

**BEACON COLLEGE PREP MIDDLE SCHOOL
OPA LOCKA, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
MIAMI-DADE COUNTY, FLORIDA)**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTARY INFORMATION**

June 30, 2020



CERTIFIED PUBLIC ACCOUNTANTS

**BEACON COLLEGE PREP MIDDLE SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020**

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**BEACON COLLEGE PREP MIDDLE SCHOOL
(A Charter School Under Beacon College Prep, Inc.)**

13400 NW 28th Avenue
Opa Locka, FL 33054
(786)353-6109

2019-2020

BOARD OF DIRECTORS

Mr. Jeffrey Miller, President and Board Chairman
Mr. Patrick Range, Vice President
Ms. Melissa Krinzman, Secretary
Mr. Octavio Verdeja, Treasurer
Ms. Virginia Akar, Board Member

SCHOOL ADMINISTRATION

Mr. Patrick Evans, Principal
Mr. John Flickinger, Director of Development



CERTIFIED PUBLIC ACCOUNTANTS

DAVID D. SHARFF, C.P.A. - DECEASED
STEVEN C. WITTMER, C.P.A. - DECEASED
JOSEPH M. KURTZ, C.P.A. - RETIRED
MICHAEL L. JACKSON, C.P.A. - RETIRED
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LAURA S. FEINBERG, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beacon College Prep Middle School
Opa Locka, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Beacon College Prep Middle School (the "School"), a charter school under Beacon College Prep, Inc., and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2020, 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 the audit. We conducted the 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, 2020, 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 and budgetary comparison information on pages 4-8 and 24-26 be presented to supplement the basic financial statements.

To the Board of Directors
Beacon College Prep Middle School

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 September 12, 2020, 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Sharff, Wittmer, Kurtz, Jackson & Diaz, P.A.

SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
September 12, 2020



**BEACON COLLEGE PREP MIDDLE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The corporate officers of Beacon College Prep Middle School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

1. At June 30, 2020, the School had current assets of \$432,713.
2. At June 30, 2020, the School had a net position of \$587,345.
3. For the year ended June 30, 2020, the School's revenues exceeded expenses by \$236,434.

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, 2020 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, deferred outflows of resources, liabilities and deferred inflows of resources. The difference 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 9 – 10 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 funds. 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 11 – 14 of this report.

**BEACON COLLEGE PREP MIDDLE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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 15 – 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2020 and 2019 follows:

| | 2020 | 2019 |
|--|-------------------|---------------------|
| ASSETS | | |
| Cash | \$ 30,776 | \$ 739,051 |
| Due from governmental agencies | 66,723 | - |
| Capital assets - net | 429,280 | 316,925 |
| Due from related parties | 335,214 | - |
| TOTAL ASSETS | \$ 861,993 | \$ 1,055,976 |
| LIABILITIES AND NET POSITION | | |
| Accounts payable | \$ 1,873 | \$ - |
| Accrued expenses | 7,044 | 9,222 |
| Salaries, benefits and payroll taxes payable | 86,213 | 78,714 |
| Long-term debt | 179,518 | 617,129 |
| TOTAL LIABILITIES | 274,648 | 705,065 |
| Net investment in capital assets | 429,280 | 316,925 |
| Unrestricted | 158,065 | 33,986 |
| Total net position | 587,345 | 350,911 |
| TOTAL LIABILITIES AND NET POSITION | \$ 861,993 | \$ 1,055,976 |

At June 30, 2020, the School's total assets were \$861,993 and total liabilities were \$274,648. At June 30, 2020, the School reported total net position of \$587,345.

