

**BRIDGEPREP ACADEMY OF ARTS AND
MINDS CHARTER HIGH SCHOOL
MIAMI, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL
BOARD OF MIAMI-DADE COUNTY,
FLORIDA)**

**BASIC FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT AND
SUPPLEMENTAL INFORMATION**

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
 JUNE 30, 2016

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BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

3138 Commodore Plaza
Miami, FL 33133
(305)271-3109

2015-2016

BOARD OF DIRECTORS

Ms. Lourdes Pena
Mr. Sinuhe Vega
Mr. Octavio Hernandez
Mr. JC Cobas
Mr. Jon Secada

SCHOOL ADMINISTRATION

Ms. Antonietta M. Digirolamo, Principal



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Bridgeprep Academy of Arts and Minds Charter High School (the "School"), a charter school under Acting for All, Inc., which is a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and budgetary comparison information on pages 26 through 28 be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2016

Management's Discussion and Analysis
Bridgeprep Academy of Arts and Minds Charter High School
June 30, 2016

The corporate officers of Bridgeprep Academy of Arts and Minds Charter High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

1. The liabilities of the School exceeded its assets June 30, 2016 by \$401,822 (deficit).
2. At year-end, the School had current assets of \$118,874.
3. The net position of the School increased by \$59,951 for the fiscal year ended June 30, 2016.
4. The School has paid all of its accrued wages payable of \$161,475 subsequent to year-end.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2016 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 its general and special revenue fund. 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 - 16 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 17 - 25 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, 2016 and 2015 follows:

	2016	2015
Assets		
Cash	\$ 62,034	\$ 101,103
Due from other agencies	35,840	-
Prepaid expenses	21,000	21,000
Contributions receivable	56,250	56,250
Deposits receivable and other assets	5,320	5,320
Capital assets, net	58,258	64,438
Total Assets	<u>\$ 238,702</u>	<u>\$ 248,111</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 358,025	\$ 364,421
Loans payable	282,499	345,463
Total Liabilities	<u>640,524</u>	<u>709,884</u>
Net investment in capital assets	58,258	64,438
Unrestricted	<u>(460,080)</u>	<u>(526,211)</u>
Total Net Position	<u>(401,822)</u>	<u>(461,773)</u>
Total Liabilities and Net Position	<u>\$ 238,702</u>	<u>\$ 248,111</u>

At June 30, 2016, the School's total assets were \$238,702 and total liabilities were \$640,524. At June 30, 2016, the School reported a total net position deficit of \$401,822. During the 2015-2016 school year, the School, through the help of the 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. We improved our enrollment year from 337 to 387 during 2015-2016 due to increase recruitment efforts. The school's Financial Recovery Plan was approved by FDOE as well as by MDCPS allowing the school to receive their Capital Outlay funds for the 2015-2016 school year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2016 and 2015 follows:

REVENUES	<u>2016</u>	<u>2015</u>
Program Revenues		
Revenue from state sources	\$ 53,266	\$ 15,348
Capital grants & contributions	81,457	119,781
Charges for services	7,085	12,895
General Revenues		
FEFP nonspecific revenue	2,340,866	1,868,872
Fundraising & other revenue	50,121	69,655
Total Revenues	<u>2,532,795</u>	<u>2,086,551</u>
 EXPENSES		
Instruction	1,043,097	1,002,137
Instructional media services	44,186	11,080
Board	132,111	61,870
General administrative	192,617	177,348
School administration	271,294	307,542
Fiscal services	12,869	13,505
Food services	56,538	51,550
Central services	-	22,001
Pupil personnel services	11,712	56,661
Operation of plant	649,486	536,441
Maintenance of plant	19,618	65,310
Interest expense	20,376	8,028
Unallocated depreciation	18,940	15,226
Total Expenses	<u>2,472,844</u>	<u>2,328,699</u>
Change in Net Position	59,951	(242,148)
 Net Position at Beginning of Year	 <u>(461,773)</u>	 <u>(219,625)</u>
Net Position at End of Year	<u>\$ (401,822)</u>	<u>\$ (461,773)</u>

The School's total revenues for the year ended June 30, 2016 were \$2,532,795 while its total expenses were \$2,472,844 for a net increase of \$59,951. The School's total expenses increased by \$144,145. However, total revenue increased \$446,244 due to enrollment increasing for the 2015-2016 school year. This was due to the new management firm implementing a rigorous marketing plan and closely monitoring expenses vs. revenues.

