



**The Ben Gamla Preparatory Academy
W/L #: 5182**

(A Charter School and Component Unit
of the School Board of Broward County, Florida)
Hollywood, Florida

Financial Statements and
Independent Auditors' Report
June 30, 2022

TABLE OF CONTENTS

General Information	1	
Independent Auditors' Report	2-4	
Management's Discussion and Analysis (Required Supplementary Information)	5-9	
Basic Financial Statements:		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	10	
Statement of Activities.	11	
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds	12	
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13	
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	14	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	15	
Notes to the Basic Financial Statements	16-29	
Required Supplementary Information:		
Budgetary Comparison Schedule	30	
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 <i>Government Auditing Standards</i>		31-32
Management Letter	33-34	

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

W/L #: 5182

6501 West Sunrise Blvd
Plantation, Florida 33313

2021-2022

BOARD OF DIRECTORS

Debra Klein, Director and Chair
Daniel Fernandez, Director and Secretary
Marcus Jadote, Director
Michelle Gerson, Director

SCHOOL ADMINISTRATION

Emily Rosenstein, Principal



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Ben Gamla Preparatory Academy
Hollywood, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Ben Gamla Preparatory Academy (the “School”), a charter school under The National Ben Gamla Charter School Foundation, Inc. and a component unit of the District School Board of Broward County as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of The Ben Gamla Preparatory Academy as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The National Ben Gamla Charter School Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ben Gamla Preparatory Academy’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319
www.hlbgravier.com

HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of a Matter – Change in Accounting Principle

As described in Note 7 to the financial statements, in 2022, the School adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of The Ben Gamla Preparatory Academy that is attributable to the transactions of the School and is not intended to be a complete presentation of The National Ben Gamla Charter School Foundation, Inc. These financial statements do not purport to, and do not, present fairly the financial position of The National Ben Gamla Charter School Foundation, Inc. as of June 30, 2022 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 5 through 9 and 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 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, 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 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
September 30, 2022

Management's Discussion and Analysis
The Ben Gamla Preparatory Academy
(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)
June 30, 2022

The corporate officers of The National Ben Gamla Charter School Foundation, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

1. The net position of the School at June 30, 2022 was (\$534,665).
2. At year-end, the School had current assets on hand of \$441,469.
3. The School had an increase in its net position of \$14,332 for the year ended June 30, 2022.
4. The unassigned fund balance at year end was \$402,013.

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, 2022 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 deferred outflows of resources and liabilities and deferred inflows of resources. The difference between the four 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 when the underlying event 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.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major 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 - 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$(534,665) at the close of the fiscal year. A summary of the School's net position as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 318,175	\$ 31,066
Investments	70,000	170,000
Other receivables	36,489	46,310
Deposits	9,731	9,731
Due from other agencies	16,805	-
Due from affiliates, long-term	-	50,000
Capital and right of use assets, net	332,389	115,630
Total Assets	<u>783,589</u>	<u>422,737</u>
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	12,053	185,741
Salaries and wages payable	12,321	-
Lease liability	326,955	-
Note payable, long term	86,925	228,176
Due to affiliates	880,000	557,817
Total Liabilities	<u>1,318,254</u>	<u>971,734</u>
Deferred inflows of resources	-	-
Net Position:		
Unrestricted	<u>(534,665)</u>	<u>(548,997)</u>
Total Net Position	<u>\$ (534,665)</u>	<u>\$ (548,997)</u>

