HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

San Jose Prep
W/L# 5381

(A charter school under Bold City Education, Inc.
and Component Unit of
The District School Board Of Duval County, Florida)

Jacksonville, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2024

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San Jose Prep
(A charter school under Bold City Education, Inc.)
W/L# 5381

4072 Sunbeam Road,
Jacksonville, Florida 32257

2023-2024

Board of Directors

Bonnie Arnold, Founding Chair
Juan Carlos Gonzalez, Chair
Gary Wheeler, Vice-Chair/ Secretary
Jerry Jeakle, Treasurer

School Administration

Sarah Thurlow, Principal

HLB GRAVIER, LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
San Jose Prep
Jacksonville, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of San Jose Prep (the "School"), a charter school under Bold City Education, Inc. and component unit of the District School Board of Duval County, Florida, as of, and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of San Jose Prep as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bold City Education, 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 San Jose Prep'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.

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 – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of San Jose Prep that is attributable to the transactions of the School and is not intended to be a complete presentation of Bold City Education, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Bold City Education, Inc. as of June 30, 2024 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 28 to 29 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 October 14, 2024 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 solely 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 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
October 14, 2024

Management's Discussion and Analysis
San Jose Prep
(A Charter school Under Bold City Education, Inc.)
June 30, 2024

The corporate officers of Bold City Education, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

1. The net position of the School at June 30, 2024 was a deficit of $758,623.
2. At year-end, the School had current assets on hand of $549,779.
3. The School had an increase in its net deficit of $481,878 during the year.
4. The unassigned fund balance at year end was $80,756.

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, 2024 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 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government 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 its 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 - 27 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 deficit was $758,623 at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 is as follows:

	2024	2023
Cash	$ 70,448	$ 379,464
Investments	40,000	-
Due from government agencies	53,223	48,278
Prepaid expenses and other assets	12,773	46,581
Capital and right-of-use capital assets, net	22,485,615	23,221,459
Due from charter holder	373,335	-
Total Assets	23,035,394	23,695,782
Deferred outflows of resources	-	-
Accounts payable and accrued expenses	286,199	65,123
Salaries and wages payable	89,514	-
Due to charter holder and other divisions of Bold City Education, Inc.	80,537	179,722
Lease liability	23,337,767	23,801,880
Total Liabilities	23,794,017	24,046,725
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(852,152)	(580,421)
Unrestricted	93,529	229,478
Total Net Position	$ (758,623)	$ (350,943)

At the end of both fiscal years, the School reports deficit balances in total net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2024 and 2023 is as follows:

	2024	2023
REVENUES		
Program Revenues		
Operating grants and contributions	$ 335,499	934,651
Capital grants and contributions	1,039,055	994,338
Charges for services and other revenues	-	17,964
General Revenues		
State and local sources	5,348,107	5,082,717
Charges for services and other revenues	227,615	8,223
Total Revenues	$ 6,950,276	$ 7,037,893
EXPENSES		
Governmental Activities:		
Instruction	$ 2,759,999	$ 2,607,867
Student support services	120,592	280,811
Instructional and development	125,484	1,122
Instructional staff training	37,877	2,118
Instructional related technology	3,600	53,805
Board	83,032	56,713
General administration	94,067	861,650
School administration	1,001,563	432,377
Facilities acquisition	386,694	-
Fiscal services	91,036	96,668
Food services	274,926	448,064
Central services	-	13,984
Pupil transportation	570	35,056
Operation of plant	1,460,995	1,286,204
Maintenance of plant	116,424	64,906
Administrative technology services	82,173	34,668
Community services	-	2,273
Debt service	712,770	725,039
Unallocated depreciation	80,352	113,929
Total Expenses	7,432,154	7,117,254
Change in Net Position	(481,878)	(79,361)
Net Position at Beginning of Year, as restated	(276,745)	(271,582)
Net Position at End of Year	$ (758,623)	$ (350,943)

The School's revenues decreased by $87,617 and expenses increased by $314,900, respectively. The School had an increase in its net deficit of $481,878 for the year.

School Location and Lease of Facility

The School's leased facilities are located at 4072 Sunbeam Road, Jacksonville, Florida 32257.

Capital Improvement Requirements

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

School Enrollment

During 2024, the School had an average of 633 students enrolled in grades six to twelve.

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 $93,529. The fund balance unassigned and available for spending at the School's discretion is $80,756. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital and right of use lease assets as of June 30, 2024 amounts to $22,485,615 (net of accumulated depreciation and amortization). This investment in capital assets includes right of use lease asset (building), improvements, furniture, fixtures, and equipment. As of June 30, 2024, the School had long term liabilities and leasehold improvements of $23,337,767 associated to its capital assets.

The lease asset is amortized using the straight-line method over the term of the lease and the lease liability amortizes based on the effective interest method resulting in a higher liability and expense during the early years of the lease.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter 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 passed through local	$ 938,000	$ 376,427	$ 376,427
Local sources	-	662,628	662,628
Federal sources	308,577	335,499	335,499
General Revenues			
State and local sources	5,187,850	5,348,107	5,348,107
Charges for services and other revenues	-	227,615	227,615
Total Revenues	6,434,427	6,950,276	6,950,276
CURRENT EXPENDITURES			
Governmental Activities:			
Instruction	1,886,004	2,759,999	2,759,999
Student support services	311,681	120,592	120,592
Instructional and development	-	125,484	125,484
Instructional staff training	-	37,877	37,877
Instructional related technology	-	3,600	3,600
Board	135,714	83,032	83,032
General administration	764,325	94,067	94,067
School administration	600,000	1,001,563	1,001,563
Facilities acquisition	140,333	386,694	386,694
Fiscal services	150,000	91,036	91,036
Food services	135,892	274,926	274,926
Central services	88,229	-	-
Pupil transportation	1,443	570	570
Operation of plant	624,800	727,319	727,319
Maintenance of plant	216,000	116,424	116,424
Administrative technology services	150,000	82,173	82,173
Total Current Expenditures	$ 5,204,421	$ 5,905,356	$ 5,905,356

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 San Jose Prep, 4072 Sunbeam Road, Jacksonville, Florida 32257.