**BEACON COLLEGE PREP MIDDLE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

| | 2020 | 2019 |
|--|--------------|--------------|
| REVENUES | | |
| Program Revenues | | |
| Operating grants and contributions | \$ 597,517 | \$ 628,679 |
| State capital outlay funding | 130,490 | - |
| General Revenues | | |
| FEFP nonspecific revenue | 1,404,239 | 1,245,244 |
| Fundraising and other revenue | 596,670 | 325,000 |
| Total Revenues | \$ 2,728,916 | \$ 2,198,923 |
| EXPENSES | | |
| Instruction | \$ 1,243,391 | \$ 984,356 |
| Instructional support services | 39,402 | 68,839 |
| School administration | 270,960 | 249,557 |
| Facilities and acquisition | 237,130 | 193,509 |
| Board | 52,323 | 1,963 |
| Fiscal services | 68,378 | 22,986 |
| Food services | 92,270 | 122,551 |
| Central services | 596 | - |
| Pupil transportation services | 88,293 | 115,071 |
| Operation of plant | 210,372 | 185,824 |
| Maintenance of plant | 40,672 | 11,181 |
| Unallocated depreciation expense | 121,973 | 86,944 |
| Technology services | 26,722 | 23,865 |
| Total Expenses | \$ 2,492,482 | \$ 2,066,646 |
| Change in Net Position | 236,434 | 132,277 |
| Net Position at Beginning of Year | 350,911 | 218,634 |
| Net Position at End of Year | \$ 587,345 | \$ 350,911 |

The School's total revenues for the year ended June 30, 2020 were \$2,728,916 while its total expenses were \$2,492,482 for a net increase in net position of \$236,434.

ACCOMPLISHMENTS

Beacon College Prep Middle School entered its second year of operations with an increased enrollment of 207 students in grades six through eight. Grades 6 and 7 were comprised mostly of BCP Elementary graduates and this made a significant difference with respect to school culture and academic achievements of students. Demand in the local community remained high and the middle school maintained a waitlist of over 80 students throughout the year. All construction and campus improvements were completed on-time and under budget. The school was forced to suspend in-person learning in March due to the COVID-19 pandemic but was able to pivot successful to online learning for the remainder of the school year. A federal Paycheck Protection Program (PPP) loan was applied for and received, and this enabled the school to retain all employees and provided enough cash flow to cover debt service and operations through the summer.

SCHOOL LOCATION

The School operates in the Miami area located at 13400 NW 28th Avenue, Opa Locka, FL 33054.

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.

**BEACON COLLEGE PREP MIDDLE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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 positive fund balance of \$337,583 and a net increase in fund balance of \$303,597.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2020, amounts to \$429,280 (net of accumulated depreciation of \$208,917). This investment in capital assets includes leasehold improvements, furniture, fixtures and equipment, computer equipment and software.

LONG-TERM LIABILITIES

The School has a loan balance of \$179,518 as of June 30, 2020 and bears interest at a rate of 1% per annum; loan repayment commences on December 19, 2020 and matures on May 19, 2022.

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 | \$ 1,402,994 | \$ 1,404,239 | \$ 1,404,239 |
| Federal sources | 131,279 | 505,247 | 505,247 |
| Federal lunch program | 102,520 | 92,270 | 92,270 |
| Capital outlay | 129,206 | 130,490 | 130,490 |
| Fundraising and other revenues | - | 596,670 | 596,670 |
| TOTAL REVENUES | \$ 1,765,999 | \$ 2,728,916 | \$ 2,728,916 |
| EXPENDITURES | | | |
| Instruction | \$ 1,112,285 | \$ 1,243,391 | \$ 1,243,391 |
| Instructional support services | 63,529 | 39,402 | 39,402 |
| Board | 32,369 | 52,323 | 52,323 |
| School administration | 220,407 | 270,960 | 270,960 |
| Facilities acquisition & construction | 248,604 | 237,130 | 237,130 |
| Fiscal services | 50,510 | 68,378 | 68,378 |
| Food services | 102,520 | 92,270 | 92,270 |
| Central services | 1,000 | 596 | 596 |
| Pupil transportation services | 91,875 | 88,293 | 88,293 |
| Operation of plant | 117,360 | 210,372 | 210,372 |
| Maintenance of plant | 33,976 | 40,672 | 40,672 |
| Technology services | 29,270 | 26,722 | 26,722 |
| Capital Outlay: | | | |
| Other capital outlay | - | 234,328 | 234,328 |
| TOTAL EXPENDITURES | \$ 2,103,705 | \$ 2,604,837 | \$ 2,604,837 |
| Excess of revenues over expenditures | | 124,079 | 124,079 |
| Debt Service: | | | |
| Proceeds from long-term debt | - | 179,518 | 179,518 |
| NET CHANGE IN FUND BALANCE | \$ (337,706) | \$ 303,597 | \$ 303,597 |

**BEACON COLLEGE PREP MIDDLE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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. John Flickinger at Beacon College Prep Middle School.