ACCOMPLISHMENTS

The board of directors underwent a complete restructuring of its business plan under the guidance of its new management firm, S.M.A.R.T. Management. This Financial Recovery Plan was approved by FDOE as well as Miami Dade County Public Schools and a 5 year charter renewal was granted in 2014. The board chose S.M.A.R.T. Management Schools since it has demonstrated the ability to stabilize financially struggling schools as well as capitalizing on a school's revenue with strict and successful budgets.

ACADEMIC STATISTICS BY STRAND

Art - 80% of seniors were accepted to colleges, 60% were awarded scholarships totaling approximately \$10,000.

Photography - 60% of seniors were accepted to colleges, 10% were awarded scholarships totaling approximately \$4,000.

Dance - 100% of seniors were accepted to colleges, 100% were awarded scholarships totaling approximately \$300,000.

Theatre - 90% of seniors were accepted to colleges, 40% were awarded scholarships totaling approximately \$60,000.

Music - 100% of seniors were accepted to colleges, 60% were awarded scholarships totaling approximately \$90,000.

Creative Writing - 100% of seniors were accepted to colleges, 60% were awarded scholarships totaling approximately \$20,000.

SCHOOL LOCATION

The School operates in the Miami area located at 3138 Commodore Plaza, Miami, FL 33133.

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds reported combined ending fund balance deficit of \$177,851 and a increase in fund balance of \$3,167.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2016, amounts to \$58,258 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures and equipment and audio visual materials and computer software.

GOVERNMENTAL FUND BUDGET ANALYSIS

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,434,223	\$ 2,434,223	\$ 2,340,866
State capital outlay funding	108,625	108,625	81,457
Federal lunch program	75,000	75,000	53,266
Charges for services and other grants	19,612	19,612	7,085
Other income	22,500	22,500	50,121
TOTAL REVENUES	<u>2,659,960</u>	<u>2,659,960</u>	<u>2,532,795</u>
EXPENDITURES			
Instruction	1,137,644	1,137,644	1,043,097
Instructional media services	79,350	79,350	44,186
General administrative	218,308	218,308	192,617
School board	21,990	21,990	132,111
School administration	227,124	227,124	271,294
Facilities acquisition & construction	-	-	12,760
Fiscal services	5,000	5,000	12,869
Food services	106,298	106,298	56,538
Central services	10,000	10,000	-
Pupil personnel services	-	-	11,712
Operation of plant	579,560	579,560	649,486
Maintenance of plant	70,357	70,357	19,618
Debt service	8,000	8,000	83,340
TOTAL EXPENDITURES	<u>2,463,631</u>	<u>2,463,631</u>	<u>2,529,628</u>
Change in fund balance before other financing sources	196,329	196,329	3,167
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 196,329</u>	<u>\$ 196,329</u>	<u>\$ 3,167</u>

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. Juan Carlos Quintana of S.M.A.R.T. Management, LLC located at 7990 Southwest 117th Avenue #210, Miami, Florida 33183.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 62,034
Due from other agencies	35,840
Prepaid expenses	21,000
TOTAL CURRENT ASSETS	<u>118,874</u>
Contributions receivable	56,250
CAPITAL ASSETS	
Furnitures and fixtures	122,550
Less accumulated depreciation	(112,964)
Computer equipment and software	82,886
Less accumulated depreciation	(58,352)
Audio visual and other equipment	53,997
Less accumulated depreciation	(50,886)
Leasehold improvements	24,676
Less accumulated depreciation	(3,649)
Total capital assets, net	<u>58,258</u>
Deposit receivable and other assets	<u>5,320</u>
TOTAL ASSETS	<u><u>\$ 238,702</u></u>
LIABILITIES AND NET POSITION (DEFICIT)	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 196,550
Accrued wages payable	161,475
Loans payable- current portion	36,070
TOTAL CURRENT LIABILITIES	<u>394,095</u>
Loans payable- long-term portion	246,429
TOTAL LIABILITIES	<u>640,524</u>
NET POSITION (DEFICIT)	
Invested in capital assets, net of related debt	58,258
Unrestricted	(460,080)
TOTAL NET POSITION (DEFICIT)	<u>(401,822)</u>
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	<u><u>\$ 238,702</u></u>

