

BRIDGEPREP ACADEMY OF ST. CLOUD
KISSIMMEE, FLORIDA
(A CHARTER SCHOOL UNDER BRIDGEPREP
ACADEMY, INC.)

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

JUNE 30, 2024

BRIDGEPREP ACADEMY OF ST. CLOUD
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2024

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BRIDGEPREP ACADEMY OF ST. CLOUD
(A Charter School Under Bridgeprep Academy, Inc.)

3691 Canoe Creek Road.
St. Cloud, FL 34772
(407) 250-8968

2023-2024

BOARD OF DIRECTORS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridgeprep Academy of St. Cloud
St. Cloud, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bridgeprep Academy of St. Cloud (the "School"), a charter school under Bridgeprep Academy, Inc., as of and for the year ended June 30, 2024, 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 and each major fund of the School, as of June 30, 2024, 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 (GAAS) and the standard applicable to financial audits contained in the Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, 2024, and the respective changes in financial position or the year then ended, and is not intended to be a complete presentation of Bridgeprep Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Bridgeprep Academy, Inc. as of June 30, 2024 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 16, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

García Santa María De Armas Trujillo, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 16, 2024

Management’s Discussion and Analysis
Bridgeprep Academy of St. Cloud
June 30, 2024

The corporate officers of Bridgeprep Academy of St. Cloud (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

1. The School had total current assets at June 30, 2024, of \$438,307.
2. The School had an increase in net position for the year ended June 30, 2024 of \$535,202.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2024 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, 2024 and 2023 follows:

Assets	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 215,069	\$ 89,864
Due from governmental agencies and accounts receivable	223,238	470,977
Deposits receivable and other assets	30,439	51,560
Capital and right to use assets, net	<u>16,231,281</u>	<u>15,233,809</u>
Total Assets	<u>\$ 16,700,027</u>	<u>\$ 15,846,210</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 1,138,820	\$ 1,203,315
Advances to Education Service Provider	20,500	20,500
Right of use liability	16,720,713	16,186,836
Long-term debt	<u>768,025</u>	<u>918,792</u>
Total Liabilities	18,648,058	18,329,443
Invested in capital assets, net of related debt	(515,415)	(1,046,819)
Restricted	16,083	47,446
Deficit in unrestricted	<u>(1,448,699)</u>	<u>(1,483,860)</u>
Total Net Position (Deficit)	<u>(1,948,031)</u>	<u>(2,483,233)</u>
Total Liabilities and Net Position	<u>\$ 16,700,027</u>	<u>\$ 15,846,210</u>

The fiscal year June 30, 2024 was the School's third year of school operations. At June 30, 2024, the School's total assets were \$16,700,027 and total liabilities were \$18,648,058. At June 30, 2024, the School reported a negative total net position of \$1,948,031. 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 a net difference of \$756,979 in additional amortization. Similar to depreciation this is a non-cash expense and if added back would increase the net position to a deficit of \$1,191,052.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2024 and 2023 follows:

REVENUES	2024	2023
Program Revenues		
Operating grants and contributions	\$ 246,143	\$ 483,379
Federal Lunch Program	54,387	86,476
Capital grants and contributions	431,840	296,886
Charges for services	216,798	275,958
General Revenues		
Local sources (FTE and other nonspecific)	5,164,784	4,096,143
Total Revenues	\$ 6,113,952	\$ 5,238,842
 EXPENSES		
Instructional services	\$ 2,404,062	\$ 2,783,339
Instructional support services	94,911	73,035
Instructional staff training services	38,916	11,454
Instructional related technology	106,634	-
Board	40,538	-
General administration	95,328	575,414
School administration	763,907	559,889
Fiscal services	664,843	272
Food services	150,793	149,300
Central services	19,519	-
Operation of plant	-	1,627,477
Maintenance of plant	97,386	181,932
Community services	29,835	113,977
Extracurricular activities	111,563	88,279
Interest expense	960,515	53,019
Total Expenses	\$ 5,578,750	\$ 6,217,387
Change in Net Position	535,202	(978,545)
 Net Position (Deficit) at Beginning of Year	(2,483,233)	(1,504,688)
Net Position (Deficit) at End of Year	\$ (1,948,031)	\$ (2,483,233)

The School's total revenues for the year ended June 30, 2024 were \$6,113,952, while its total expenses were \$5,578,750 for a net increase of \$535,202. The School's current enrollment increased to 663 students in the current year.