**BEACON COLLEGE PREP MIDDLE SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020**

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash | \$ 30,776 |
| Due from governmental agencies | 66,723 |
| Due from related parties | 335,214 |
| Total current assets | 432,713 |
| Capital assets - net | 429,280 |
| TOTAL ASSETS | \$ 861,993 |
| LIABILITIES AND NET POSITION | |
| Current liabilities: | |
| Accounts payable | \$ 1,873 |
| Accrued expenses | 7,044 |
| Salaries, benefits and payroll taxes payable | 86,213 |
| Current portion of long-term debt | 69,813 |
| Total current liabilities | 164,943 |
| Long-term debt | 109,705 |
| TOTAL LIABILITIES | 274,648 |
| Net position: | |
| Net investment in capital assets | 429,280 |
| Unrestricted | 158,065 |
| Total Net Position | 587,345 |
| TOTAL LIABILITIES AND NET POSITION | \$ 861,993 |

**BEACON COLLEGE PREP MIDDLE SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| <u>Functions</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | Net (Expense) Revenue and Changes in Net Assets |
|---|---------------------|----------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| Instruction | \$ 1,243,391 | \$ - | \$ 505,247 | \$ - | \$ (738,144) |
| Instructional support services | 39,402 | - | - | - | (39,402) |
| Board | 52,323 | - | - | - | (52,323) |
| School administration | 270,960 | - | - | - | (270,960) |
| Facilities acquisition & construction | 237,130 | - | - | 130,490 | (106,640) |
| Fiscal services | 68,378 | - | - | - | (68,378) |
| Food services | 92,270 | - | 92,270 | - | - |
| Central services | 596 | - | - | - | (596) |
| Pupil transportation services | 88,293 | - | - | - | (88,293) |
| Operation of plant | 210,372 | - | - | - | (210,372) |
| Maintenance of plant | 40,672 | - | - | - | (40,672) |
| Unallocated depreciation expense | 121,973 | - | - | - | (121,973) |
| Technology services | 26,722 | - | - | - | (26,722) |
| Total Governmental Activities | <u>\$ 2,492,482</u> | <u>\$ -</u> | <u>\$ 597,517</u> | <u>\$ 130,490</u> | <u>\$ (1,764,475)</u> |
| GENERAL REVENUES: | | | | | |
| | | | | | \$ 1,404,239 |
| Government grants not restricted to specific programs | | | | | 596,670 |
| Fundraising and other revenue | | | | | <u>2,000,909</u> |
| Total General Revenues | | | | | |
| Change in Net Position | | | | | 236,434 |
| NET POSITION – BEGINNING | | | | | <u>350,911</u> |
| NET POSITION – ENDING | | | | | <u>\$ 587,345</u> |

**BEACON COLLEGE PREP MIDDLE SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020**

| | Governmental Fund |
|--|----------------------|
| ASSETS | |
| Cash | \$ 30,776 |
| Due from governmental agencies | 66,723 |
| Due from related parties | 335,214 |
| TOTAL ASSETS | \$ 432,713 |
| LIABILITIES AND FUND BALANCES | |
| Liabilities | |
| Accounts payable | \$ 1,873 |
| Accrued expenses | 7,044 |
| Salaries, benefits and payroll taxes payable | 86,213 |
| Total Liabilities | 95,130 |
| Fund Balance | |
| Unassigned | 337,583 |
| Total Fund Balance | 337,583 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 432,713 |

**BEACON COLLEGE PREP MIDDLE SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020**

| | |
|---|--------------------------|
| Total Fund Balance - Governmental Funds | \$ 337,583 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets of \$638,197 net of accumulated depreciation of \$208,917 used in governmental activities are not financial resources and therefore are not reported in the funds. | 429,280 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds | <u>(179,518)</u> |
| Total Net Position - Governmental Activities | <u><u>\$ 587,345</u></u> |