At the end of both fiscal years, the School reported a deficit balance in total net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 45,857	\$ 110,286
Capital outlay funding	46,487	249,384
Charges for services and other revenue	6,496	8,485
General Revenues		
Local sources (FTE and other non specific)	573,246	2,667,544
Charges for services and other revenue	<u>293,677</u>	<u>265,171</u>
Total Revenues	<u>965,763</u>	<u>3,300,870</u>
EXPENSES		
Component Unit Activities:		
Instruction	476,731	1,427,317
Student support services	1,119	47,562
Instructional staff training	-	300
Board	15,839	29,946
General administration	-	83,535
School administration	122,733	408,962
Fiscal services	11,475	55,650
Food services	53,065	54,628
Central services	21,146	95,866
Operation of plant	211,754	992,395
Maintenance of plant	6,262	67,375
Community services	6,752	16,747
Debt service expense	<u>24,555</u>	<u>13,382</u>
Total Expenses	<u>951,431</u>	<u>3,293,665</u>
Change in Net Position	14,332	7,205
Net Position at Beginning of Year, as restated	<u>(548,997)</u>	<u>(556,202)</u>
Net Position at End of Year	<u>\$ (534,665)</u>	<u>\$ (548,997)</u>

The School's revenues decreased by \$2,335,107 and expenditures decreased by \$2,342,234. The School had an increase in net position of \$14,332 for the year.

School Location and Lease of Facility

During the 2021-2022 school year the School leased a facility located at 6501 West Sunrise Blvd., Plantation, Florida, 33313.

Capital Improvement Requirements

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, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$402,013. The fund balance unassigned and available for spending at the School's discretion is \$402,013. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets (including right of use lease assets) as of June 30, 2022 amounts to \$332,389 (net of accumulated depreciation and amortization). This investment in capital assets includes building, furniture, fixtures and computer equipment. The School had approximately \$326,955 in long term liabilities associated to its capital assets.

New Accounting Pronouncements Adopted

As described in Note 7, the School adopted GASB Statement No, 87, *Leases*. The effect of the adoption was to capitalize a right of use asset (building) with a corresponding liability which is being amortized over the life of the underlying lease agreement. The overall impact on the financial statements was to record interest and amortization expense related to the underlying asset and liability which results in higher total expenses (compared to pre-adoption) during the early years of the lease agreement.

Governmental Fund Budget Analysis and Highlights

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.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 47,951	\$ 47,951	\$ 46,487
Federal sources	14,869	26,926	30,775
Lunch program	3,841	4,863	6,496
General Revenues			
FTE nonspecific revenues	548,981	568,643	573,246
Charges for services and other revenues	10,151	11,635	17,766
Total Revenues	<u>\$ 625,793</u>	<u>\$ 655,459</u>	<u>\$ 674,770</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 504,438	\$ 441,744	\$ 436,505
Student support services	5,514	2,031	1,119
Board	20,654	20,495	15,839
School administration	235,471	124,476	122,733
Fiscal services	15,975	12,522	11,475
Food services	59,798	55,381	53,065
Central services	26,750	24,453	21,146
Operation of plant	121,220	114,340	110,583
Maintenance of plant	27,700	10,417	6,262
Community Services	15,923	11,461	6,752
Total Current Expenditures	<u>\$ 1,033,443</u>	<u>\$ 817,320</u>	<u>\$ 785,479</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Broward, LLC, 6340 Sunset Drive, Miami, Florida 33143.

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Net Position
June 30, 2022

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 318,175
Investments	70,000
Other receivables	36,489
Due from other agencies	16,805
Total current assets	<u>441,469</u>
Capital assets, depreciable	378,564
Less: accumulated depreciation	(364,636)
Right of use lease assets	358,156
Less: accumulated amortization	(39,695)
	<u>332,389</u>
Deposit receivable	9,731
Total Assets	<u>783,589</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	12,053
Salaries and wages payable	12,321
Lease liability, current	32,797
Note payable, current portion	86,925
	<u>144,096</u>
Long term liabilities:	
Lease liability	294,158
Due to other divisions of The National Ben Gamla Charter School Foundation, Inc.	880,000
Total Liabilities	<u>1,318,254</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
Net Position:	
Unrestricted	<u>(534,665)</u>
Total Net Position	<u>\$ (534,665)</u>

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Activities
For the year ended June 30, 2022

