

**BRIDGEPREP ACADEMY OF COLLIER
CHARTER SCHOOL
COLLIER, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF COLLIER COUNTY, FLORIDA)**

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

JUNE 30, 2019

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2019

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BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
(A Charter School Under Bridgeprep Academy, Inc.)

3161 Santa Barbara Blvd.
Naples, FL 34116
(239) 747-1016

2018-2019

BOARD OF DIRECTORS

Mr. Luis Necuze, Chair
Ms. Yeneir Rodriguez-Padron, Treasurer
Mr. Ronald Marcelo, Director
Mr. Lou Lofranco, Secretary

SCHOOL ADMINISTRATION

Ms. Dayana Octavien Philippi, Principal



INDEPENDENT AUDITORS' REPORT

Board of Directors
Bridgeprep Academy of Collier Charter School
Naples, 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 Collier Charter School (the "School"), a charter school under Bridgeprep Academy, Inc., and a component unit of the District School Board of Collier County, as of and for the year ended June 30, 2019, 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.

Auditor's 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, 2019, 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

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Bridgeprep Academy of Collier Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended, and it is not intended to be a complete presentation of Bridgeprep Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Bridgeprep Academy, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 23 through 26 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 non-major 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 non-major 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 28, 2019, 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 28, 2019

Management’s Discussion and Analysis
Bridgeprep Academy of Collier Charter School
June 30, 2019

The corporate officers of Bridgeprep Academy of Collier Charter School (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

1. During its first year of operations, the School had a decrease in its net position of \$197,295.
2. At year-end, the School had current assets of \$37,829.
3. The School’s fund balance decreased by \$13,143 and its fund balance at the end of the year was a deficit of \$7,997.

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, 2019 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources, which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16 - 22 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, 2019 follows:

Assets	2019
Cash and cash equivalents	\$ 6,985
Due from governmental agencies & accounts receivable	2,530
Deposits receivable and other assets	35,039
Capital assets, net	126,547
Total Assets	\$ 171,101
 Liabilities and Net Position	
Accounts and wages payable and accrued liabilities	\$ 52,551
Long-term debt	335,699
Total Liabilities	388,250
Invested in capital assets, net of related debt	7,064
Deficit in Unrestricted	(224,213)
Total Net Position (Deficit)	(217,149)
 Total Liabilities and Net Position	 \$ 171,101

The fiscal year June 30, 2019 was the School's first full year of operations. At June 30, 2019, the School's total assets were \$171,101 and total liabilities were \$388,250. At June 30, 2019, the School reported a deficit in total net position of \$217,149.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 follows:

REVENUES	<u>2019</u>
Program Revenues	
National School Lunch Program	\$ 38,979
Capital Outlay Funding	56,430
Charges for services	42,638
General Revenues	
FEFP nonspecific revenues	949,493
Fundraising & other revenue	43,511
Total Revenues	<u>\$ 1,131,051</u>
EXPENSES	
Instructional services	\$ 544,826
Instructional support services	5,372
Instructional staff training services	500
General administration	109,497
School administration	312,643
Food services	60,148
Fiscal services	2,517
Operation of plant	229,209
Maintenance of plant	25,048
Community services	3,042
Administrative technology services	-
Interest expense	5,627
Unallocated depreciation	29,917
Total Expenses	<u>\$ 1,328,346</u>
Change in Net Position	(197,295)
Net Position (Deficit) at Beginning of Year	<u>(19,854)</u>
Net Position (Deficit) at End of Year	<u>\$ (217,149)</u>

The School's total revenues for the year ended June 30, 2019 were \$1,131,051 while its total expenses were \$1,328,346 for a net decrease of \$197,295. This was the School's first full year of operations. The School's enrollment for the year was approximately 115. The enrollment was lower than initially projected, however, the School has increased its enrollment for the 2019-2020 school year and has been awarded a grant of approximately \$500,000 which should put the School in a better financial position.