**BEACON COLLEGE PREP MIDDLE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental |
|---|-------------------|----------------------------|-----------------------------|-----------------------|
| REVENUES | | | | |
| State passed through local | \$ 1,404,239 | \$ - | \$ - | \$ 1,404,239 |
| Federal sources | - | 505,247 | - | 505,247 |
| Federal lunch program | - | 92,270 | - | 92,270 |
| State capital outlay funding | - | - | 130,490 | 130,490 |
| Fundraising and other revenues | 596,670 | - | - | 596,670 |
| TOTAL REVENUES | <u>2,000,909</u> | <u>597,517</u> | <u>130,490</u> | <u>2,728,916</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 738,144 | 505,247 | - | 1,243,391 |
| Instructional support services | 39,402 | - | - | 39,402 |
| Board | 52,323 | - | - | 52,323 |
| School administration | 270,960 | - | - | 270,960 |
| Facilities acquisition & construction | 106,640 | - | 130,490 | 237,130 |
| Fiscal services | 68,378 | - | - | 68,378 |
| Food services | - | 92,270 | - | 92,270 |
| Central services | 596 | - | - | 596 |
| Pupil transportation services | 88,293 | - | - | 88,293 |
| Operation of plant | 210,372 | - | - | 210,372 |
| Maintenance of plant | 40,672 | - | - | 40,672 |
| Technology services | 26,722 | - | - | 26,722 |
| Capital Outlay: | | | | |
| Other capital outlay | 234,328 | - | - | 234,328 |
| TOTAL EXPENDITURES | <u>1,876,830</u> | <u>597,517</u> | <u>130,490</u> | <u>2,604,837</u> |
| Excess of revenues over expenditures | 124,079 | - | - | 124,079 |
| Other financing sources: | | | | |
| Proceeds from long-term debt | 179,518 | - | - | 179,518 |
| Total other financing sources | <u>179,518</u> | <u>-</u> | <u>-</u> | <u>179,518</u> |
| Net change in Fund Balance | 303,597 | - | - | 303,597 |
| Fund balance at beginning of year | 33,986 | - | - | 33,986 |
| Fund balance at end of year | <u>\$ 337,583</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 337,583</u> |

**BEACON COLLEGE PREP MIDDLE 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, 2020**

| | |
|---|------------|
| Change in Fund Balance - Governmental Funds | \$ 303,597 |
|---|------------|

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

| | |
|---|---------|
| <p>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 capital outlays of \$234,328 exceeded depreciation expense of \$121,973</p> | 112,355 |
|---|---------|

| | |
|--|------------------|
| <p>Reporting long-term debt proceeds in the statement of net position as liabilities instead of other financing sources.</p> | <u>(179,518)</u> |
|--|------------------|

| | |
|---|--------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 236,434</u></u> |
|---|--------------------------|

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Beacon College Prep Middle School (the “School”), a component unit of the School Board of Miami-Dade County, Florida, (the “School Board”), was established in June 2018 as a public charter school to serve students from sixth to eighth grade in Miami-Dade County. The School is sponsored by its charter-holder, Beacon College Prep, 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. These financial statements are for the year ended June 30, 2020 when 207 students were enrolled in sixth through eighth grade.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring school district, the School Board. The School initiated its charter in July 2018 for a five year term, commencing on July 1, 2018 and ending on June 30, 2023. 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 an additional 5 years unless another term is mutually agreed upon.

For financial reporting purposes, the School is considered a component unit of the Miami-Dade County School Board and is included in the School Board’s comprehensive annual financial report. The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity’s basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School’s basic financial statements.

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.

The financial statements of 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*.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Common Expenses

The School shares the same physical location with Beacon College Prep Elementary School (“BCPES”), a related party through common control, and common expenditures. These common expenditures have been allocated between the Schools based on student enrollment.

Expenditures that are subject to allocation include, but are not limited to, instruction, school administration, facilities acquisition and construction, and pupil transportation services. The process of the allocation of common expenses takes place when the expenses are recorded based on a methodical and non-discriminatory basis.

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 and (2) operating grants and contributions which finance annual operating activities. 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.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School’s net position resulting from the current year’s activities.

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, fund balance, revenues and expenditures. The School reports the following major governmental funds as separate columns in the fund financial statements:

General Fund – This is the School’s primary operating fund. It is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes other than debt service and capital projects.

Capital Projects Fund – This fund is 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.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applies.