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

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,043,097	\$ -	\$ -	\$ -	\$ (1,043,097)
Instructional media services	44,186	-	-	-	(44,186)
Board	132,111	-	-	-	(132,111)
General administrative	192,617	-	-	-	(192,617)
School administration	271,294	-	-	-	(271,294)
Fiscal services	12,869	-	-	-	(12,869)
Food services	56,538	7,085	53,266	-	3,813
Pupil personnel services	11,712	-	-	-	(11,712)
Operation of plant	649,486	-	-	81,457	(568,029)
Maintenance of plant	19,618	-	-	-	(19,618)
Interest expense	20,376	-	-	-	(20,376)
Unallocated depreciation expense	18,940	-	-	-	(18,940)
Total Governmental Activities	\$ 2,472,844	\$ 7,085	\$ 53,266	\$ 81,457	\$ (2,331,036)

GENERAL REVENUES:

Government grants not restricted to specific programs	\$ 2,340,866
Fundraising and other revenue	50,121
Total general revenues	2,390,987

Change in Net Position	59,951
Net Position as previously reported, July 1, 2015	(416,534)
Restatement	(45,239)
NET POSITION (DEFICIT)- BEGINNING	(461,773)
NET POSITION (DEFICIT) - ENDING	\$ (401,822)

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

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
 BALANCE SHEET- GOVERNMENTAL FUNDS
 JUNE 30, 2016**

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 62,034
Due from other agencies	35,840
Contributions receivable	56,250
Prepaid expenses	21,000
Deposit receivable and other assets	5,320
TOTAL ASSETS	<u><u>\$ 180,444</u></u>
LIABILITIES AND FUND BALANCE (DEFICIT)	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 196,550
Accrued wages payable	161,475
TOTAL LIABILITIES	<u>358,025</u>
FUND BALANCE (DEFICIT)	
Nonspendable	
Deposit receivable and other assets	26,320
Deficit in unassigned	(203,901)
TOTAL FUND BALANCE (DEFICIT)	<u><u>(177,581)</u></u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 180,444</u></u>

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

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balance (Deficit) - Governmental Funds \$ (177,581)

Amounts reported for governmental activities in the statement of net assets are the same. There are no reconciling items.

Capital assets of \$284,109, net of accumulated depreciation of \$225,851 used in governmental activities are not financial resources and therefore are not reported in the fund. 58,258

Long-term liabilities of \$282,499 are not due and payable in the current period and therefore, are not reported in the funds. (282,499)

Total Net Position (Deficit) - Governmental Activities \$ (401,822)

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

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Funds	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 2,340,866	\$ -	\$ -	\$ 2,340,866
State capital outlay funding	-	81,457	-	81,457
Federal lunch program	-	-	53,266	53,266
Charges for services and other grants	7,085	-	-	7,085
Other income	50,121	-	-	50,121
TOTAL REVENUES	2,398,072	81,457	53,266	2,532,795
EXPENDITURES				
Current:				
Instruction	1,043,097	-	-	1,043,097
Instructional media services	44,186	-	-	44,186
Board	132,111	-	-	132,111
General administrative	192,617	-	-	192,617
School administration	271,294	-	-	271,294
Fiscal services	12,869	-	-	12,869
Food services	3,272	-	53,266	56,538
Pupil personnel services	11,712	-	-	11,712
Operation of plant	568,029	81,457	-	649,486
Maintenance of plant	19,618	-	-	19,618
Capital Outlay:				
Other capital outlay	12,760	-	-	12,760
Debt Service:				
Redemption of principal	62,964	-	-	62,964
Interest	20,376	-	-	20,376
TOTAL EXPENDITURES	2,394,905	81,457	53,266	2,529,628
Excess of expenditures over revenues	3,167	-	-	3,167
Net change in fund balance	3,167	-	-	3,167
Deficit at beginning of year, as previously reported, July 1, 2015	(135,509)	-	-	(135,509)
Restatement	(45,239)	-	-	(45,239)
Deficit at beginning of year	(180,748)	-	-	(180,748)
Deficit at end of year	<u>\$ (177,581)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (177,581)</u>

