780	-	-	454,780
School administration	415,638	-	-	415,638
Facilities acquisition and construction	1,560	-	-	1,560
Board	10,673	-	-	10,673
Food services	41,566	-	105,243	146,809
Operation of plant	87,289	191,361	-	278,650
Maintenance of plant	76,073	-	-	76,073
Community services	95,828	-	-	95,828
Extracurricular activities	-	-	86,945	86,945
Capital Outlay:				
Other capital outlay	7,753	-	97,836	105,589
Debt service:				
Redemption of principal	251,686	-	-	251,686
Interest	21,130	-	-	21,130
TOTAL EXPENDITURES	3,156,068	191,361	526,170	3,873,599
Net change in fund balance	(219,549)	-	22,820	(196,729)
Fund balance at beginning of year	41,351	-	-	41,351
Fund balance at end of year	\$ (178,198)	\$ -	\$ 22,820	\$ (155,378)

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

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Change in Fund Balance - Governmental Funds \$ (196,729)

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 cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	105,589
Depreciation expense	(40,434)

In the statement of activities, amortization of the right-to-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense.

Amortization expense	(287,278)
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The proceeds from advances provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of advance principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayment of debt	251,686
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Change in Net Position of Governmental Activities	\$ (167,166)
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The accompanying notes are an integral part of this financial statement.

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Bridgeprep Academy of Hollywood Hills Charter School, (the “School”) is a charter school sponsored by the School Board of Broward County, Florida (the “District”). The School’s charter is held by Bridgeprep Academy of Hollywood, Inc., 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 Board of Directors which is comprised of four members.

The general operating authority of Bridgeprep Academy of Hollywood Hills Charter School (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 Broward County, Florida (the “School Board”). The current charter is effective until June 30, 2024. 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 which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed annually by mutual agreement.

These financial statements are for the year ended June 30, 2023, when 350 students were enrolled in grades Kindergarten through 6th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – is the School’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction or leasing of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Bridgeprep Academy of Hollywood Hills Charter School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Due from Other Agencies

Due from other agencies consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days; however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Position

Government-wide fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2023, was a negative \$36,167.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2023 was \$22,820.
- Unrestricted – all other net position is reported in this category.

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the School had \$0 in non-spendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, there is \$22,820 in restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2023, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2023, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, and committed fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2023, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Broward County (the “School Board”) pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are 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. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Bridgeprep Academy of Hollywood, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 28, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets				
Furniture and equipment	\$ 397,010	\$ 105,589	\$ -	\$ 502,599
Total Capital Assets	<u>397,010</u>	<u>105,589</u>	<u>-</u>	<u>502,599</u>
Less Accumulated Depreciation				
Furniture and equipment	<u>(315,559)</u>	<u>(40,434)</u>	<u>-</u>	<u>(355,993)</u>
Total Accumulated Depreciation	<u>(315,559)</u>	<u>(40,434)</u>	<u>-</u>	<u>(355,993)</u>
Capital Assets, net	<u>81,451</u>	<u>65,155</u>	<u>-</u>	<u>146,606</u>
Right to use assets				
Right-to-use lease asset	2,346,104	-	-	2,346,104
Accumulated amortization	<u>(287,278)</u>	<u>(287,278)</u>	<u>-</u>	<u>(574,556)</u>
Total leased assets, net	<u>2,058,826</u>	<u>(287,278)</u>	<u>-</u>	<u>1,771,548</u>
Total capital and right to use assets, net	<u>\$ 2,140,277</u>	<u>\$ (222,123)</u>	<u>\$ -</u>	<u>\$ 1,918,154</u>

Depreciation expense for the year ended June 30, 2023 was \$40,434 which was allocated to instruction services. Amortization expense of \$287,278 was allocated to operation of plant.

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 4 – EDUCATION SERVICE AND SUPPORT PROVIDER

The School entered into an agreement with S.M.A.R.T. Management LLC to provide professional management and consulting services to the School. In its capacity as the School’s education service and support provider, S.M.A.R.T. Management LLC manages the finances and operations and makes recommendations to the School’s independent board of directors which make the final determinations regarding policies and contracts.