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	\$ 476,731	\$ -	\$ 19,500	\$ -	\$ (457,231)
Student support services	1,119	-	-	-	(1,119)
Board	15,839	-	-	-	(15,839)
School administration	122,733	-	-	-	(122,733)
Fiscal services	11,475	-	-	-	(11,475)
Food services	53,065	6,416	26,357	-	(20,292)
Central services	21,146	-	-	-	(21,146)
Operation of plant	211,754	-	-	46,487	(165,267)
Maintenance of plant	6,262	-	-	-	(6,262)
Community services	6,752	80	-	-	(6,672)
Debt service	24,555	-	-	-	(24,555)
Total governmental activities	951,431	6,496	45,857	46,487	(852,591)
General revenues:					
FTE and other nonspecific revenues					573,246
Interest and other revenue					17,766
Paycheck Protection Program Loan Forgiveness					275,911
Change in net position					14,332
Net position, beginning					(548,997)
Net position, ending					\$ (534,665)

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund- Non Major	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 318,175	\$ -	\$ -	\$ 318,175
Investments	70,000	-	-	70,000
Other receivables	36,489	-	-	36,489
Due from other agencies	-	1,723	-	1,723
Due from fund	1,723	-	-	1,723
Total Assets	<u>426,387</u>	<u>1,723</u>	<u>-</u>	<u>428,110</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	12,321	-	-	12,321
Accounts payable and accrued expenses	12,053	-	-	12,053
Due to fund	-	1,723	-	1,723
Total Liabilities	<u>24,374</u>	<u>1,723</u>	<u>-</u>	<u>26,097</u>
Deferred Inflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Unassigned	402,013	-	-	402,013
	<u>402,013</u>	<u>-</u>	<u>-</u>	<u>402,013</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 426,387</u>	<u>\$ 1,723</u>	<u>\$ -</u>	<u>\$ 428,110</u>

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds \$ 402,013

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

Capital assets of \$736,720 net of accumulated depreciation and amortization of \$404,331 used in governmental activities are not financial resources and therefore are not reported in the fund. 332,389

Long term receivables and deposits of \$9,731 from other charter schools in governmental activities are not financial resources and therefore are not reported in the governmental funds. 9,731

Receivables in governmental activities not collected within 60 days are not current financial resources and therefore, are not reported in the governmental funds. 15,082

Long term liabilities of \$1,293,880 were not due and payable in the current period and, therefore, are not reported in the funds. (1,293,880)

Total Net Position - Governmental Activities \$ (534,665)

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2022

	General Fund	Special Revenue Fund- Non Major	Capital Projects Fund	Total Governmental Funds
Revenues:				
State passed through local	\$ 573,246	\$ -	\$ -	\$ 573,246
State capital outlay funding	-	-	46,487	46,487
Federal sources	-	30,775	-	30,775
Interest income and other revenue	17,766	6,496	-	24,262
Total Revenues	591,012	37,271	46,487	674,770
Expenditures:				
Current				
Instruction	417,005	19,500	-	436,505
Student support services	1,119	-	-	1,119
Board	15,839	-	-	15,839
School administration	122,733	-	-	122,733
Fiscal services	11,475	-	-	11,475
Food services	-	53,065	-	53,065
Central services	21,146	-	-	21,146
Operation of plant	110,583	-	-	110,583
Maintenance of plant	6,262	-	-	6,262
Community services	-	6,752	-	6,752
Capital Outlay:				
Other capital outlay	-	-	-	-
Right of use assets (building)	-	-	358,156	358,156
Debt Service:				
Repayment of principal	141,251	-	71,201	212,452
Interest	7,356	-	17,199	24,555
Total Expenditures	854,769	79,317	446,556	1,380,642
Excess (deficit) of revenues over expenditures	(263,757)	(42,046)	(400,069)	(705,872)
Other financing sources (uses):				
Transfers in (out)	(37,287)	35,374	1,913	-
Decreases in long-term receivables	50,000	-	-	50,000
PPP Loan Forgiveness	275,911	-	-	275,911
Increases in lease liability	-	-	398,156	398,156
Increases in long-term payables, net	322,183	-	-	322,183
Net change in fund balance	347,050	(6,672)	-	340,378
Fund Balance at beginning of year	54,963	6,672	-	61,635
Fund Balance at end of year	\$ 402,013	\$ -	\$ -	\$ 402,013