Due to the implementation of the new lease standard, the School recorded an additional expense of approximately \$698,000, which was the excess of amortization and interest expense over actual lease payments made during the year which added to the net position deficit at June 30, 2024. If this amount was added back the total net position change at June 30, 2024 would have been a positive \$1,233,202.

SCHOOL LOCATION

The School operates in the Kissimmee area located at 3691 Canoe Creek Road in St. Cloud, FL 34772.

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 decrease in fund balance of \$79,160 and reported a combined negative fund balance at year-end of \$670,074.

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 \$16,022,732 net with accumulated amortization and a right-to-use liability of \$16,720,713. The School's total investment in capital and right to use assets, as of June 30, 2024, amounts to \$16,231,281 (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.

LONG-TERM LIABILITIES

The School has entered into note payable agreements to finance certain equipment. In addition, the School obtained a \$825,000 loan payable from Bridgeprep Academy, Inc. in 2023. These loan and note payable expire at various dates through July 2030. Total balances at June 30, 2024 of all loan and note payables was \$768,025.

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.

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 and other local	\$ 5,620,450	\$ 5,164,784	\$ 5,164,784
Federal passed through local	36,300	246,143	246,143
Federal lunch program	8,532	54,387	54,387
State capital outlay funding	434,042	431,840	431,840
Charges for services and other income	200,004	216,798	216,798
TOTAL REVENUES	<u>\$ 6,299,328</u>	<u>\$ 6,113,952</u>	<u>\$ 6,113,952</u>
EXPENDITURES			
Instruction	\$ 2,502,285	\$ 2,329,144	\$ 2,329,144
Instructional support services	-	94,911	94,911
Instructional staff training services	-	38,916	38,916
Instructional related technology	-	106,634	106,634
Board	15,000	40,538	40,538
General administration	93,323	95,328	95,328
School administration	715,640	763,907	763,907
Fiscal services	552,713	664,843	664,843
Food services	193,186	150,793	150,793
Central services	-	19,519	19,519
Operation of plant	477,542	479,515	479,515
Maintenance of plant	982,023	97,386	97,386
Community services	-	29,835	29,835
Capital outlay	-	16,779,711	16,779,711
Extracurricular activities	-	111,563	111,563
Debt service	-	1,186,768	1,186,768
TOTAL EXPENDITURES	<u>\$ 5,531,712</u>	<u>\$ 22,989,311</u>	<u>\$ 22,989,311</u>
Net change in fund balance	767,616	(16,875,359)	(16,875,359)
Other financing sources	-	16,796,199	16,796,199
Net change in fund balance	<u>\$ 767,616</u>	<u>\$ (79,160)</u>	<u>\$ (79,160)</u>

The general, special revenue and capital outlay fund budgets for the year ending June 30, 2024, were developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Refer to the budgetary comparison schedules on pages 24-25 for additional information.

BRIDGEPREP ACADEMY OF ST. CLOUD
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 215,069
Due from other agencies	<u>223,238</u>
TOTAL CURRENT ASSETS	438,307
CAPITAL AND RIGHT TO USE ASSETS, NET	
Deposit receivable and other assets	<u>30,439</u>
TOTAL ASSETS	<u><u>\$ 16,700,027</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 942,305
Accrued wages payable	196,515
Advances to Education Service Provider	20,500
Right to use liability - current portion	369,242
Loan payable - current portion	94,989
Financed note payable - current portion	<u>25,983</u>
TOTAL CURRENT LIABILITIES	1,649,534
Right to use liability - long-term portion	16,351,471
Loan payable - long-term	<u>647,053</u>
TOTAL LIABILITIES	18,648,058
NET POSITION	
Net investment in capital and right to use assets	(515,415)
Restricted	16,083
Deficit in unrestricted	<u>(1,448,699)</u>
TOTAL NET POSITION (DEFICIT)	<u>(1,948,031)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 16,700,027</u></u>