ACCOMPLISHMENTS

The School has just completed its first year of operations. During the school year, the enrollment for the School was approximately 115. The School's enrollment for the 2019-2020 school year has increased to 233. In addition, the entire campus has been equipped to meet the rigor of today's technology demands for instruction. This contributed to many start-up costs for the new equipment. The School has been able to fund these academic investments through its award of the CSP Implementation Grant for approximately \$500,000 through April 2020. The school has a large minority population and a Free and Reduced Lunch ration of approximately 73%. The board together with their Executive Instructional Team and site administration will be implementing an effective instructional recovery program with its new resources and increased enrollment to ensure instructional gains for all of the school's students. Even though the School did not qualify to receive additional funding from Title I for the 2018-2019 fiscal year, the School is part of a system accredited management company. This honor will allow the School to receive capital outlay funding dollars in its second year of operations, which will assist the School in certain operational costs.

SCHOOL LOCATION

The School operates in the Naples area located at 3161 Santa Barbara Blvd., Naples, FL, 34116.

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds had a net change in fund balance of \$13,143 and reported a combined fund balance deficit at year-end of \$7,997.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2019, amounts to \$126,547 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment.

LONG-TERM LIABILITIES

The School has received advances from its management company in the current year and has a due to the management company for \$216,216. The advance is non-interest bearing and is not due in the next year. In addition, the School financed certain equipment through capital leases totaling \$145,011 during the year at various interest rates. The School made principal repayments of \$25,528 during the year and the outstanding balance at June 30, 2019 was \$119,483.

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	\$ 1,568,632	\$ 1,568,632	\$ 949,493
Federal passed through local	-	-	-
Federal lunch program	-	-	38,979
State capital outlay funding	61,444	61,444	56,430
Charges for services and other income	50,000	50,000	86,149
TOTAL REVENUES	<u>1,680,076</u>	<u>1,680,076</u>	<u>1,131,051</u>
EXPENDITURES			
Instruction	\$ 704,000	\$ 704,000	\$ 544,826
Instructional support services	15,000	15,000	5,372
Instructional staff training services	-	-	500
School board	2,500	2,500	-
General administrative	158,432	158,432	109,497
School administration	250,000	250,000	312,643
Fiscal services	1,500	1,500	2,517
Other capital outlay	125,000	125,000	156,464
Food services	25,000	25,000	60,148
Community services	-	-	3,042
Operation of plant	250,000	250,000	229,209
Maintenance of plant	50,000	50,000	25,048
Administrative technology services	-	-	-
Debt service	36,540	36,540	31,155
TOTAL EXPENDITURES	<u>1,617,972</u>	<u>1,617,972</u>	<u>1,480,421</u>
Net change in fund balance	62,104	62,104	(349,370)
Other financing sources	<u>215,000</u>	<u>215,000</u>	<u>336,227</u>
Net change in fund balance	<u>\$ 277,104</u>	<u>\$ 277,104</u>	<u>\$ (13,143)</u>

The School's initial budget was projected at enrollment of 200 students. Actual revenues and expenditures were much lower than budgeted due to this reason.

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 COLLIER CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,985
Accounts receivable	2,530
Prepaid expenses	28,314
TOTAL CURRENT ASSETS	<u>37,829</u>
CAPITAL ASSETS, NET	
Furniture and equipment	156,464
Less accumulated depreciation	(29,917)
Total capital assets, net	<u>126,547</u>
Deposit receivable and other assets	<u>6,725</u>
TOTAL ASSETS	<u><u>\$ 171,101</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 3,836
Accrued wages payable	48,715
Obligations under capital lease-current portion	26,464
TOTAL CURRENT LIABILITIES	<u>79,015</u>
Obligations under capital lease- long-term portion	93,019
Due to management company - long-term portion	216,216
TOTAL LIABILITIES	<u>388,250</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	7,064
Deficit in unrestricted	(224,213)
TOTAL NET POSITION (DEFICIT)	<u>(217,149)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 171,101</u></u>

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

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 544,826	\$ -	\$ -	\$ -	\$ (544,826)
Instructional support services	5,372	-	-	-	(5,372)
Instructional staff training services	500	-	-	-	(500)
General administrative	109,497	-	-	-	(109,497)
School administration	312,643	-	-	-	(312,643)
Fiscal services	2,517	-	-	-	(2,517)
Food services	60,148	4,647	38,979	-	(16,522)
Operation of plant	229,209	-	-	56,430	(172,779)
Maintenance of plant	25,048	-	-	-	(25,048)
Community services	3,042	37,991	-	-	34,949
Administrative technology services	-	-	-	-	-
Interest expense	5,627	-	-	-	(5,627)
Depreciation expense	29,917	-	-	-	(29,917)
Total Governmental Activities	\$ 1,328,346	\$ 42,638	\$ 38,979	\$ 56,430	\$ (1,190,299)