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

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, 2022

Net Change in Fund Balance - Governmental Funds \$ 340,378

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. This is the amount by which capital outlays of \$398,156 differed from depreciation, amortization expense and loss on disposal of \$141,397. 216,759

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increases in long-term receivables of \$0 differed from decreases of \$50,000 in the current period. (50,000)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 15,082

Increases in long term payables provide current financial resources to governmental funds, but increases long term liabilities in the statement of net position. Decreases in long term payables is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which decreases of \$200,269 differed from increases of \$748,156. (507,887)

Change in Net Position of Governmental Activities \$ 14,332

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Ben Gamla Preparatory Academy (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The School's charter is held by The National Ben Gamla Charter School Foundation, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of The National Ben Gamla Charter School Foundation, Inc., which is composed of four members and also governs other charter schools. The board has determined that no component units exist that would require inclusion in the School's financial statements.

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 district, the School Board of Broward County, Florida. The current charter expires on June 30, 2025 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Plantation, Florida for students from sixth through twelfth grades. These financial statements are for the year ended June 30, 2022, when on average 77 students were enrolled for the school year.

On April 8, 2021 the Board approved the first charter amendment for the co-location of the School with Ben Gamla Charter School South Broward (a charter school under The National Ben Gamla Charter School Foundation, Inc.) and to reduce its student enrollment to 6-8 grades for the 2021-2022 school year. The charter amendment was subsequently approved by District on May 18, 2021.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

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 also do not include fiduciary funds. Any internal inter-fund activity has been eliminated from the government-wide financial statements.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other miscellaneous sources.

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, deferred outflows of resources, liabilities, deferred inflows of sources, equity, revenues and expenditures. The School reports the following major governmental funds with all other non-major funds aggregated in a single column:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Capital Projects Fund - is used to account for the resources restricted for the acquisition or construction of specific capital assets and from state and local capital funding that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

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 Guidance*.

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 a liability is incurred, regardless of the timing of related cash flows. The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, 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 liabilities of the current period. School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Note 1 – Summary of Significant Accounting Policies (continued)

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. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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.

Budgets and Budgetary 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 and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Inter-fund Transfers

Inter-fund receivables/payables ("due from/to") are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

Note 1 – Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of net 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 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.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Improvements	5 Years
Furniture, Equipment, and Computers	5 Years
Computer Software	3 Years
Right of use assets (building)	9 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to 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 in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Note 1 – Summary of Significant Accounting Policies (continued)

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 absences available to be used in future benefits 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.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Prepaid Expenses and Other Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Net position and Fund balance classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net positions with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There are no restricted net positions at year end.
- c) Unrestricted net position - all other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the District's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) 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. There are no restricted fund balances at year end.
- c) 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. There are no committed fund balances at year end.
- d) 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. There are no assigned balances at year end.
- e) Unassigned - fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Revenue Sources

Revenues for operations will be received primarily from the State through the District 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 District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP.

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

Note 1 – Summary of Significant Accounting Policies (continued)

The School also receives 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 expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

The School receives State funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Income Taxes

The National Ben Gamla Charter School Foundation, Inc. qualifies as a tax-exempt organization under 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.

New Accounting Standard Adopted

In fiscal year 2022, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 87 Leases. See Note 7.

In fiscal year 2022, the School adopted GASB issued Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021. These changes were incorporated in the School's 2022 financial statements and had no effect.

Pronouncements Issued But Not Yet Effective

GASB has issued GASBS Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Note 1 – Summary of Significant Accounting Policies (continued)

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2022, which is the date the financial statements were available to be issued.

Note 2 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under The National Ben Gamla Charter School Foundation, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of The National Ben Gamla Charter School Foundation, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was approximately \$180.

