

BLUE MISSIONS GROUP, INC.
MIAMI, FLORIDA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2023

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Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Blue Missions Group, Inc.
Miami, Florida

Opinion

We have audited the accompanying financial statements of Blue Missions Group, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance, as required by Chapter 10.650 Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 7, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
June 7, 2024

BLUE MISSIONS GROUP, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

ASSETS

Cash and cash equivalents	\$ 235,399
Account receivable	250,000
Prepaid expense	45,000
Other assets	4,500
TOTAL ASSETS	<u>\$ 534,899</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 9,715
Deferred revenues	140,158
TOTAL LIABILITIES	<u>149,873</u>

NET ASSETS

Without donor restriction	<u>385,026</u>
TOTAL NET ASSETS	<u>385,026</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 534,899</u>
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The accompanying notes are an integral part of these financial statements.

BLUE MISSIONS GROUP, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Grants	\$ 935,866	\$ -	\$ 935,866
Contributions	148,006	-	148,006
Special events	264,867	-	264,867
Program income	496,596	-	496,596
Service trips	1,329,637	-	1,329,637
Other income	59,504	-	59,504
TOTAL SUPPORT AND REVENUE	3,234,476	-	3,234,476
EXPENSES			
Program activities	2,720,016	-	2,720,016
Support services	689,970	-	689,970
TOTAL EXPENSES	3,409,986	-	3,409,986
CHANGES IN NET ASSETS	(175,510)	-	(175,510)
NET ASSETS AT BEGINNING OF YEAR	560,536	-	560,536
NET ASSETS AT END OF YEAR	\$ 385,026	\$ -	\$ 385,026

The accompanying notes are an integral part of these financial statements.

BLUE MISSIONS GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	<u>\$ (175,510)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Increase in grants receivable	(37,500)
Increase in prepaid expenses	(45,000)
Decrease in accounts payable and accrued expenses	(10,936)
Increase in deferred revenue	<u>131,814</u>
NET CASH USED IN OPERATING ACTIVITIES	(137,132)
 DECREASE IN CASH AND CASH EQUIVALENTS	 (137,132)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>372,531</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u><u>\$ 235,399</u></u>

The accompanying notes are an integral part of these financial statements.

BLUE MISSIONS GROUP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Activities	Supporting Services		Total Supporting	Total
		Management and General	Fundraising		
Finance charges	\$ -	\$ 63,400	\$ -	\$ 63,400	\$ 63,400
Information technology	-	27,108	-	27,108	27,108
Insurance	17,484	12,632	-	12,632	30,116
Marketing	187,233	23,404	23,404	46,808	234,041
Material expense	636,750	-	-	-	636,750
Merchandise cost	16,044	-	16,044	16,044	32,088
Miscellaneous expenses	411	5,622	3,552	9,174	9,585
Office expense	2,840	2,840	-	2,840	5,680
Operations expense	-	19,369	-	19,369	19,369
Professional fees		69,105	47,213	116,318	116,318
Program expenses	992,871	-	-	-	992,871
Rent	27,890	27,890	-	27,890	55,780
Salaries, taxes and benefits	762,666	140,630	133,040	273,670	1,036,336
Special events	71,327	-	71,327	71,327	142,654
Travel and meetings	2,046	936	-	936	2,982
Utilities	2,454	2,454	-	2,454	4,908
TOTALS	\$ 2,720,016	\$ 395,390	\$ 294,580	\$ 689,970	\$ 3,409,986

The accompanying notes are an integral part of these financial statements.

BLUE MISSIONS GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Blue Missions Group, Inc. (the “Organization”) is a not-for-profit Organization incorporated in the State of Florida. The Organization is a clean water charity headquartered in Miami, FL, dedicated to ending the global water crisis. The Organization’s mission is to connect communities to clean water and improved sanitation while cultivating a generation of global citizens through service driven travel.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting principles generally accepted in the United States of America (“GAAP”).

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). The Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

The portion of the net assets of the Organization that can be used subject to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the normal course of business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

The portions of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor’s instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There were no net assets with donor restrictions as of September 30, 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments, including money market funds, purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash equivalents. At times, cash balances may exceed the levels of insurance provided by the Federal Deposit Insurance Coverage (FDIC).

BLUE MISSIONS GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue consists primarily of advance payments for future program events, which are recognized as revenue generally when the program event takes place. The balances for deferred revenue at September 30, 2022 and 2023 were \$8,344 and \$140,158, respectively.

Grants and Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The balances for accounts receivable at September 30, 2022 and 2023 were \$212,500 and \$250,000, respectively.

Generally, grants are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the specific terms of the grant.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at September 30, 2023. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2020.

Functional Expenses

The costs of providing Organization programs and support have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated to the various functions to the extent possible.