The government-wide statements report using the economic resources measurement focus and the full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented 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 and available means collectible within sixty days or soon enough thereafter to pay current liabilities.

Budgetary Basis Accounting

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is presented using the same basis of accounting that is used in the preparation of the basic financial statements.

Cash and Cash Equivalents

The School considers cash on hand and demand deposits, with original maturities of three months or less, to be cash and cash equivalents.

Revenue Recognition

Revenues for operations are received primarily from 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 ("FLDOE") for funding through the Florida Education Finance Program (the "FEFP"). Funding for the School is adjusted during the year to reflect the revised calculations by the FLDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School is eligible to receive 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.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalizes tangible personal property with a cost of \$500 and useful life of over one year. 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. Internally constructed or donated property and equipment are recorded if the item cost, or has a fair market value of, \$100 or more. Donated properties are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. For leasehold improvements made under related party lease that is reasonably assured of being renewed for multiple periods, depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|---------------------------------|---------|
| Furniture and equipment | 5 Years |
| Computer equipment and software | 3 Years |
| Building and improvements | 5 Years |
| Textbooks | 3 Years |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time employees are eligible for eighty hours (ten days) of paid time off at the start of each school year. Full-time employees who start mid-year (after December) will receive forty hours (five days) upon hire. In the event an employee does not use their paid time off prior to the end of the school year on June 15, the employee will be paid \$150 per unused paid time off day (eight hours) up to a maximum of ten days. This amount will be paid in the second pay period of June.

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.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Fund Net Position

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

Net investment in capital assets – Represents the cost of capital assets, less accumulated depreciation 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, 2020, was \$429,280.

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 School did not have any restricted net position as of June 30, 2020.

Unrestricted – Indicates all other net position that is available to fund future operations.

Governmental Fund Balance

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as non-spendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year. At June 30, 2020, there is no non-spendable fund balance.

Restricted – Includes amounts that can be spent only for specific purposes as stipulated by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation. At June 30, 2020, there is no restricted fund balance.

Committed – Includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action. At June 30, 2020, there is no committed fund balance.

Assigned – Includes amounts intended to be used by the School's management or Board of Directors for specific purposes but do not meet the criteria to be classified as either restricted or committed. At June 30, 2020, there is no assigned fund balance.

Unassigned – Includes all spendable amounts within the School's general fund not contained in the other classifications.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Order of Fund Balance Spending Policy

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and, lastly, unassigned funds. As of June 30, 2020, there are no minimum fund balance requirements for any of the School's funds.

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 provision for income taxes 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2020:

| | Balance 6/30/2019 | Additions | Deletions | Balance 6/30/2020 |
|--------------------------------------|----------------------|-------------------|-------------|----------------------|
| Capital Assets | | | | |
| Improvements to property | \$ 10,000 | \$ 37,591 | \$ - | \$ 47,591 |
| Furniture, fixtures & equipment | 231,990 | 37,301 | - | 269,291 |
| Computer equipment & software | 129,499 | 83,159 | - | 212,658 |
| Textbooks | 32,380 | 76,277 | - | 108,657 |
| Total Capital Assets | <u>403,869</u> | <u>234,328</u> | <u>-</u> | <u>638,197</u> |
| Less Accumulated Depreciation | | | | |
| Improvements to property | (1,817) | (3,455) | - | (5,272) |
| Furniture, fixtures & equipment | (36,948) | (47,655) | - | (84,603) |
| Computer equipment & software | (38,918) | (51,989) | - | (90,907) |
| Textbooks | (9,261) | (18,874) | - | (28,135) |
| Total Accumulated Depreciation | <u>(86,944)</u> | <u>(121,973)</u> | <u>-</u> | <u>(208,917)</u> |
| Capital Assets, net | <u>\$316,925</u> | <u>\$ 112,355</u> | <u>\$ -</u> | <u>\$ 429,280</u> |

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

| | |
|--------------------------|-------------------|
| Governmental activities: | |
| Instruction | \$ 13,665 |
| Maintenance of plant | 3,455 |
| School administration | <u>104,853</u> |
| Total depreciation | <u>\$ 121,973</u> |

NOTE 3 – TRANSACTIONS WITH A SERVICE COMPANY

The School entered into an agreement with Building Hope Services, LLC., (“Building Hope”) to provide consulting and professional services to the School. Building Hope manages the finances and ledger and makes recommendations to the School’s management and independent board of directors, who make the final determinations regarding polices and contracts.