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2022, the School had \$70,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2022, maturities of the fund's portfolio holdings are approximately 87% within 30 days.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2022, the School did not hold any investments in government money market mutual funds.

Note 2 – Cash and Investments (continued)

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Note 3 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2022:

	Balance 07/01/21	Additions	Retirements/ Reclassifications	Balance 06/30/22
Capital Assets, depreciable:				
Improvements	\$ 121,370	\$ -	\$ (121,370)	\$ -
Computer equipment and software	196,056	-	(12,175)	183,881
Furniture, equipment and textbooks	280,959	-	(86,276)	194,683
Total Capital Assets, depreciable	<u>598,385</u>	<u>-</u>	<u>(219,821)</u>	<u>378,564</u>
Less: Accumulated Depreciation				
Improvements	(62,852)	-	62,852	-
Computer equipment and software	(176,307)	(19,043)	12,175	(183,175)
Furniture, equipment and textbooks	(243,596)	(21,183)	83,318	(181,461)
Total Accumulated Depreciation	<u>(482,755)</u>	<u>(40,226)</u>	<u>158,345</u>	<u>(364,636)</u>
Capital Assets, net	<u>\$ 115,630</u>	<u>\$ (40,226)</u>	<u>\$ (61,476)</u>	<u>\$ 13,928</u>
Lease Assets				
Right of use assets (building)	\$ -	\$ 358,156	\$ -	\$ 358,156
Less: accumulated amortization	-	(39,695)	-	(39,695)
Lease Assets, net	<u>-</u>	<u>318,461</u>	<u>-</u>	<u>318,461</u>
Governmental Activities Capital Assets, net	<u>\$ 115,630</u>	<u>\$ 278,235</u>	<u>\$ (61,476)</u>	<u>\$ 332,389</u>

For the fiscal year ended June 30, 2022, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 40,226	\$ -
Operation of plant	-	39,695
Total Depreciation Expense	<u>\$ 40,226</u>	<u>\$ 39,695</u>

Note 4 – Education Service and Support Provider

Academica Broward, LLC, an education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual education services. The agreement between the School and Academica Broward, LLC calls for a fee on a per student basis.

The agreement is with The National Ben Gamla Charter School Foundation, Inc. through June 30, 2023, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2022, the School incurred \$34,425.

Academica Broward, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

Note 5 – Transactions with Other Divisions of The National Ben Gamla Charter School Foundation, Inc.

The School’s lunch program is shared with various other charter schools under The National Ben Gamla Charter School Foundation, Inc. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

The National Ben Gamla Charter School Foundation, Inc. charges its affiliated charter schools an assessment for shared corporate costs and accreditation expenses. The School paid The National Ben Gamla Charter School Foundation, Inc. \$11,475 in connection with these charges during the year.

The following schedule provides a summary of changes in long-term receivables for the year ended June 30, 2022:

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Due from Ben Gamla Charter School	\$ 50,000	\$ -	\$ (50,000)	\$ -
Total Long Term Receivables	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>

The School received long-term advances from The National Ben Gamla Charter School Foundation, Inc. for working capital purposes. The following schedule provides a summary of changes in long term debt for the year ended June 30, 2022.

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Due to Ben Gamla South Broward	\$ 77,817	\$ -	\$ (27,817)	\$ 50,000
Due to The National Ben Gamla Charter School Foundation, Inc.	480,000	350,000	\$ -	830,000
Total Long Term Payables	<u>\$ 557,817</u>	<u>\$ 350,000</u>	<u>\$ (27,817)</u>	<u>\$ 880,000</u>

Note 5 – Transactions with Other Divisions of The National Ben Gamla Charter School Foundation, Inc. (continued)

The School shares its facility with Ben Gamla Charter School South Broward (another charter school under The National Ben Gamla Charter School Foundation, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment. In addition, Ben Gamla Charter School South Broward holds the student activities fund of the School.

