

BRIDGEPREP ACADEMY OF ORANGE
ORLANDO, FLORIDA
(A CHARTER SCHOOL
UNDER BRIDGEPREP OF FLORIDA, INC.)

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

JUNE 30, 2023

BRIDGEPREP ACADEMY OF ORANGE
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

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BRIDGEPREP ACADEMY OF ORANGE
(A Charter School Under Bridgeprep Academy of Florida, Inc.)

5710 LaCosta Drive
Orlando, FL 32807
(321)775-2119

2022-2023

BOARD OF DIRECTORS

Mr. Tom Sutterfield, Chair
Mr. Lou LoFranco, Vice Chair
Mr. Ed Weisman, Treasurer
Mr. Chris Snowden, Secretary
Ms. Leah Burton, Member
Ms. Connie Arnold, Member

SCHOOL ADMINISTRATION

Dr. Joy Gordon Fernandez, 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 Orange
Orlando, 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 Orange (the "School"), a charter School under Bridgeprep Academy of Florida, 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 the School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

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 Florida, Inc.. These financial statements do not purport to and do not present fairly the financial position of Bridgeprep Academy of Florida, 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 26, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 26, 2023

Management’s Discussion and Analysis
Bridgeprep Academy of Orange
June 30, 2023

The corporate officers of Bridgeprep Academy of Orange (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 \$684,430.
2. The School’s fund balance decreased by \$217,809 and its fund balance at the end of the year was a negative \$92,314.

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 its governmental funds. 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	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 235,360	\$ 373,671
Accounts receivable	35,775	27,654
Due from other agencies	413,295	154,336
Deposits receivable and other assets	-	-
Capital assets, net	<u>8,439,277</u>	<u>8,684,830</u>
Total Assets	<u>\$ 9,123,707</u>	<u>\$9,240,491</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 788,744	\$ 442,166
Long-term debt	<u>8,901,498</u>	<u>9,091,110</u>
Total Liabilities	9,690,242	9,533,276
Net investment in capital assets	(198,422)	(131,280)
Unrestricted	<u>(368,113)</u>	<u>(161,505)</u>
Total Net Position	<u>(566,535)</u>	<u>(292,785)</u>
Total Liabilities and Net Position	<u>\$ 9,123,707</u>	<u>\$9,240,491</u>

At June 30, 2023, the School's total assets were \$9,123,707 and total liabilities were \$9,690,242 and had reported a deficit in net position of \$566,535. Due to the implementation of the new lease standard GASB 87 *Leases*, the School recorded the right to use lease asset and liability of \$8,932,810 and has recorded approximately an additional \$395,534 in excess amortization (a non-cash expense). If this amount would be added back the total net position at June 30, 2023 would have been a deficit of \$171,001.

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		
Revenue from state sources	\$ 680,977	\$ 659,465
Capital outlay funding	210,872	-
Charges for services	70,532	27,660
General Revenues		
FEFP nonspecific revenue	2,774,335	2,594,802
Fundraising and other revenue	-	349,441
Total Revenues	<u>\$ 3,736,716</u>	<u>\$3,631,368</u>
EXPENSES		
Instruction	\$ 1,952,025	\$ 1,975,996
Instructional support services	58,879	84,377
Instructional staff training services	21,906	1,550
General administrative	462,384	459,153
Board	9,410	6,770
School administration	431,404	370,232
Food services	28,438	14,794
Operation of plant	937,850	1,033,658
Maintenance of plant	47,996	48,085
Community services	17,088	14,201
Interest expense	14,523	518
Total Expenses	<u>\$ 3,981,903</u>	<u>\$4,009,334</u>
Change in Net Position	(245,187)	(377,966)
Net Position at Beginning of Year	<u>(292,785)</u>	<u>85,181</u>
Net Position (Deficit) at End of Year	<u>\$ (537,972)</u>	<u>\$ (292,785)</u>

The School's total revenues for the year ended June 30, 2023 were \$3,736,716, while its total expenses were \$3,981,903 for a net decrease of \$245,187. FEFP revenues increased by approximately \$180,000. There was an increase in enrollment which are the reasons for the increase in FEFP revenues. The School also increased revenues through federal grant revenues of Elementary & Secondary School Emergency Relief funds (ESSER) and Title I and UniSig.

Finally, due to the implementation of the new lease standard, the School recorded an additional expense of approximately \$187,619, which was the excess of amortization and interest expense over actual lease payments made during the year. Adding back this excess would have increased the change in net position to a negative \$57,568.