GENERAL REVENUES:

Government grants not restricted to specific programs	949,493
Miscellaneous revenue	43,511
Total general revenues	<u>993,004</u>
Change in Net Position	(197,295)
NET POSITION (DEFICIT) - BEGINNING	<u>(19,854)</u>
NET POSITION (DEFICIT) - ENDING	<u>\$ (217,149)</u>

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

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 6,985
Accounts receivable	2,530
Deposit receivable and other assets	35,039
TOTAL ASSETS	<u><u>\$ 44,554</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 3,836
Accrued wages payable	48,715
TOTAL LIABILITIES	<u>52,551</u>
FUND BALANCE (DEFICIT)	
Nonspendable	
Deposit receivable and other assets	35,039
Unassigned	(43,036)
TOTAL FUND BALANCE (DEFICIT)	<u>(7,997)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 44,554</u></u>

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

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance (Deficit) - Governmental Funds \$ (7,997)

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets	156,464
Accumulated depreciation	(29,917)

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

Due to Management Company	(216,216)
Obligations under capital lease	(119,483)

Total Net Position (Deficit) - Governmental Activities \$ (217,149)

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

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Funds	Capital Projects Fund	Special Revenue Fund	Total Governmental
REVENUES				
State passed through local	\$ 949,493	\$ -	\$ -	\$ 949,493
Federal lunch program	-	-	38,979	38,979
Federal passed through local	-	-	-	-
State capital outlay funding	-	56,430	-	56,430
Charges for services	42,638	-	-	42,638
Other income	43,511	-	-	43,511
TOTAL REVENUES	\$ 1,035,642	\$ 56,430	\$ 38,979	\$ 1,131,051
EXPENDITURES				
Current:				
Instruction	\$ 544,826	\$ -	\$ -	\$ 544,826
Instructional support services	5,372	-	-	5,372
Instructional staff training services	500	-	-	500
General administrative	109,497	-	-	109,497
School administration	312,643	-	-	312,643
Facilities acquisition & construction	-	-	-	-
Fiscal services	2,517	-	-	2,517
Food services	21,169	-	38,979	60,148
Operation of plant	172,779	56,430	-	229,209
Maintenance of plant	25,048	-	-	25,048
Community services	3,042	-	-	3,042
Administrative technology services	-	-	-	-
Capital Outlay:				
Other capital outlay	156,464	-	-	156,464
Debt service:				
Redemption of principal	25,528	-	-	25,528
Interest	5,627	-	-	5,627
TOTAL EXPENDITURES	\$ 1,385,012	\$ 56,430	\$ 38,979	\$ 1,480,421
Excess of expenditures over revenues	(349,370)	-	-	(349,370)
Other Financing Sources				
Proceeds from advances and capital lease financing	336,227	-	-	336,227
Total Other Financing Sources	336,227	-	-	336,227
Net change in fund balance	(13,143)	-	-	(13,143)
Fund balance at beginning of year	5,146	-	-	5,146
Fund balance (Deficit) at end of year	<u>\$ (7,997)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,997)</u>

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

**BRIDGEPREP ACADEMY OF COLLIER CHARTER 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, 2019**

Change in Fund Balance - Governmental Funds \$ (13,143)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	156,464
Depreciation expense	(29,917)

The proceeds from loans and captial leases provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of advance principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Proceeds	(336,227)
Repayments of principal	25,528

Change in Net Position of Governmental Activities \$ (197,295)

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

**BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Bridge Prep Academy of Collier Charter School (the “School”) is a charter school sponsored by the School Board of Collier County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Bridgeprep Academy, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of four members.

The general operating authority of Bridgeprep Academy of Collier Charter School (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 Collier County, Florida. The current charter is effective until June 30, 2021. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed annually by mutual agreement.

These financial statements are for the year ended June 30, 2019, when approximately 115 students were enrolled in grades Kindergarten through 5th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Bridgeprep Academy of Collier Charter School, (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

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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) within each activity (e.g. instructional, pupil personnel services and school administration). Any revisions to the annual budget are approved by the Board.