Recoverable Grant

In prior years the School received \$715,028 in recoverable grants from The National Ben Gamla Charter School Foundation, Inc. The purpose of the grants were to fund operating expenses. Under the terms of the grant, the School would repay the corporate account in the event the School experiences a surplus of its operating budget for any period ending on June 30, 2022, following the execution of the agreement. To date, management has determined that the School has not met the requirements for repayment under the grant terms. The maximum amount the School may be required to pay in the future should the school meet the requirements for repayment is \$715,028.

Note 6 – Contingencies and Concentrations

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2022, administrative fees withheld by the School District totaled \$27,734.

Note 7 – Long-Term Liabilities

The National Ben Gamla Charter School Foundation, Inc., on behalf of the School, entered into an amended lease agreement with Samuel M. and Helene Soref, Jewish Community Center, Inc. (“Soref JCC”) for use of a portion of its premises including some ancillary facilities, outdoor areas and other improvements.

The amended lease agreement was renewed through July 31, 2025 with one five-year renewal period remaining. Under the amended agreement, as renewed, minimum annual lease payments are \$220,000. The agreement includes additional monthly charges for maintenance and security services of approximately \$16,500, increasing 5% annually.

Note 7 – Long-Term Liabilities (continued)

The School has implemented GASB Statement No. 87 Leases, and as a result recorded a lease right of use asset and liability in these financial statements. The lease right of use asset and liability were allocated between School and Ben Gamla Charter School South Broward based on enrollment and usage of facility. The allocation used was approximately 78% for Ben Gamla Charter School South Broward and 22% for the School. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School has used an average effective interest for several borrowings during FY 2021 and 2022. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2022.

For the year ended June 30, 2022, interest expense totaled \$17,199, as it relates to its lease agreements. For 2022, there were no variable payments related to the lease agreement.

Annual requirements to amortize the lease liability and related interest are as follows:

Year	Prinipal	Interest
2023	\$ 32,797	\$ 15,603
2024	34,475	13,925
2025	36,239	12,161
2026	40,344	10,256
2027	42,408	8,192
2028-2030	140,692	11,108
	<u>\$ 326,955</u>	<u>\$ 71,245</u>

Changes in long term lease liabilities during the year are as follows:

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Lease liability	\$ -	\$ 398,156	\$ (71,201)	\$ 326,955
Total Lease Liability	<u>\$ -</u>	<u>\$ 398,156</u>	<u>\$ (71,201)</u>	<u>\$ 326,955</u>

Note Payable

On January 23, 2018, The National Ben Gamla Charter School Foundation, Inc. obtained financing on behalf of the School from a financial institution for a total loan balance of \$666,667 (amount is 2/3 of the total loan balance of \$1,000,000 that is split with Ben Gamla Charter School Hollywood). The long term debt will be repaid in 60 monthly principal and interest payments at a fixed interest rate of 4.35%. The loan is collateralized by restricted cash held by other divisions of The National Ben Gamla Charter School Foundation, Inc. The School's debt agreements contain various covenants, restrictions and financial test requirements. In the event of default, the maturity can be accelerated and / or the underlying collateral may be forfeited.

Changes in notes payable during the year are as follows:

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Note Payable	\$ 228,176	\$ -	\$ (141,251)	\$ 86,925
Total Note Payable	<u>\$ 228,176</u>	<u>\$ -</u>	<u>\$ (141,251)</u>	<u>\$ 86,925</u>

Note 7 – Long-Term Liabilities (continued)

Annual debt service requirements for the note payable is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	86,925	1,295
	<u>\$ 86,925</u>	<u>\$ 1,295</u>

For the year ended June 30, 2022, interest expense totaled \$7,356, as it relates to the note payable.