In providing these services to the School, officers of S.M.A.R.T. Management LLC may not serve as members of the Board of Directors of the School. The agreement began on July 1, 2022 and is in effect through June 30, 2027 with an option to renew. The contract was renewed in the current year. The contract can be terminated by either party with 60 days’ notice. The contract was renewed for an additional five years. The contract calls for a management fee between 8 and 10% of full time equivalent (FTE) revenues based on the School’s enrollment in addition to \$500 per month for after-care services. At the beginning of the year the fee was 3%. The School incurred management fees of \$278,049.

Recoverable Grant

During the year ended June 30, 2021, the School was awarded a \$98,818 recoverable grant from S.M.A.R.T. Management LLC. The purpose of the grant is for the School to fund operating expenses. Under the terms of the grant, the School would repay the grant in the event the School experiences a surplus of its operating budget for any period ending on June 30th, following the execution of the agreement dated June 30, 2022. The maximum the School may be required to pay in the future should the School meet the requirements for repayment is \$98,818. The School met the requirement in the 2022 fiscal year and repaid \$43,522. There is a remaining balance for this grant of \$55,296.

During the year ended June 30, 2022, the School was awarded a \$75,000 recoverable grant from S.M.A.R.T. Management LLC with similar terms as noted above. In addition to the remaining amount of \$55,296 from above in total recoverable grants at June 30, 2023 totaled \$130,296.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease agreement in September 2013 to lease facilities. The first payment commenced on August 16, 2014. The term of this agreement ends August 15, 2024. The School has two options to extend the terms for five years each. The School shall pay an annual amount of \$800 annually per student over 250 students for a minimum base rent of \$200,000 in the first year of the lease. The minimum base rent is to increase to \$300,000 minimum per year or \$800 per student over 375 students until maturity.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in these financial statements for the facility lease. The School used an interest rate of 5.75% based on the average incremental borrowing rate of the School to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was \$117,609 and the amortization of the right-to-use asset was \$287,278 for the year ended June 30, 2023.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

Annual requirements to amortize the lease liability and related interest are estimated as follows:

Year Ended	Principal	Interest	Total	
2024	\$ 241,309	\$ 104,464	\$ 345,773	
2025	266,206	89,941	356,147	
2026	292,892	73,939	366,831	
2027	321,482	56,354	377,836	
2028	352,100	37,071	389,171	
2029-2030	451,527	16,451	467,978	(Total for 2 Year Period)
	<u>\$ 1,925,516</u>	<u>\$ 378,220</u>	<u>\$ 2,303,736</u>	

Changes in long-term right to use liability during the year are as follows:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
Right to use liability	\$ 2,143,609	\$ -	\$ 218,093	\$ 1,925,516
	<u>\$ 2,143,609</u>	<u>\$ -</u>	<u>\$ 218,093</u>	<u>\$ 1,925,516</u>

NOTE 6 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Bridgeprep Academy of Hollywood, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Bridgeprep Academy of Hollywood, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2023, bank balances in potential excess of FDIC coverage was \$0.

NOTE 7 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 8 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 9 – FINANCED NOTE AND LOAN PAYABLE

The School has entered into note payable agreements to finance certain equipment. The terms of the agreement consist of monthly payments of principal and interest of \$2,768 beginning September 2019 through April 2025. The loans bear interest at a fixed rates between 9.242% and 12.336%.

BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 – FINANCED NOTE AND LOAN PAYABLE (Continued)

The following schedule provides a summary of changes in the loan for the year ended June 30, 2023:

	Balance			Balance
	July 1, 2022	Additions	Payments	June 30, 2023
Note payable	\$ 45,597	\$ -	\$ 16,792	\$ 28,805
	<u>\$ 45,597</u>	<u>\$ -</u>	<u>\$ 16,792</u>	<u>\$ 28,805</u>

At June 30, 2022, the School received a loan payable of \$300,000 from Bridgeprep Academy, Inc. The balance at June 30, 2023 was \$283,199 and bears interest at prime plus .25% (5.75% at June 30, 2023). The loan is to be repaid in monthly payments of interest and principal and matures on August 1, 2026. During the year, the loan was converted to non-interest bearing and can be repaid at any time through the maturity date of August 1, 2026. The entire balance has been included in long-term liabilities on the statement of financial position.