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

BRIDGEPREP ACADEMY OF ST. CLOUD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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	\$2,404,062	\$ -	214,148	\$ -	\$ (2,189,914)
Instructional support services	94,911	-	-	-	(94,911)
Instructional staff training services	38,916	-	-	-	(38,916)
Instructional related technology	106,634	-	31,995	-	(74,639)
Board	40,538	-	-	-	(40,538)
General administration	95,328	-	-	-	(95,328)
School administration	763,907	-	-	-	(763,907)
Fiscal services	664,843	-	-	-	(664,843)
Food services	150,793	16,842	54,387	-	(79,564)
Central services	19,519	-	-	-	(19,519)
Operation of plant	-	-	-	431,840	431,840
Maintenance of plant	97,386	-	-	-	(97,386)
Community services	29,835	-	-	-	(29,835)
Extracurricular activities	111,563	199,956	-	-	88,393
Interest expense	960,515	-	-	-	(960,515)
Total Governmental Activities	\$5,578,750	\$ 216,798	\$ 300,530	\$ 431,840	\$ (4,629,582)

GENERAL REVENUES:

Government grants not restricted to specific programs	5,164,784
Miscellaneous revenue	-
Total general revenues	5,164,784

Change in Net Position 535,202

NET POSITION (DEFICIT) - BEGINNING (2,483,233)

NET POSITION (DEFICIT) - ENDING \$ (1,948,031)

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

BRIDGEPREP ACADEMY OF ST. CLOUD
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 198,986	\$ 16,083	\$ 215,069
Due from other agencies	-	223,238	223,238
Deposit receivable and other assets	30,439	-	30,439
Due from funds	223,238	-	223,238
TOTAL ASSETS	<u>\$ 452,663</u>	<u>\$ 239,321</u>	<u>\$ 691,984</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 942,305	\$ -	\$ 942,305
Accrued wages payable	196,515	-	196,515
Due to funds	-	223,238	223,238
TOTAL LIABILITIES	<u>1,138,820</u>	<u>223,238</u>	<u>1,362,058</u>
FUND BALANCE			
Nonspendable			
Deposit receivable and other assets	30,439	-	30,439
Restricted			
-	-	16,083	16,083
Unassigned			
-	(716,596)	-	(716,596)
TOTAL FUND BALANCE	<u>(686,157)</u>	<u>16,083</u>	<u>(670,074)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 452,663</u>	<u>\$ 239,321</u>	<u>\$ 691,984</u>

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

BRIDGEPREP ACADEMY OF ST. CLOUD
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSTION
JUNE 30, 2024

Total Fund Balance (deficit) - Governmental Funds \$ (670,074)

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	374,590
Accumulated depreciation	(166,041)

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	16,022,732
Right to use liability	(16,720,713)

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

Financed note payable	(25,983)
Loan payable	(742,042)
Advances from Education Service Provider	(20,500)

Total Net Position (deficit) - Governmental Activities	<u>\$ (1,948,031)</u>
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The accompanying notes are an integral part of this financial statement.

BRIDGEPREP ACADEMY OF ST. CLOUD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State passed through local and other local	\$ 5,164,784	\$ -	\$ -	\$ 5,164,784
Federal sources	-	-	246,143	246,143
Federal lunch program	-	-	54,387	54,387
State capital outlay funding	-	431,840	-	431,840
Charges for services	130,623	-	86,175	216,798
TOTAL REVENUES	\$ 5,295,407	\$ 431,840	\$ 386,705	\$ 6,113,952
EXPENDITURES				
Current:				
Instruction	\$ 2,067,550	\$ -	\$ 261,594	\$ 2,329,144
Instructional support services	94,911	-	-	94,911
Instructional staff training services	38,916	-	-	38,916
Instructional related technology	74,639	-	31,995	106,634
Board	40,538	-	-	40,538
General administration	95,328	-	-	95,328
School administration	763,907	-	-	763,907
Fiscal services	664,843	-	-	664,843
Food services	79,564	-	71,229	150,793
Central services	19,519	-	-	19,519
Operation of plant	47,675	431,840	-	479,515
Maintenance of plant	97,386	-	-	97,386
Community services	29,835	-	-	29,835
Extracurricular activities	58,313	-	53,250	111,563
Capital outlay:				
Right to use asset	16,779,711	-	-	16,779,711
Debt service:				
Redemption of principal	150,767	-	-	150,767
Reduction of right-to-use liability	75,486	-	-	75,486
Interest	960,515	-	-	960,515
TOTAL EXPENDITURES	\$ 22,139,403	\$ 431,840	\$ 418,068	22,989,311
Excess of expenditures over revenues	(16,843,996)	-	(31,363)	(16,875,359)
Other Financing Sources				
Increase in right-to-use liability	16,796,199	-	-	16,796,199
Total Other Financing Sources	16,796,199	-	-	16,796,199
Net change in fund balance	(47,797)	-	(31,363)	(79,160)
Fund balance (deficit) at beginning of year	(638,360)	-	47,446	(590,914)
Fund balance (deficit) at end of year	<u>\$ (686,157)</u>	<u>\$ -</u>	<u>\$ 16,083</u>	<u>\$ (670,074)</u>