Note 8 – Inter-fund Transfers

Inter-fund transfers in governmental funds as of June 30, 2022 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund- Non Major</u>	<u>Capital Projects Fund</u>
To fund lunch shortfall in Special Revenue Fund	\$ (20,292)	\$ 20,292	\$ -
To fund federal expenditures for which revenues were not available	(7,027)	7,027	-
To fund lease payments in the Capital Projects Fund	(1,913)	-	1,913
Total Transfers, net	<u>\$ (29,232)</u>	<u>\$ 27,319</u>	<u>\$ 1,913</u>
Due to General Fund from Special Revenue Fund for Title IV	\$ 1,723	\$ -	\$ (1,723)
Total Due from/(Due to)	<u>\$ 1,723</u>	<u>\$ -</u>	<u>\$ (1,723)</u>

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 and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource Group, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 10 – Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 50% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed \$2,152 to the Plan for the year ended June 30, 2022. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

Note 11 – Paycheck Protection Program Loan Forgiveness

On April 13, 2020, the Organization was granted a loan from a financial institution in the aggregate amount of \$1,583,900, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. On September 22, 2021 the loan and all accrued interest was forgiven and the School received \$275,911 which was their pro rata share (based on full time enrollment) of the loan proceeds.

REQUIRED SUPPLEMENTARY INFORMATION

The Ben Gamla Preparatory Academy
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 548,981	\$ 568,643	\$ 573,246
Other revenue	10,151	11,635	17,766
Total Revenues	<u>559,132</u>	<u>575,719</u>	<u>591,012</u>
EXPENDITURES			
Current:			
Instruction	471,147	420,193	417,005
Student support services	5,514	2,031	1,119
Board	20,654	20,495	15,839
School administration	235,471	124,476	122,733
Fiscal services	15,975	12,522	11,475
Central services	26,750	24,453	21,146
Operation of plant	121,220	114,340	110,583
Maintenance of plant	27,700	10,417	6,262
Total Current Expenditures	<u>924,431</u>	<u>728,927</u>	<u>706,162</u>
(Deficit) Excess of Revenues Over Current Expenditures	<u>(365,299)</u>	<u>(153,208)</u>	<u>(115,150)</u>
Debt Service:			
Redemption of Principal	141,251	141,251	141,251
Interest	7,356	7,356	7,356
Total Expenditures	<u>1,073,038</u>	<u>877,534</u>	<u>854,769</u>
(Deficit) Excess of Revenues Over Expenditures	(513,906)	(301,815)	(263,757)
Other financing sources (uses):			
Transfers in (out)	(90,751)	(57,053)	(37,287)
Proceeds from PPP Loan Forgiveness	275,911	275,911	275,911
Decreases in long-term receivables	50,000	50,000	50,000
Increases in long-term payables, net	322,183	322,183	322,183
Net change in fund balance	43,437	289,226	347,050
Fund Balance at beginning of year	<u>54,963</u>	<u>54,963</u>	<u>54,963</u>
Fund Balance at end of year	<u>\$ 98,400</u>	<u>\$ 344,189</u>	<u>\$ 402,013</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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

To the Board of Directors of
The Ben Gamla Preparatory Academy
Hollywood, 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, each major fund, and the aggregate remaining fund information of The Ben Gamla Preparatory Academy (the “School”) as of, and for the year ended June 30, 2022, 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 30, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 30, 2022.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022



MANAGEMENT LETTER

To the Board of Directors of
The Ben Gamla Preparatory Academy
Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of The Ben Gamla Preparatory Academy, Florida as of and for the year ended June 30, 2022 and have issued our report thereon dated September 30, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 30, 2022, 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 annual financial 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 and the school code assigned by the Florida Department of Education of the entity is The Ben Gamla Preparatory Academy, (W/L#5182).

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 Ben Gamla Preparatory Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that The Ben Gamla Preparatory Academy 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 Ben Gamla Preparatory Academy. It is management's responsibility to monitor The Ben Gamla Preparatory Academy'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.

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 any such recommendations.

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 Ben Gamla Preparatory Academy 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 Ben Gamla Preparatory Academy 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, require 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Florida House of Representatives, the Florida Auditor General, School Board of Broward County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022