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

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Change in Fund Balance - Governmental Funds \$ 3,167

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. This is the amount by which depreciation of \$18,940 exceeded capital outlays of \$12,760. (6,180)

The proceeds from long-term financing provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. There were no proceeds in the current period. This is the amount of repayments, totaling \$62,964 in the current period. 62,964

Change in Net Position of Governmental Activities \$ 59,951

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

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Agency Fund Student Activity
ASSETS	
Cash	\$ 3,910
TOTAL ASSETS	<u>\$ 3,910</u>
LIABILITIES	
Due to student groups and clubs	\$ 3,910
TOTAL LIABILITIES	<u>\$ 3,910</u>

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

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Bridgeprep Academy of Arts and Minds Charter High School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida is sponsored by its charter-holder, Acting for All, 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 Academy of Arts and Minds (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 Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2020. 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 for up to an additional 15 years by mutual agreement.

These financial statements are for the year ended June 30, 2016, when 387 students were enrolled in grades 9th through 12th.

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.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Budgetary Basis Accounting

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

Cash and Cash Equivalents

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

Accounts receivable

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

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 and from advances made to other governmental units.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

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

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

Compensated Absences

The School grants a specific number of days for sick/personal leave. The School grants one day for sick/personal leave per month which is accrued from September through June. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is no cash out option. There is currently no termination payment for accumulated unused sick days, however the board will be reviewing the maximum amount of days it will allow for pay out upon termination of employment.

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

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2016, was \$58,258.
- 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, 2016 was \$0.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

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

- Nonspendable – 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, 2016, the School had \$26,320 in nonspendable fund balance.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

- 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, 2016, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2016, 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, 2016, 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, 2016, 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 Miami-Dade 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.

Income Taxes

The School 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.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 August 31, 2016, 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, 2016:

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Capital Assets				
Furniture & fixtures	\$ 120,487	\$ 2,063	\$ -	\$ 122,550
Computer equipment & software	72,189	10,697	-	82,886
Audio visual & other equipment	53,997	-	-	53,997
Leasehold improvements	24,676	-	-	24,676
Total Capital Assets	<u>271,349</u>	<u>12,760</u>	<u>-</u>	<u>284,109</u>
Less Accumulated Depreciation				
Furniture & fixtures	(109,471)	(3,493)	-	(112,964)
Computer equipment & software	(46,352)	(12,000)	-	(58,352)
Audio visual & other equipment	(48,359)	(2,527)	-	(50,886)
Leasehold improvements	(2,729)	(920)	-	(3,649)
Total Accumulated Depreciation	<u>(206,911)</u>	<u>(18,940)</u>	<u>-</u>	<u>(225,851)</u>
Capital Assets, net	<u>\$ 64,438</u>	<u>\$ (6,180)</u>	<u>\$ -</u>	<u>\$ 58,258</u>

Depreciation expense for the year ended June 30, 2016, was \$18,940.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The School had contributions receivable from its Founder (see Note 8) totaling \$56,250 as of June 30, 2016. Management performed an assessment of these receivables and determined an allowance for doubtful accounts was not considered necessary.

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 – TRANSACTIONS WITH MANAGEMENT COMPANY

In April 2014, 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 management company, S.M.A.R.T. Management LLC manages the finances and operations and makes recommendations to the School's independent board of directors which make the final determinations regarding policies and contracts. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors to the School. The agreement is for a term of five years with a School option to renew. The contract calls for a management fee of 4% of full time equivalent (FTE) revenues based on the total number of full time equivalents (FTE) during the first fiscal academic year ending June 30, 2016. For the second year and each consecutive year in which enrollment is under 400 students, the fee will be 8%. Once the number of students exceeds 400, the fee will be 10%. Amounts paid to S.M.A.R.T. Management LLC for these services totaled \$39,484, as management reduced their fees for the year ended June 30, 2016.

In addition, during the year-ended June 30, 2015, S.M.A.R.T. Management LLC advanced funds to the School to pay for certain expenses. (See NOTE 6).