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

BRIDGEPREP ACADEMY OF ST. CLOUD
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, 2024

Change in Fund Balance - Governmental Funds \$ (79,160)

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.

Depreciation expense (74,918)

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 (756,979)

During the year, payment terms of the lease agreement associated with the right-to-use asset and liability were amended. This modification required the removal of prior year balances for the asset and liability. The net effect of this removal, however, is not included as a source of revenue.

Modification of right-to-use asset, net 1,829,369
Modification of right-to-use liability (609,363)

The proceeds from loans and capital leases 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.

Reduction of right-to-use liability 75,486
Repayments of principal 150,767

Change in Net Position of Governmental Activities \$ 535,202

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

**BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Bridgeprep Academy of St. Cloud (the “School”) is a charter school sponsored by the School Board of Osceola County, Florida (the “District”). The School’s charter is held by Bridgeprep Academy, 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 five members.

The general operating authority of Bridgeprep Academy of St. Cloud (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 Osceola County, Florida. The current charter is effective until June 30, 2026. 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, 2024, when approximately 663 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 ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 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 St. Cloud, (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.

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.

BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 \$1,000 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 cannot “rollover” unused days for use in future benefit years. There is no opportunity to “cash out” unused sick days. 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 and right to use assets for the year ending June 30, 2024, was a negative \$515,415.
- 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, 2024 was \$16,083.
- Unrestricted – all other net position is reported in this category.

BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the School had \$30,439 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, 2024, there is \$16,083 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, 2024, 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, 2024, 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, 2024, 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 Osceola 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 ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Bridgeprep Academy, 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 16, 2024, 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, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets				
Audiovisual materials and computer software	\$ 310,935	\$ -	\$ -	\$ 310,935
Furniture and equipment	63,655	-	-	63,655
Total Capital Assets	<u>374,590</u>	<u>-</u>	<u>-</u>	<u>374,590</u>
Less Accumulated Depreciation				
Audiovisual materials and computer software	(71,280)	(62,187)	-	(133,467)
Furniture and equipment	(19,843)	(12,731)	-	(32,574)
Total Accumulated Depreciation	<u>(91,123)</u>	<u>(74,918)</u>	<u>-</u>	<u>(166,041)</u>
Capital Assets, net	<u>283,467</u>	<u>(74,918)</u>	<u>-</u>	<u>208,549</u>
Right to use assets				
Right-to-use lease asset	16,186,836	16,779,711	(16,186,836)	16,779,711
Accumulated amortization	(1,236,494)	(756,979)	1,236,494	(756,979)
Total leased assets, net	<u>14,950,342</u>	<u>16,022,732</u>	<u>(14,950,342)</u>	<u>16,022,732</u>
Total capital and right to use assets, net	<u>\$ 15,233,809</u>	<u>\$ 15,947,814</u>	<u>\$ (14,950,342)</u>	<u>\$ 16,231,281</u>

Depreciation expense for the year ended June 30, 2024 was \$74,918, which was allocated to instructional services. In addition, amortization expense of \$756,979 was allocated to operation of plant.

BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2021, and is in effect through June 30, 2027 with an option to renew. The contract can be terminated by either party with 90 days’ notice. The contract calls for a management fee between 4% and 10% of full time equivalent (FTE) revenues based on the School’s enrollment. During the year-ended June 30, 2024, the School incurred management fees of 10% or \$554,375 and \$753,108 was due to S.M.A.R.T. Management LLC and is included in accounts payable and accrued liabilities at June 30, 2024. In addition, the School had advances due to S.M.A.R.T. Management LLC of \$20,500 at June 30, 2024.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The School, through Bridgeprep Academy, Inc., entered into a lease agreement to lease its school facilities. The first payment commenced on September 1, 2021 and ends August 31, 2045. The lease has an option to renew unless a written termination notice is given in advance. For the year ended June 30, 2024, the School paid a monthly rent amount of approximately \$89,217. For the year ended June 30, 2024, the amount paid by the School for the use of the facilities was \$1,058,123.

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 Organization to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of September 1, 2021. The interest expense was \$959,669 and the amortization of the right-to-use asset was \$756,979 for the year ended June 30, 2024.

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>	
2025	\$ 369,242	\$ 946,691	\$ 1,315,933	
2026	442,882	922,118	1,365,000	
2027	469,030	895,970	1,365,000	
2028	496,721	868,279	1,365,000	
2029	526,047	838,953	1,365,000	
2030-2034	3,134,439	3,690,561	6,825,000	(Total for 5 Year Period
2035-2039	4,175,623	2,649,377	6,825,000	(Total for 5 Year Period
2040-2044	5,562,663	1,262,337	6,825,000	(Total for 5 Year Period
2045-2046	1,544,066	48,434	1,592,500	(Total for 3 Year Period
	<u>\$16,720,713</u>	<u>\$12,122,720</u>	<u>\$28,843,433</u>	

BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 16,186,836	\$ 16,796,199	\$ 16,262,322	\$ 16,720,713
	<u>\$ 16,186,836</u>	<u>\$ 16,796,199</u>	<u>\$ 16,262,322</u>	<u>\$ 16,720,713</u>

NOTE 6 – 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 \$6,245 beginning September 2021 through April 2025. The loans bear interest at a fixed rates between 8.984% and 12.336%.

The following schedule provides a summary of changes in the loan for the year ended June 30, 2024:

	Balance July 1, 2023	Amount Financed	Payments	Balance June 30, 2024
Financed note payable	\$ 93,792	\$ -	\$ 67,809	\$ 25,983
	<u>\$ 93,792</u>	<u>\$ -</u>	<u>\$ 67,809</u>	<u>\$ 25,983</u>

At June 30, 2022, the School received a loan payable of \$775,000 from Bridgeprep Academy, Inc. The School received an additional \$50,000 in 2023. The balance at June 30, 2024 was \$742,042 and bears interest at prime plus .25% (8.50% at June 30, 2024). The loan is to be repaid in monthly payments of and matures on July 12, 2030.

The following schedule provides a summary changes for the year ended June 30, 2024:

	Balance July 1, 2023	Proceeds	Payments	Balance June 30, 2024
Loan payable	\$ 825,000	\$ -	\$ 82,958	\$ 742,042
	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ 82,958</u>	<u>\$ 742,042</u>

Maturities of all long-term debt are as follows:

<u>Year Ended June 30</u>	
2025	\$ 120,972
2026	101,698
2027	108,880
2028	116,511
2029	124,799
Thereafter	<u>195,165</u>
Total	<u>\$ 768,025</u>

BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 7 – 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, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Bridgeprep Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2024, bank balances in potential excess of FDIC coverage was \$0.

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.

NOTE 10 – INTERFUND BALANCES

Interfund balances in governmental funds as of June 30, 2024, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Due from (to) General Fund from Special Revenues for ESSER	\$ 223,238	\$ (223,238)
	<u>\$ 223,238</u>	<u>\$ (223,238)</u>

