



## MANAGEMENT LETTER

Board of Directors of  
Bridgeprep Academy of Arts and Minds Charter High School  
Miami, Florida

### Report on the Financial Statements

We have audited the financial statements of Bridgeprep Academy of Arts and Minds Charter High School (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 31, 2016.

### Auditor’s Responsibility

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

### Other Reports and Schedules

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 August 31, 2016, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted in the tabulation below and as described under the heading Prior Year Findings and Recommendations in Other Matters.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2014-15 FY Finding #	2013-14 FY Finding #
2016-2	2015-2	2014-3

### Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Bridgeprep Academy of Arts and Minds Charter High School.

## **Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the (name of charter school or center) has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2015 is deteriorating.

### 2016-1: Total Fund Balance Deficit

#### Criteria

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 the governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

#### Condition

There is a total fund balance deficit of \$177,581 at June 30, 2016.

#### Cause

Although the School had a fund balance deficit of \$177,581 at year-end, the School was able to increase its enrollment for the 2015-2016 school and thus increase its total revenues by approximately \$445,000, a 21% increase. This was accomplished while only increasing expenditures during the school year to approximately \$85,000 or 3.5%.

#### Effect

There is a total fund balance deficit of \$177,581 at June 30, 2016.

#### Recommendation

The School needs to monitor its expenditures and decrease overall spending until its enrollment and thus revenues increase to sustainable amounts.

#### Management's Response

During the 2015-2016 school year, the School, through the help of current management, was able to negotiate amounts owed to the landlord and other vendors and reduce the amounts due at

year-end. In addition, the School was able to terminate all previous contracts and enter into reduced fee contracts for rent, parking, food, and other services. Enrollment for the year increased from 337 to 387 due to increased recruitment efforts. The School was required to submit a Financial Recovery Plan which was approved by the Florida Department of Education (FDOE) and by Miami-Dade County Public Schools (MDCPS). This allowed the School to receive their Capital Outlay funds for the 2015-2016 school year. The School believes with its continued increased enrollment and approved budget that the 2016-17 school year will be another positive year and another step to increasing the School's financial stability.

### **Transparency**

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

### **Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following observations and recommendations:

#### **2016-2: Adjusting Journal Entries**

##### Observation

Eleven journal entries were required to be recorded to properly reflect the financial position and operations as of June 30, 2016. Change in net position was decreased by approximately \$161,000.

##### Recommendation

The School must record journal entries on a monthly basis in order to properly reflect results of operations and financial position, particularly in regards to prepaid items, accrued liabilities, and notes payable.

##### Management's Response

The School will close out each period and record all adjustments to properly reflect the financial position and operations as of June 30, 2016.

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

### **Status of Prior Year Findings and Recommendations**

**2015-1:** Financial Condition- A deteriorating financial condition was not noted in the current year due to an improvement in the School's change in fund balance. Corrective action was taken.

**2015-2:** Adjusting journal entries: Numerous journal entries were also required to be recorded to properly reflect the financial position and operations in the current year. Refer to current year finding **2016-2** above.

**Purpose of this Letter**

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

A handwritten signature in cursive script that reads "Verdepi DeArmas Tripllo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2016