In providing consulting and professional services to the School, officers of Building Hope may not serve as members of the Board of Directors of the School. The contract calls for a consulting and professional services fee equal to \$100 per student per month for accounting services and \$100 per student for online registration system. During the year ended June 30, 2020, the School incurred service fees of \$25,470.

NOTE 4 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks. Deposits are insured by the Federal Depository Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per financial institution. As of June 30, 2020, the carrying amount and the bank balance of the School’s operating cash deposit account was \$30,776.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible to pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2020.

NOTE 5 – 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 audits 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 statement.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – DUE FROM GOVERNMENTAL AGENCIES

The amounts due from governmental agencies included in the accompanying statement of net position and balance sheet – governmental funds consist of the following as of June 30, 2020:

| | |
|----------------------------------|------------------|
| Capital Outlay | \$ 21,835 |
| Unified School Improvement Grant | 44,888 |
| | <u>\$ 66,723</u> |

These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is accrued.

NOTE 7 – RELATED PARTY TRANSACTIONS

As of June 30, 2020, the School had a net receivable from Beacon College Prep, Inc (“Corporate”), in the amount of \$24,899. For the year ended June 30, 2020, Corporate contributed to the School \$238,526 which was recorded as “fundraising and other revenue” in the financial statements.

In July of 2018, Corporate issued \$11,900,000 of Industrial Development Revenue Bonds to purchase the school facility. A lease agreement is renewed yearly by Corporate, the School, and Beacon College Prep Middle School (collectively, the “Schools”) wherein the Schools agree to pay, their proportionate amounts, of the annual debt service on the bonded debt. The proportions of contributions by the Schools to pay these lease payments are based on student enrollment. During the fiscal year ended June 30, 2020, the School expended \$237,130 under this lease agreement.

As of June 30, 2020, the School had a net receivable of \$310,315 from BCPES. This was mainly comprised of a \$350,000 grant that was made from BCPES to the School. This grant was approved by the Board of Directors in March 2020 to promote future growth and programs of the School to assure its viability as the primary feeder school for BCPES.

NOTE 8 – 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. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 – LONG-TERM DEBT

On May 27, 2020, the School received \$179,518 from the Small Business Administration’s Paycheck Protection Program, due to COVID-19. The note payable bears interest at a rate of 1.00% per annum and repayment commences on December 19, 2020 monthly through May 19, 2022. The following schedule shows a summary of the changes in this debt for the year ended June 30, 2020:

| Balance 6/30/2019 | Advances | Repayments | Balance 6/30/2020 |
|----------------------|------------|------------|----------------------|
| \$ - | \$ 179,518 | \$ - | \$ 179,518 |

The current and long-term portions of the debt are as follows:

| | |
|-----------------------|------------|
| Total debt | \$ 179,518 |
| Less: Current portion | 69,813 |
| Total long-term debt | \$ 109,705 |

As of June 30, 2020, the future maturities under the note are as follows:

| | |
|-------|------------|
| 2021 | \$ 69,813 |
| 2022 | 109,705 |
| Total | \$ 179,518 |

NOTE 10 – Other Matters

On January 30, 2020, The World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial conditions, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2021.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 12, 2020, the date in which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**BEACON COLLEGE PREP MIDDLE SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

| | General Fund | | |
|---|---------------------|-------------------|-------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 1,402,994 | \$ 1,404,239 | \$ 1,404,239 |
| Fundraising and other revenues | - | 596,670 | 596,670 |
| TOTAL REVENUES | <u>1,402,994</u> | <u>2,000,909</u> | <u>2,000,909</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 981,006 | 738,144 | 738,144 |
| Instructional support services | 63,529 | 39,402 | 39,402 |
| Board | 32,369 | 52,323 | 52,323 |
| School administration | 220,407 | 270,960 | 270,960 |
| Facilities Acquisition & Construction | 119,398 | 106,640 | 106,640 |
| Fiscal services | 50,510 | 68,378 | 68,378 |
| Central services | 1,000 | 596 | 596 |
| Pupil transportation services | 91,875 | 88,293 | 88,293 |
| Operation of plant | 117,360 | 210,372 | 210,372 |
| Maintenance of plant | 33,976 | 40,672 | 40,672 |
| Technology services | 29,270 | 26,722 | 26,722 |
| Capital Outlay: | | | |
| Other capital outlay | - | 234,328 | 234,328 |
| TOTAL EXPENDITURES | <u>1,740,700</u> | <u>1,876,830</u> | <u>1,876,830</u> |
| Excess revenue over expenditures | (337,706) | 124,079 | 124,079 |
| Other financing source: | | | |
| Proceeds from long-term debt | - | 179,518 | 179,518 |
| NET CHANGE IN FUND BALANCE | <u>\$ (337,706)</u> | <u>\$ 303,597</u> | <u>\$ 303,597</u> |