Cash and Cash Equivalents

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

Due from Other Agencies

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

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Capital Assets, Depreciation and Amortization

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

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

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days; however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

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

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2019, was \$7,064.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, laws, or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2019 was \$0.
- Unrestricted – all other net position is reported in this category.

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2019, the School had \$35,039 in non-spendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2019, 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, 2019, 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, 2019, 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, 2019, 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 Collier County (the “School Board”) pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Bridgeprep Academy, Inc. qualifies as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 28, 2019, 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, 2019:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital Assets				
Furniture & equipment	\$ -	\$ 156,464	\$ -	\$ 156,464
Total Capital Assets	<u>\$ -</u>	<u>\$ 156,464</u>	<u>\$ -</u>	<u>\$ 156,464</u>
Less Accumulated Depreciation				
Furniture & equipment	\$ -	\$ (29,917)	\$ -	\$ (29,917)
Total Accumulated Depreciation	<u>\$ -</u>	<u>\$ (29,917)</u>	<u>\$ -</u>	<u>\$ (29,917)</u>
Capital Assets, net	<u>\$ -</u>	<u>\$ 126,547</u>	<u>\$ -</u>	<u>\$ 126,547</u>

Depreciation expense for the year ended June 30, 2019, was \$29,917, which \$29,917 was allocated to instructional services.

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 – EDUCATION SERVICE AND SUPPORT PROVIDER

The School entered into an agreement with S.M.A.R.T. Management LLC to provide professional management and consulting services to the School. In its capacity as the education service and support provider S.M.A.R.T. Management LLC manages the finances and operations and makes recommendations to the School's independent board of directors, which make the final determinations regarding, policies and contracts.

In providing these services to the School, officers of S.M.A.R.T. Management LLC may not serve as members of the Board of Directors of the School. The agreement began on July 1, 2018 and is in effect through June 30, 2023 with an option to renew. Either party with 90 days' notice can terminate the contract. The contract calls for a fee between 8 and 10% of full time equivalent (FTE) revenues based on the School's enrollment. During the year-ended June 30, 2019, S.M.A.R.T. Management LLC waived all fees for the School. The School recognized an in-kind contribution for these services of \$28,000 for the year and is included in other income.

During the year, the School received advances from its management company of \$191,216. The advances are non-interest bearing and have no stated maturity and have been included as long-term debt. The School expects to repay these advances once it has sufficient funds. The balance at June 30, 2019 was \$216,216. The following schedule provides a summary changes for the year ended June 30, 2019:

	Balance July 1, 2018	Amount Advanced	Reductions	Balance June 30, 2019
Due to Management Company	\$ 25,000	\$ 191,216	\$ -	\$ 216,216
	<u>\$ 25,000</u>	<u>\$ 191,216</u>	<u>\$ -</u>	<u>\$ 216,216</u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease agreement to lease its school facilities. The first payment commenced on September 1, 2018. The term of this agreement is for twenty-five years and ends June 30, 2043. For the year ended June 30, 2019, the School paid a monthly rent amount of \$35,083, however, they received a credit of \$21,000 per month.

For the year ended June 30, 2019, the amount paid by the School for the use of the facilities was \$143,585. Estimated future minimum lease payments are as follows:

Year Ended June 30	
2020	\$ 668,750
2021	691,978
2022	712,737
2023	734,119
2024	756,142
2025-2029	4,134,897
2030-2034	4,793,479
2035-2039	5,556,956
2040-2043	5,076,358
Total	<u>\$ 23,125,416</u>

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The School leases equipment under two separate capital leases expiring June 2023. As of June 30, 2019, the leased equipment is reflected at a total cost of \$145,011, is included in furniture, fixtures and equipment, and has a related accumulated depreciation of \$28,545. The leases require monthly payments of principal and interest totaling \$2,956 at interest rates between 7% and 10% per annum.

Future minimum payments under capital leases as of June 30, 2019 are as follows:

	Year Ended June 30,
2020	\$ 35,477
2021	35,477
2022	35,477
2023	34,602
Total minimum lease payments	141,033
Interest	(21,550)
Present value of net minimum lease payments	119,483
Obligations under capital lease- current portion	(26,464)
Obligations under capital lease- long-term portion	<u>\$ 93,019</u>

The following schedule provides a summary of changes in the loan for the year ended June 30, 2019:

	Balance July 1, 2018	Amount Financed	Payments	Balance June 30, 2019
Capital lease payable	\$ -	\$ 145,011	\$ 25,528	\$ 119,483
	<u>\$ -</u>	<u>\$ 145,011</u>	<u>\$ 25,528</u>	<u>\$ 119,483</u>

NOTE 7 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in one financial institution. As of June 30, 2019, the School's deposits consisted of cash balances of \$43,516. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Bridgeprep Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Bridgeprep Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2019, bank balances in potential excess of FDIC coverage was \$43,516.