SCHOOL LOCATION

The School operates in the Orlando area located at 5710 LaCosta Drive, Orlando, Florida 32807.

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 reported a decrease in fund balance of \$217,809 for the year ended June 30, 2023, however the School reported a combined negative fund balance of \$92,314.

CAPITAL AND RIGHT TO USE ASSETS

The School's investment in capital and right to use assets, as of June 30, 2023, amounts to \$8,439,277 (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. Due to the implementation of GASB 87 *Leases*, the above amount includes a right to use asset of \$8,220,560, net of accumulated amortization.

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	\$ 2,584,415	\$ 2,774,335	\$ 2,774,335
State capital outlay funding	-	210,872	210,872
Revenue from state sources	1,094,903	680,977	680,977
Charges for services	45,000	70,532	70,532
Other income	-	-	-
TOTAL REVENUES	\$ 3,724,318	\$ 3,736,716	\$ 3,736,716
EXPENDITURES			
Instruction	\$ 1,987,767	\$ 1,904,214	\$ 1,904,214
Instructional support services	93,503	58,879	58,879
Instructional staff training services	-	21,906	21,906
General administrative	398,391	462,384	462,384
Board	8,000	9,410	9,410
School administration	400,418	431,404	431,404
Facilities acquisition & construction	-	158,383	158,383
Fiscal services	-	345	345
Food services	16,148	28,438	28,438
Operation of plant	871,988	581,725	581,725
Maintenance of plant	50,000	47,996	47,996
Community services	16,148	17,088	17,088
Extracurricular activities	-	28,218	28,218
Redemption of principal	20,000	204,135	204,135
TOTAL EXPENDITURES	\$ 3,862,363	\$ 3,954,525	\$ 3,954,525
Excess of revenues over expenditures	(138,045)	(217,809)	(217,809)
Proceeds from long-term financing	-	-	-
Net change in fund balance	<u>\$ (138,045)</u>	<u>\$ (217,809)</u>	<u>\$ (217,809)</u>

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 24-26 for additional information.

BRIDGEPREP ACADEMY OF ORANGE
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 235,360
Accounts receivable	35,775
Due from other agencies	413,295
TOTAL CURRENT ASSETS	<u>684,430</u>
CAPITAL AND RIGHT TO USE ASSETS	<u>8,439,277</u>
TOTAL ASSETS	<u><u>\$ 9,123,707</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 620,307
Accrued wages payable	168,437
Equipment note payable - current portion	11,230
Right to use liability - current portion	184,384
TOTAL CURRENT LIABILITIES	<u>984,358</u>
Equipment note payable - long-term portion	10,375
Right to use liability - long-term portion	8,431,710
Advance from Education Service Provider	75,000
Note payable	188,799
TOTAL LIABILITIES	<u>9,690,242</u>
NET POSITION	
Invested in capital assets, net of related debt	(198,422)
Deficit in Unrestricted	(368,113)
TOTAL NET POSITION (DEFICIT)	<u>(566,535)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 9,123,707</u></u>

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

BRIDGEPREP ACADEMY OF ORANGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,952,025	\$ -	\$ 680,977	\$ -	\$ (1,271,048)
Instructional support services	58,879	-	-	-	(58,879)
Instructional staff training services	21,906	-	-	-	(21,906)
General administrative	462,384	-	-	-	(462,384)
Board	9,410	-	-	-	(9,410)
School administration	431,404	-	-	-	(431,404)
Fiscal services	345	-	-	-	(345)
Food services	28,438	-	-	-	(28,438)
Operation of plant	937,850	-	-	210,872	(726,978)
Maintenance of plant	47,996	-	-	-	(47,996)
Community services	17,088	28,101	-	-	11,013
Extracurricular activities	28,218	42,431	-	-	14,213
Interest expense	14,523	-	-	-	(14,523)
Total Governmental Activities	\$ 4,010,466	\$ 70,532	\$ 680,977	\$ 210,872	\$ (3,048,085)

GENERAL REVENUES:

Local revenue	2,774,335
Fundraising and other revenue	-
Total general revenues	<u>2,774,335</u>
Change in Net Position	(273,750)
NET POSITION (DEFICIT) - BEGINNING	<u>(292,785)</u>
NET POSITION (DEFICIT) - ENDING	<u>\$ (566,535)</u>