**BEACON COLLEGE PREP MIDDLE SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

| | Special Revenue Fund | | |
|-----------------------------------|----------------------|--------------|-------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| Federal sources | \$ 131,279 | \$ 505,247 | \$ 505,247 |
| Federal lunch program | 102,520 | 92,270 | 92,270 |
| TOTAL REVENUES | 233,799 | 597,517 | 597,517 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 131,279 | 505,247 | 505,247 |
| Food services | 102,520 | 92,270 | 92,270 |
| TOTAL EXPENDITURES | 233,799 | 597,517 | 597,517 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - |

**BEACON COLLEGE PREP MIDDLE SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

| | Capital Projects Fund | | |
|---------------------------------------|-----------------------|--------------|------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State capital outlay funding | \$ 129,206 | \$ 130,490 | \$ 130,490 |
| TOTAL REVENUES | 129,206 | 130,490 | 130,490 |
| EXPENDITURES | | | |
| Current: | | | |
| Facilities acquisition & construction | 129,206 | 130,490 | 130,490 |
| TOTAL EXPENDITURES | 129,206 | 130,490 | 130,490 |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | \$ - |

**BEACON COLLEGE PREP MIDDLE SCHOOL
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

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



DAVID D. SHARFF, C.P.A. - DECEASED
STEVEN C. WITTMER, C.P.A. - DECEASED
JOSEPH M. KURTZ, C.P.A. - RETIRED
MICHAEL L. JACKSON, C.P.A. - RETIRED
MARTIN ROSEN, C.P.A. - RETIRED

LUIS E. DIAZ, C.P.A.
JOSEPH M. JACKSON, C.P.A.
AMY K. BEENKEN, C.P.A.
LAURA S. FEINBERG, C.P.A.

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

To the Board of Directors
Beacon College Prep Middle School
Opa Locka, 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 the Beacon College Prep Middle School ("the "School"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 12, 2020.

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.

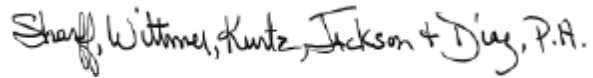
Compliance and Other Matters

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*.

Board of Directors
Beacon College Prep Middle School

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.



SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
September 12, 2020



CERTIFIED PUBLIC ACCOUNTANTS

DAVID D. SHARFF, C.P.A. - DECEASED
STEVEN C. WITTMER, C.P.A. - DECEASED
JOSEPH M. KURTZ, C.P.A. - RETIRED
MICHAEL L. JACKSON, C.P.A. - RETIRED
MARTIN ROSEN, C.P.A. - RETIRED

LUIS E. DIAZ, C.P.A.
JOSEPH M. JACKSON, C.P.A.
AMY K. BEENKEN, C.P.A.
LAURA S. FEINBERG, C.P.A.

MANAGEMENT LETTER

To the Board of Directors
Beacon College Prep Middle School
Opa Locka, Florida

Report on the Financial Statements

We have audited the financial statements of Beacon College Prep Middle School (the "School"), a component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 12, 2020.

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.

Other Reporting Required by *Government Auditing Standards*

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 those reports and schedule, which are dated September 12, 2020, 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 reports.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 and the school code assigned by the Florida Department of Education of the entity are Beacon College Prep Middle School, 136034.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we report the results of our determination as to 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.

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 did not have such recommendations.

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, 2020 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 did not have such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we 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 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.

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 Beacon College Prep, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
September 12, 2020