S.M.A.R.T. Management LLC is also guaranteeing a note payable agreement between the School and MG3 Capital, LLC. (See NOTE 6)

NOTE 6 – NOTES PAYABLE

The School has entered into note payable agreements with the following entities:

Commodore Plaza Parking, L.C.

The School entered into this note payable agreement in April 2014. The terms of the note payable agreement consist of 59 monthly payments of principal and interest of \$1,481 beginning August 15, 2014, and a final payment equal to the unpaid principal balance plus any accrued and unpaid interest on July 15, 2019. The note bears interest at a fixed rate of 5%.

A&M Square Food Services, LLC

The School entered into this note payable agreement in April 2014. The terms of the note payable agreement consist of 59 monthly payments of principal and interest of \$459 beginning August 15, 2014, and a final payment equal to the unpaid principal balance plus any accrued and unpaid interest on July 15, 2019. The note bears interest at a fixed rate of 5%.

EDU Management, LLC

The School entered into this note payable agreement in April 2014. The terms of the note payable agreement consist of 59 monthly payments of principal and interest of \$1,550 beginning August 15, 2014, and a final payment equal to the unpaid principal balance plus any accrued and unpaid interest on July 15, 2019. The note bears interest at a fixed rate of 5%.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6 – NOTES PAYABLE (Continued)

MG3 Capital, LLC

The School entered into a \$150,000 note payable agreement in June 2015. The terms of the note payable agreement consist of monthly interest only payments commencing July 10, 2015 for a period of 24 months, at a fixed rate of 6% for the first two months of the note, 8% for the next two months of the note, and 10% for the remaining months through the maturity date of June 10, 2017. The entire principal balance of \$150,000 will be due in one lump sum payment together with accrued interest, if any, on the maturity date.

The School’s obligation under notes payable consists of the following:

	Balance at <u>7/1/2015</u>	<u>Additions</u>	<u>Repayments</u>	<u>Adjustments</u>	Balance at <u>6/30/2016</u>
Commodore Plaza Parking, L.C.	\$ 69,726	\$ -	\$ (13,377)	\$ -	\$ 56,349
A&M Square Food Services, LLC	21,346	-	(4,153)	-	17,193
EDU Management, LLC	72,948	-	(13,991)	-	58,957
MG3 Capital, LLC	150,000	-	-	-	150,000
SMART Management, LLC	31,443	-	(31,443)	-	-
	<u>\$ 345,463</u>	<u>\$ -</u>	<u>\$ (62,964)</u>	<u>\$ -</u>	<u>\$ 282,499</u>

Maturities of long-term debt are as follows:

<u>Year Ended June 30,</u>	
2017	\$ 36,070
2018	187,915
2019	39,855
2020	18,659
	<u>\$ 282,499</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease agreement in April 2014 to lease facilities subsequent to the termination of a former agreement. Payments began August 15, 2014, and required an annual rent of \$340,000, payable monthly, through August 15, 2015. The base amount for year 2, beginning August 2015, is the greater of \$400,000 or \$1,000 multiplied by the number of enrolled students plus any increases due to a Consumer Price Index (CPI) adjustment. The base amount for year 3, beginning August 2016, is the greater of \$400,000 or \$1,100 multiplied by the number of enrolled students plus any increases due to a CPI adjustment. Beginning July 2017, base rent will be equal to the prior year base rent plus the rent increase over the prior year due to a CPI adjustment. The term of this agreement is for 25 years.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

In May 2014, the School entered into a parking property use agreement. The agreement commences July 1, 2014 through June 30, 2039, and requires monthly lease payments of \$4,500.

The total estimated future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	
2016	\$ 449,000
2017	454,000
2018	454,000
2019	454,000
2020	454,000
Total	<u>\$ 2,265,000</u>

NOTE 8 – RELATED PARTIES

The School had transactions in prior years with several related vendors managed and owned by a former founding board member of the School (the “Founder”). The entities are as follows: Commodore Plaza Parking, L.C. (the “Landlord”), A&M Square Food Services, LLC (the “Food Service Provider”) and EDU Management, LLC (the “EDU”). The Founder was no longer a member of the Board of Directors beginning on July 1, 2014.

Notes payable

The School has notes payable to the above related parties. Balances owed at June 30, 2016, to the above vendors amounted to \$132,499 (see Note 6).