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

BRIDGEPREP ACADEMY OF ORANGE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	Governmental Funds	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 221,147	\$ 14,213	\$ 235,360
Accounts receivable	35,775	-	35,775
Due from other agencies	413,295	-	413,295
Due from internal funds	-	-	-
Deposit receivable and other assets	12,000	-	12,000
TOTAL ASSETS	\$ 682,217	\$ 14,213	\$ 696,430
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 620,307	\$ -	\$ 620,307
Due to internal funds	-	-	-
Accrued wages payable	168,437	-	168,437
TOTAL LIABILITIES	788,744	-	788,744
FUND BALANCE			
Nonspendable			
Deposit receivable and other assets	12,000	-	12,000
Restricted	-	14,213	14,213
Unassigned	(118,527)	-	(118,527)
TOTAL FUND BALANCE	(106,527)	14,213	(92,314)
TOTAL LIABILITIES AND FUND BALANCE	\$ 682,217	\$ 14,213	\$ 696,430

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

BRIDGEPREP ACADEMY OF ORANGE
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ (92,314)

Amounts reported for governmental activities in the statement of net assets 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	621,903
Accumulated depreciation	(403,186)

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, net	8,220,560
Right to use liability	(8,616,094)
Security deposit	(12,000)

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

Equipment note payables	(21,605)
Advance from ESP	(75,000)
Note payable	(188,799)

Total Net Position - Governmental Activities	\$ (566,535)
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The accompanying notes are an integral part of this financial statement.

BRIDGEPREP ACADEMY OF ORANGE
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	\$ 2,774,335	\$ -	\$ -	\$ 2,774,335
State capital outlay funding	-	210,872	-	210,872
Revenue from state sources	-	-	680,977	680,977
Charges for services	28,101	-	42,431	70,532
TOTAL REVENUES	\$ 2,802,436	\$ 210,872	\$ 723,408	\$ 3,736,716
EXPENDITURES				
Current:				
Instruction	\$ 1,381,620	\$ -	\$ 522,594	\$ 1,904,214
Instructional support services	58,879	-	-	58,879
Instructional staff training services	21,906	-	-	21,906
General administrative	462,384	-	-	462,384
Board	9,410	-	-	9,410
School administration	431,404	-	-	431,404
Food services	28,438	-	-	28,438
Operation of plant	370,853	210,872	-	581,725
Maintenance of plant	47,996	-	-	47,996
Community services	17,088	-	-	17,088
Extracurricular activities	-	-	28,218	28,218
Capital Outlay:				
Other capital outlay	-	-	158,383	158,383
Debt Service:				
Redemption of principal	189,612	-	-	189,612
Interest	14,523	-	-	14,523
TOTAL EXPENDITURES	\$ 3,034,458	\$ 210,872	\$ 709,195	\$ 3,954,525
Excess (deficit) of revenues over expenditures	(232,022)	-	14,213	(217,809)
OTHER FINANCING SOURCES				
Proceeds from long-term financing	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(232,022)	-	14,213	(217,809)
Fund balance at beginning of year	125,495	-	-	125,495
Fund balance at end of year	<u>\$ (106,527)</u>	<u>\$ -</u>	<u>\$ 14,213</u>	<u>\$ (92,314)</u>

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

BRIDGEPREP ACADEMY OF ORANGE
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 \$ (217,809)

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	158,383
Depreciation expense	(47,811)

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	(356,125)
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The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayments of principal	189,612
Proceeds from financing	-

Change in Net Position of Governmental Activities	\$ (273,750)
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The accompanying notes are an integral part of this financial statement.

**BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Bridgeprep Academy of Orange, (the “School”) is a charter school sponsored by the School Board of Orange County, Florida (the “District”). The School’s charter is held by Bridgeprep Academy of Florida, Inc., which is in the process of applying for 501(c)3 not-for-profit designation, is 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 and of Bridgeprep Academy of Florida, Inc. are the same Board of Directors which is comprised of four members.

The general operating authority of Bridgeprep Academy of Orange (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 Orange County, Florida (the “School Board”). The current charter is effective until June 30, 2022. 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 for up to an additional 15 years by mutual agreement.

These financial statements are for the year ended June 30, 2023, when 312 students were enrolled in grades Kindergarten through 8th 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. These statements do not include fiduciary funds.

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 ORANGE
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. It accounts for all financial resources not accounted for and reported in another fund.

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

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Bridgeprep Academy of Orange, (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). Any revisions to the annual budget are approved by the Board.

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.

Accounts Receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from Other Agencies

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

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 are 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 \$198,422.
- 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 \$0.

BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position (Continued)

- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

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 \$12,000 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 no 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, 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 Orange 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.

BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (Continued)

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.

Income Taxes

Bridgeprep Academy of Florida, 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.

New Accounting Standards Adopted

In fiscal year 2023, the School adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government users. This Statement is effective immediately for reporting periods beginning after June 15, 2022. These changes were incorporated in the School's 2023 financial statements and had no effect.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 26, 2023, which is the date the financial statements were available to be issued.

BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – CAPITAL AND RIGHT TO USE ASSETS

The following schedule provides a summary of changes in capital and right to use 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				
Building and fixed equipment	\$ 92,862	\$ -	\$ -	\$ 92,862
Furniture and equipment	370,658	158,383	-	529,041
Total Capital Assets	<u>463,520</u>	<u>158,383</u>	<u>-</u>	<u>621,903</u>
Less Accumulated Depreciation				
Building and fixed equipment	(7,523)	(2,243)	-	(9,766)
Furniture and equipment	(347,852)	(45,568)	-	(393,420)
Total Accumulated Depreciation	<u>(355,375)</u>	<u>(47,811)</u>	<u>-</u>	<u>(403,186)</u>
Capital Assets, net	<u>108,145</u>	<u>110,572</u>	<u>-</u>	<u>218,717</u>
Lease Assets				
Right-to-use lease asset	8,932,810	-	-	8,932,810
Accumulated amortization	(356,125)	(356,125)	-	(712,250)
Total leased assets, net	<u>8,576,685</u>	<u>(356,125)</u>	<u>-</u>	<u>8,220,560</u>
Total capital and right-to-use assets, net	<u>\$ 8,684,830</u>	<u>\$ (245,553)</u>	<u>\$ -</u>	<u>\$ 8,439,277</u>

Depreciation expense for the year ended June 30, 2023, was \$47,811, of which the full amount was allocated to regular instruction. Amortization expense of \$356,125 was allocated to operation of plant.

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 polices and contracts.

In providing management 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, 2016, and it is a five year agreement with a School option to renew. The contract can be terminated by either party with 60 days’ notice.

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. The management fee percentage for the year ending June 30, 2023 was 10% of total FEFP funding of \$2,732,764 plus \$500 per month for after-care services. During the year-ended June 30, 2023, the School incurred management fees of \$254,140. The School had amounts outstanding to their management company of \$373,240 and was included in accounts payable at June 30, 2023.

During the year ended June 30, 2022, S.M.A.R.T. Management LLC advanced \$75,000 to the School to assist with the expenditures in connection with certain cost-reimbursement grants. This amount will be repaid once payments are received under these grants.

BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – EDUCATION SERVICE AND SUPPORT PROVIDER (Continued)

Recoverable Grant

During the year June 30, 2020, the School was awarded a \$72,176 recoverable grant from S.M.A.R.T. Management LLC. In addition, the School was awarded a \$200,000 recoverable grant from S.M.A.R.T. Management LLC during the year ended June 30, 2022. The purpose of the grants is for the School to fund operating expenses. Under the terms of the grants, the School would repay the grants in the event the School experiences a surplus of its operating budget for any period ending on June 30 of the current fiscal year, 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 \$272,176. There were no amounts due at June 30, 2023 because the School did not meet the above criteria.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease agreement in December 2015 to lease facilities. For the year ended June 30, 2023, the base rent was \$56,250 per month and an additional annual payment of \$1,175 per student over enrollment of 550. In subsequent years and through the end of the lease term, the base rent adjustment will be calculated based on the increase (but not decrease) of the FTE from the previous year. The term of this agreement ends July 31, 2046.

For the year ended June 30, 2023, the amount paid by the School for the use of the facilities and services was \$531,201 after credits received for marketing fees from the landlord.

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 \$500,869 and the amortization of the right to use asset was \$356,125 for the year ended June 30, 2023.