Subsequent Events

Management has evaluated and noted no subsequent events through June 7, 2024, the date which the financial statements were available for issue.

Adopted Accounting Pronouncements

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the combined financial statements will continue to be in accordance with current lease accounting. Refer to Note 4.

BLUE MISSIONS GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adopted Accounting Pronouncements (Continued)

During 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The Organization adopted the standard for the year ending June 30, 2023. The adoption of the standard did not have an impact on the Organization’s financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of September 30, 2023 that are available for general use within one year of that date to meet cash for general expenditures:

	2023
Cash and cash equivalents	\$ 235,399
Grants receivable	250,000
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 485,399</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The accounts receivable at September 30, 2023 and 2022, totaled \$250,000 and \$212,500, respectively. It is the Organization’s policy to charge off uncollectible accounts when management determines the receivable will not be collected. All accounts receivable were deemed to be fully collectible by management and accordingly no allowance for credit losses is recorded.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Organization determines if an arrangement is a lease at inception and when the terms of an existing contract are changed. All leases are recorded on the balance sheet except for leases with an initial term less than 12 months for which the Organization made the short-term lease election.

The Organization leases office rental spaces under short term operating leases of less than twelve months. As such, the Organization has elected not to apply ASC 842 to the short-term lease. Payments made under operating leases are charged to the statement of activities in the period of accrual. These short term leases costs totaled approximately \$56,000 during the year ended September 30, 2023 and are included in lease costs on the accompanying statement of functional expenses.

NOTE 5 – LINE OF CREDIT

In 2023, the Organization entered into a revolving line of credit agreement with a financial institution. The maximum line of credit amount is \$250,000 and bears interest at the Prime rate of interest as published in the Money Rate section of the Wall Street Journal. The line of credit is secured by the Organization’s personal property. As of September 30, 2023, there were no amounts outstanding.

NOTE 6 – TRANSACTIONS WITH RELATED PARTIES

The Organization uses a related entity known as Fundacion BLUE Missions to facilitate operations in the Dominican Republic. During the fiscal year ended 2023, the Organization contributed approximately \$909,000 to Fundacion BLUE Missions to fund operations.

SUPPLEMENTARY INFORMATION

BLUE MISSIONS GROUP, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED September 30, 2023

Grantor/ Program Title/ Pass-Through Grantor	CSFA Number	Grant / Contract Number	State
Florida Department of Education			
<i>School and Instructional Enhancement Program</i>			
BLUE Missions REACH Program	48.040	N/A	\$ 873,766
TOTAL STATE PROJECTS			\$ 873,766

See accompanying note to the schedules of state financial assistance.

BLUE MISSIONS GROUP, INC.
NOTES TO THE SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedules of State Financial Assistance (the “Schedules”) presents the activity of all state projects of the Organization for the year ended September 30, 2023.

The information in the Schedules are presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedules present only a selected portion of the operation of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - SCOPE OF AUDIT PURSUANT TO THE STATE SINGLE AUDIT ACTS

All state grant operations of the Organization are included in the scope of the Florida Single Audit Act. The Florida Single Audit was performed in accordance with the provisions of the Department of Financial Services' State Projects Compliance Supplement. Compliance testing of all requirements, as described in the State Projects Compliance Supplement, was performed for the grant programs noted in the accompanying Schedule of State Financial Assistance.

NOTE D - CONTINGENCY

The grants revenue amount received is subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as a result of such an audit, any claim for the reimbursement to the grantor agency would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable state laws and regulations.



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

To the Board of Directors of
Blue Missions Group, Inc.
Miami, 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 Blue Missions Group, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of and for the year ended September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
June 7, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE BY
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors of
Blue Missions Group, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major State Project

We have audited Blue Missions Group, Inc.'s (the "Organization"), compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major state projects for the year ended September 30, 2023. The Organization's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Chapter 10.650 Rules of the Auditor General of the State of Florida. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's and state projects.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
June 7, 2024

BLUE MISSIONS GROUP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? _____ yes X no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

State Projects

Type of auditor's report issued on compliance for major state projects:

Unmodified

Internal control over major state projects:

- Material weakness (es) identified? _____ yes X no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*?

_____ yes X no

Identification of major state projects:

State Project or Cluster	CSFA Number	Expenditures
State Projects:		
<u>Florida Department of Education</u>		
School and Instructional Enhancement Program	48.040	\$ 873,766

BLUE MISSIONS GROUP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguished between type A and
type B state projects: \$ 300,000

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended September 30, 2023.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings relating to state financial assistance projects.
3. No corrective action plan is required because there were no findings required to be reported under the Department of Financial Services' State Project Compliance Supplement.