REQUIRED SUPPLEMENTAL INFORMATION

BRIDGEPREP ACADEMY OF ST. CLOUD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local and other local	\$ 5,620,450	\$ 5,164,784	\$ 5,164,784
Charges for services and other income	200,004	130,623	130,623
TOTAL REVENUES	5,820,454	5,295,407	5,295,407
EXPENDITURES			
Instruction	\$ 2,465,985	\$ 2,067,550	\$ 2,067,550
Instructional support services	-	94,911	94,911
Instructional staff training services	-	38,916	38,916
Instructional related technology	-	74,639	74,639
Board	15,000	40,538	40,538
General administration	93,323	95,328	95,328
School administration	715,640	763,907	763,907
Capital outlay	-	16,779,711	16,779,711
Fiscal services	552,713	664,843	664,843
Food services	184,654	79,564	79,564
Central services	-	19,519	19,519
Operation of plant	982,023	47,675	47,675
Maintenance of plant	43,500	97,386	97,386
Community services	-	29,835	29,835
Extracurricular activities	-	58,313	58,313
Debt service	-	1,186,768	1,186,768
TOTAL EXPENDITURES	\$ 5,052,838	\$ 22,139,403	\$ 22,139,403
Change in fund balance before other financing sources	767,616	(16,843,996)	(16,843,996)
Other financing sources	-	16,796,199	16,796,199
Net change in fund balance	\$ 767,616	\$ (47,797)	\$ (47,797)

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF ST. CLOUD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Special Revenue Funds</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Federal sources	\$ 36,300	\$ 246,143	\$ 246,143
Federal lunch program	8,532	54,387	54,387
Charges for services and other income	-	86,175	86,175
TOTAL REVENUE	<u>\$ 44,832</u>	<u>\$ 386,705</u>	<u>\$ 386,705</u>
EXPENDITURES			
Instruction	\$ 36,300	\$ 261,594	\$ 261,594
Instruction related technology	-	31,995	31,995
Extracurricular activities	-	53,250	53,250
Food services	8,532	71,229	71,229
TOTAL EXPENDITURES	<u>44,832</u>	<u>418,068</u>	<u>418,068</u>
Other financing sources	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (31,363)</u>	<u>\$ (31,363)</u>

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF ST. CLOUD
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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).



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NATIONAL ASSOCIATION OF
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COLLABORATIVE FAMILY
LAW INSTITUTE

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 St. Cloud
Kissimmee, 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 St. Cloud (the “School”), as of and for the year ended June 30, 2024, 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 16, 2024.

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.

García Santa María De Armas Trujillo, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 16, 2024



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COLLABORATIVE FAMILY
LAW INSTITUTE

MANAGEMENT LETTER

Board of Directors of
Bridgeprep Academy of St. Cloud
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of Bridgeprep Academy of St. Cloud (the “School”), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 16, 2024.

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 16, 2024, 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. Corrections have been made to address the findings and recommendations in the preceding financial report, except as noted in the tabulation below.

Tabulation of Uncorrected Audit Findings		
Current Year	2022-23 FY	2021-22 FY
2024-1	2023-1	2022-1

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 St. Cloud and #490131.

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 financials 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, 2024 is not deteriorating. However, the following was noted that we would like to bring to the attention of the governing board of the School.

2024-001: 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 \$670,074 at June 30, 2024.

Cause

The 2024 school year was the School's third year of operations. The School has had significant start-up costs the first two years in order to get the School property set up from an infrastructure and technology basis.

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 \$670,074 at June 30, 2024.

Management response

The Government-Wide financial statement results show a significant improvement in net position for the year ended June 30, 2024 and also an improvement from the 2023 fiscal year. The 2024 fiscal year change in net position of \$535,202, was a strong 8.7% of gross revenues and is an increase of \$1,513,747 or nearly a 300% increase from prior year. The net accumulated deficit in net position decreased by the same amount of \$535,202 from (\$2,483,233) to (\$1,948,031). Incorporating the non-cash impact of the adoption of the right to use change in accounting for leases affected the net position by approximately \$698,000 during the year ended June 30, 2024. Without this adoption the change in net position would have been a positive \$1,233,202. The governmental fund change in fund balance was a deficit of (\$79,160), increasing the deficit in fund balance to (\$670,074) at June 30, 2024. Although, a deficit at year end, the School improved approximately \$352,000 in its change in fund balance compared to prior year. The School is focusing on growing the School and enrollment and keeping costs steady and is anticipating an improvement to its net position and fund balance for the 2024-2025 fiscal year.

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

Based on these additional funding sources and implementation of additional academic resources the School is projected to continue its path to improve financially and academic performance.

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 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 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

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 Osceola County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

García Santa María De Armas Trujillo, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2024