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2024	\$ 184,384	\$ 490,616	\$ 675,000	
2025	195,270	479,730	675,000	
2026	206,798	468,202	675,000	
2027	219,008	455,992	675,000	
2028	231,938	443,062	675,000	
2029-2033	1,381,995	1,993,005	3,375,000	(Five year period)
2034-2038	1,841,059	1,533,941	3,375,000	(Five year period)
2039-2043	2,452,615	922,386	3,375,001	(Five year period)
2044-2047	1,903,027	178,222	2,081,249	(Four year period)
	<u>\$ 8,616,094</u>	<u>\$ 6,965,156</u>	<u>\$ 15,581,250</u>	

BRIDGEPREP ACADEMY OF ORANGE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

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	\$ 8,784,600	\$ -	\$ 168,506	\$ 8,616,094
	<u>\$ 8,784,600</u>	<u>\$ -</u>	<u>\$ 168,506</u>	<u>\$ 8,616,094</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 Florida, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Bridgeprep Academy of Florida, 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 – NOTE PAYABLE

At June 30, 2023, the School received a loan payable of \$200,000 from Bridgeprep Academy, Inc. The balance at June 30, 2023 was \$188,799 and bears interest at prime plus .25% (5.75% at June 30, 2022). 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:

	Balance July 1, 2022	Additions	Repayments	Balance June 30, 2023
Note payable	\$ 200,000	\$ -	\$ 11,201	\$ 188,799
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 11,201</u>	<u>\$ 188,799</u>

NOTE 8 – 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 9 – 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.

REQUIRED SUPPLEMENTAL INFORMATION

BRIDGEPREP ACADEMY OF ORANGE
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	\$ 2,584,415	\$ 2,774,335	\$ 2,774,335
Charges for services	45,000	28,101	28,101
Other income	-	-	-
TOTAL REVENUES	\$ 2,629,415	\$ 2,802,436	\$ 2,802,436
EXPENDITURES			
Instruction	\$ 912,864	\$ 1,381,620	\$ 1,381,620
Instructional support services	93,503	58,879	58,879
Instructional staff training services	-	21,906	21,906
General administrative	398,391	462,384	462,384
Board	8,000	9,410	9,410
School administration	400,418	431,404	431,404
Fiscal services	-	345	345
Food services	16,148	28,438	28,438
Operation of plant	871,988	370,853	370,853
Maintenance of plant	50,000	47,996	47,996
Community services	16,148	17,088	17,088
Debt service	20,000	204,135	204,135
TOTAL EXPENDITURES	\$ 2,787,460	\$ 3,034,458	\$ 3,034,458
Change in fund balance before other financing sources	(158,045)	(232,022)	(232,022)
Proceeds from long-term financing	-	-	-
Net change in fund balance	\$ (158,045)	\$ (232,022)	\$ (232,022)

See accompanying note to the required supplemental information.

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

	Special Revenue Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Revenue from state sources	\$ 1,094,903	\$ 680,977	\$ 680,977
Charges for other services	-	42,431	42,431
TOTAL REVENUES	<u>1,094,903</u>	<u>723,408</u>	<u>723,408</u>
EXPENDITURES			
Instruction	1,094,903	522,594	522,594
Capital outlay	-	158,383	158,383
Extracurricular activities	-	28,218	28,218
TOTAL EXPENDITURES	<u>1,094,903</u>	<u>709,195</u>	<u>709,195</u>
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,213</u>	<u>\$ 14,213</u>

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF ORANGE
NOTES 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 and special revenue 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 Orange
Orlando, 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 and each major fund and the aggregate remaining fund information of Bridgeprep Academy of Orange (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 26, 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 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 26, 2023



MANAGEMENT LETTER

Board of Directors of
Bridgeprep Academy of Orange
Orlando, Florida

Report on the Financial Statements

We have audited the financial statements of Bridgeprep Academy of Orange (the “School”), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 26, 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 26, 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 of the school is Bridgeprep Academy of Orange and #481009.

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 \$92,314 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 Fiscal Year 2023 of GASB 87 accounting in which the school records the right to use lease asset and liability and as a result recorded an additional (\$188,000) in non-cash excess amortization of lease expense in fiscal year 2023 and \$395,000 additional expense in the two years of implementation. Absent this accounting, the change in net position at the end of year would have been a net decrease of (\$86,000) and the deficit in net position would have been (\$171,000).

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 \$92,314 at June 30, 2023

Management response

Orange’s government-wide statement of activities, adjusted for GASB 87 non-cash right to use accounting, results in a FY 22-23 deficit of \$57,568 (vs. an unadjusted, reported annual deficit of \$245,187). Given the current FY 23-24 enrollment of 424 vs. prior years 327, as well as the FY 23-24 budget forecasting a significant surplus, management believes the statement of activities deficit for FY 22-23 will be more than covered with results from FY 23-24 and the total government wide deficit net position (after adjusting for GASB 87 right to use accounting), substantially eliminated.

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 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 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 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

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 have no recommendations.

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 School Board of Orange County, Florida, 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 26, 2023