The following schedule provides a summary changes for the year ended June 30, 2023:

	July 1, 2022	Additions	Payments	June 30, 2023
Loan payable	\$ 300,000	\$ -	\$ 16,801	\$ 283,199
	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 16,801</u>	<u>\$ 283,199</u>

REQUIRED SUPPLEMENTAL INFORMATION

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,697,343	\$ 2,798,197	\$ 2,798,197
Charges for services and other income	150,000	138,322	138,322
TOTAL REVENUES	\$ 2,847,343	\$ 2,936,519	\$ 2,936,519
EXPENDITURES			
Instruction	\$ 1,470,500	\$ 1,633,795	\$ 1,633,795
Instructional support services	58,600	55,744	55,744
Instructional media services	-	975	975
Instruction and curriculum development services	-	1,578	1,578
School board	9,000	10,673	10,673
General administrative	260,134	454,780	454,780
School administration	559,484	415,638	415,638
Facilities acquisition and construction	-	9,313	9,313
Food services	-	41,566	41,566
Community services	78,855	95,828	95,828
Operation of plant	333,155	87,289	87,289
Maintenance of plant	50,000	76,073	76,073
Debt service	-	272,816	272,816
TOTAL EXPENDITURES	\$ 2,819,728	\$ 3,156,068	\$ 3,156,068
Change in fund balance before other financing sources	27,615	(219,549)	(219,549)
Other financing sources	-	-	-
Net change in fund balance	\$ 27,615	\$ (219,549)	\$ (219,549)

See accompanying note to the required supplemental information.

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal passed through state	\$ 100,000	\$ 333,982	\$ 333,982
Charges for services	13,000	116,266	116,266
Federal lunch program	75,000	98,742	98,742
TOTAL REVENUE	\$ 188,000	\$ 548,990	\$ 548,990
EXPENDITURES			
Instructional services	\$ 100,000	\$ 333,982	\$ 333,982
Food services	88,000	105,243	105,243
Extracurricular activities	-	86,945	86,945
TOTAL EXPENDITURES	188,000	526,170	526,170
Other financing sources	-	-	-
Net change in fund balance	\$ -	\$ 22,820	\$ 22,820

See accompanying note to the required supplemental information.

**BRIDGEPREP ACADEMY OF HOLLYWOOD HILLS CHARTER SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue and capital projects funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



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

Board of Directors of
Bridgeprep Academy of Hollywood Hills Charter School
Hollywood, Florida

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 Bridgeprep Academy of Hollywood Hills Charter School (the "School"), as of and for the year ended June 30, 2023, 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 28, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coral Gables, Florida
September 28, 2023



CERTIFIED PUBLIC ACCOUNTANTS



MANAGEMENT LETTER

Board of Directors of
Bridgeprep Academy of Hollywood Hills Charter School
Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of Bridgeprep Academy of Hollywood Hills Charter School (the "School") as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 28, 2023.

Auditor's Responsibility

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; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 28, 2023, 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 made 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 and the school code assigned by the Florida Department of Education is Bridgeprep Academy of Hollywood Hills Charter School and #065116.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

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 conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) 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 procedures applied in connection with our audit has lead us to believe that the School's overall financial condition as of June 30, 2023 is not deteriorating. However, the following was noted that we would like to bring to the attention of the governing board of the School.

2023-001: Total fund balance deficit and deficit in net position

Observation

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under non-for-profit financial reporting standards, for which sufficient resources of the local government entity, charter school, charter technician career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

The School had a total deficit in fund balance of \$155,378 at June 30, 2023.

Cause

The deficit in net position for fiscal year ending June 30, 2023, is primarily due to the negative impact of continuing implementation in FY 23 of GASB 87 accounting in which the school records the right to use lease asset and liability and as a result recorded an additional (\$154,000) in non-cash excess amortization of lease expense. Absent this accounting, the deficit in net position would have been (\$321,000). In addition, instructional salaries were increased in the year due to a higher enrollment anticipated. The School has adjusted the budget in 2023-2024 to increase its net position and fund balance.

Recommendation

The School needs to increase enrollment and continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position.

Effect

The School had a total deficit in fund balance of \$155,378 at June 30, 2023.

Management response

The School's enrollment for the 2023-2024 fiscal year has increased 50% from 232 to 350 students. This will increase general FEFP, capital outlay and other revenues. In addition, the School has reduced expenditures in its budget for the 2023-2024 school year in order to increase the fund balance at the end of the fiscal year. Subsequent to year end, the School received an advance from Bridgeprep Academy, Inc. in the amount of \$132,000 to increase its fund balance. This advance will be repaid once grant funds are received. The School anticipates with the increased enrollment and reduced expenditures to have a surplus in its fund balance by June 30, 2024.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site 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 that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, and applicable management and the School Board of Broward County, FL and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2023