Contribution Receivable

The School has an amount due from the Founder totaling \$56,250 as of June 30, 2016 (see Note 4).

NOTE 9 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2016, the carrying amount of the School’s cash deposit accounts was \$62,034 (operating) and \$3,910 (agency) and the respective bank balances totaled \$65,409 (operating) and \$9,538 (agency). As of June 30, 2016, balances held in financial institutions did not exceed the Federal Depository Insurance Corporation (FDIC) limit.

NOTE 10 – 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 11 – 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.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 12 – LITIGATION

The School is subject to claims and lawsuits in the ordinary course of its business. In the opinion of management, the School had adequate legal defenses and/or adequate indemnification or insurance coverage for such matters. Accordingly, management believes that such matters will not, in the aggregate, have a material adverse impact upon the School's financial position, results of future operations or cash flows.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The FEFP revenues received by the School from the District School Board of Miami-Dade County (the "School Board") are reduced on a monthly basis by an administrative fee. During the year ended June 30, 2016, the administrative fees charged to the School were reviewed by the School Board. It was determined that the administrative fees charged for the 2014-2015 school year were understated. This was corrected by increasing the administrative fee for the year ended June 30, 2016. Accordingly, the School's 2015 net position and fund balance are being decreased to reflect these fees in the proper period.

Statement of Net Position

School's net position (deficit) as previously reported, June 30, 2015	\$ (416,534)
Adjustment for additional administrative fees	<u>(45,239)</u>
School's beginning net position (deficit) at June 30, 2015, as restated	<u><u>\$ (461,773)</u></u>

Balance Sheet – Governmental Funds

School's fund balance deficit as previously reported, June 30, 2015	\$ (135,509)
Adjustment for additional administrative fees	<u>(45,239)</u>
School's beginning fund balance deficit at June 30, 2015, as restated	<u><u>\$ (180,748)</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,434,223	\$ 2,434,223	\$ 2,340,866
Charges for services and other grants	19,612	19,612	7,085
Other income	22,500	22,500	50,121
TOTAL REVENUES	<u>2,476,335</u>	<u>2,476,335</u>	<u>2,398,072</u>
EXPENDITURES			
Instruction	1,137,644	1,137,644	1,043,097
Instructional media services	79,350	79,350	44,186
General administrative	218,308	218,308	192,617
School board	21,990	21,990	132,111
School administration	227,124	227,124	271,294
Facilities acquisition & construction	-	-	12,760
Fiscal services	5,000	5,000	12,869
Food services	31,298	31,298	3,272
Central services	10,000	10,000	-
Pupil transportation services	-	-	11,712
Operation of plant	470,935	470,935	568,029
Maintenance of plant	70,357	70,357	19,618
Debt service	8,000	8,000	83,340
TOTAL EXPENDITURES	<u>2,280,006</u>	<u>2,280,006</u>	<u>2,394,905</u>
Change in fund balance before other financing sources	196,329	196,329	3,167
Other financing sources	-	-	-
Net change in fund balance	<u>\$ 196,329</u>	<u>\$ 196,329</u>	<u>\$ 3,167</u>

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Federal lunch program	\$ 75,000	\$ 75,000	\$ 53,266
TOTAL REVENUES	<u>75,000</u>	<u>75,000</u>	<u>53,266</u>
EXPENDITURES			
Food services	<u>75,000</u>	<u>75,000</u>	<u>53,266</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>75,000</u>	<u>53,266</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Capital Projects Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
State capital outlay funding	\$ 108,625	\$ 108,625	\$ 81,457
TOTAL REVENUES	<u>108,625</u>	<u>108,625</u>	<u>81,457</u>
EXPENDITURES			
Operation of plant	<u>108,625</u>	<u>108,625</u>	<u>81,457</u>
TOTAL EXPENDITURES	<u>108,625</u>	<u>108,625</u>	<u>81,457</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to the required supplemental information.

**BRIDGEPREP ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016, 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, capital project, and special revenue funds for which a legally adopted budget exists.

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



INDEPENDENT AUDITORS' 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 Arts and Minds Charter High School
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 the governmental activities and each major fund of Bridgeprep Academy of Arts and Minds (the "School"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 31, 2016.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2016



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.

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 "Verdepin DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2016