NOTE 8 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 9 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors, omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,568,632	\$ 1,568,632	\$ 949,493
Charges for services and other income	50,000	50,000	86,149
TOTAL REVENUES	1,618,632	1,618,632	1,035,642
EXPENDITURES			
Instruction	704,000	704,000	544,826
Instructional support services	15,000	15,000	5,372
Instructional staff training services	-	-	500
School board	2,500	2,500	-
General administrative	158,432	158,432	109,497
School administration	250,000	250,000	312,643
Fiscal services	1,500	1,500	2,517
Other capital outlay	125,000	125,000	156,464
Food services	25,000	25,000	21,169
Community services	-	-	3,042
Operation of plant	188,556	188,556	172,779
Maintenance of plant	50,000	50,000	25,048
Administrative technology services	-	-	-
Debt service	36,540	36,540	31,155
TOTAL EXPENDITURES	1,556,528	1,556,528	1,385,012
Change in fund balance before other financing sources	62,104	62,104	(349,370)
Other financing sources	215,000	215,000	336,227
Net change in fund balance	\$ 277,104	\$ 277,104	\$ (13,143)

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 61,444	\$ 61,444	\$ 56,430
TOTAL REVENUES	\$ 61,444	\$ 61,444	\$ 56,430
EXPENDITURES			
Operation of plant	\$ 61,444	\$ 61,444	\$ 56,430
TOTAL EXPENDITURES	\$ 61,444	\$ 61,444	\$ 56,430
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal passed through local	\$ -	\$ -	\$ -
Federal lunch program	-	-	38,979
TOTAL REVENUE	-	-	38,979
EXPENDITURES			
Instructional services	-	-	-
Food services	-	-	38,979
TOTAL EXPENDITURES	-	-	38,979
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**BRIDGEPREP ACADEMY OF COLLIER CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019, 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, special revenue and capital projects funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. 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 Collier Charter School
Naples, 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 Collier Charter School (the "School"), as of and for the year ended June 30, 2019, 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 28, 2019.

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 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.

A handwritten signature in cursive script that reads "Verdepin DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2019



MANAGEMENT LETTER

Board of Directors of
Bridgeprep Academy of Collier Charter School
Naples, Florida

Report on the Financial Statements

We have audited the financial statements of Bridgeprep Academy of Collier Charter School (the “School”), a non-major component unit of the District School Board of Collier County, Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated August 28, 2019.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated August 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education of the school is Bridgeprep Academy of Collier Charter School and #119037.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by it. 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, 2019 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we would like to bring the following to the attention of the governing body of the School:

2019-1: 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 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

The School has a total fund balance deficit of \$7,997 and a deficit in total net position of \$217,149 at June 30, 2019.

Cause

The 2018-19 school year was the School's 1st year of operations and the School had a lower than projected enrollment which decreased the budget. In addition, the School had start-up costs that were one-time costs.

Effect

The School has a total fund balance deficit of \$7,997 and a deficit in total net position of \$217,149 at June 30, 2019.

Recommendation

The School needs to continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position.

Management's Response

The 2018-19 school year was the School's 1st year of operations. Typically, schools during their first year incur many startup expenses that maximize their return throughout several years. The School's actual enrollment of approximately 115 students was lower than the projected enrollment of 200 students in the current fiscal year, which caused a decrease in funding received

from the state through the local district school board. The School is managed by an experienced Educational Service Provider throughout the State of Florida. With extensive planning with the School's administration and School's Board, they were able to maintain a positive cash flow to cover all of their financial obligations. Even though the school was at a deficit by the end of the fiscal year, the School increased its enrollment by 100% for the 2019-2020 fiscal year to 233 students, which has increased its FEFP funding for the 2019-2020 school year. In addition, the School was awarded a CSP grant in the amount of approximately \$500,000, which should allow the School to recover from its operating deficit.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2019