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Statement of Net Position
June 30, 2024

	Government Governmental Activities
Assets	
Current Assets:	
Cash	$ 70,448
Investments	40,000
Due from other agencies	53,223
Due from charter holder	373,335
Prepaid expenses and other current assets	12,773
Total Current Assets	549,779
Capital assets, depreciable	788,689
Less: accumulated depreciation	(589,788)
Right of use lease asset	24,253,189
Less: accumulated amortization	(1,966,475)
Total Capital Assets, net	22,485,615
Total Assets	23,035,394
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable and accrued liabilities	286,199
Salaries and wages payable	89,514
Due to other divisions of Bold City Education, Inc.	80,537
Lease liability, current	433,867
Total Current Liabilities	890,117
Lease liability	22,903,900
Total Liabilities	23,794,017
Net Position	
Net investment in capital assets	(852,152)
Unrestricted	93,529
Total Net Position	$ (758,623)

The accompanying notes are an integral part of this financial statement

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Statement of Activities
For the year ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 2,759,999	$ -	$ 116,648	$ -	$ (2,643,351)
Student support services	120,592	-	-	-	(120,592)
Instructional and development	125,484	-	-	-	(125,484)
Instructional staff training	37,877	-	-	-	(37,877)
Instructional related technology	3,600	-	-	-	(3,600)
Board	83,032	-	-	-	(83,032)
General administration	94,067	-	-	-	(94,067)
School administration	1,001,563	-	-	-	(1,001,563)
Facilities acquisition	386,694	-	-	-	(386,694)
Fiscal services	91,036	-	-	-	(91,036)
Food services	274,926	-	218,851	-	(56,075)
Pupil transportation	570	-	-	-	(570)
Operation of plant	1,460,995	-	-	1,039,055	(421,940)
Maintenance of plant	116,424	-	-	-	(116,424)
Administrative technology services	82,173	-	-	-	(82,173)
Unallocated depreciation	80,352	-	-	-	(80,352)
Debt service	712,770	-	-	-	(712,770)
Total governmental activities	7,432,154	-	335,499	1,039,055	(6,057,600)
General revenues:					
State and local sources					5,348,107
Other revenue					227,615
Change in net position					(481,878)
Net position, beginning, as restated					(276,745)
Net position, ending					$ (758,623)

The accompanying notes are an integral part of this financial statement

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	$ 70,448	$ -	$ -	$ 70,448
Investments	40,000	-	-	40,000
Due from charter holder	373,335	-	-	373,335
Due from other agencies	-	18,907	34,316	53,223
Due from fund	53,223	-	-	53,223
Prepaid expenses and other assets	12,773	-	-	12,773
Total Assets	549,779	18,907	34,316	603,002
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts payable and accrued liabilities	286,199	-	-	286,199
Salaries and wages payable	89,514	-	-	89,514
Due to other divisions of Bold City Education, Inc.	80,537	-	-	80,537
Due to fund	-	18,907	34,316	53,223
Total Liabilities	456,250	18,907	34,316	509,473
Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Nonspendable, not in spendable form	12,773	-	-	12,773
Unassigned	80,756	-	-	80,756
	93,529	-	-	93,529
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 549,779	$ 18,907	$ 34,316	$ 603,002

The accompanying notes are an integral part of this financial statement

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds		$ 93,529
Amounts reported for governmental activities in the statement of net position are different because:		
Depreciable and non-depreciable capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.		
Capital assets, depreciable	788,689	
Less: accumulated depreciation	(589,788)	
Right-of-use lease asset	24,253,189	
Less: accumulated amortization	(1,966,475)	22,485,615
Long-term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds.		(23,337,767)
Total Net Position - Governmental Activities		$ (758,623)

The accompanying notes are an integral part of this financial statement

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	$ -	$ -	$ 376,427	$ 376,427
State passed through local	4,860,857	-	-	4,860,857
Local sources	487,250	-	662,628	1,149,878
Federal sources	-	335,499	-	335,499
Charges for services and other revenue	227,615	-	-	227,615
Total Revenues	5,575,722	335,499	1,039,055	6,950,276
Expenditures:				
Current				
Instruction	2,643,351	116,648	-	2,759,999
Student support services	120,592	-	-	120,592
Instructional and development	125,484	-	-	125,484
Instructional staff training	37,877	-	-	37,877
Instructional related technology	3,600	-	-	3,600
Board	83,032	-	-	83,032
General administration	94,067	-	-	94,067
School administration	1,001,563	-	-	1,001,563
Facilities acquisition	386,694	-	-	386,694
Fiscal services	91,036	-	-	91,036
Food services	-	274,926	-	274,926
Pupil transportation	570	-		570
Operation of plant	727,319	-	78,184	805,503
Maintenance of plant	116,424	-	-	116,424
Administrative technology services	82,173	-	-	82,173
Debt Service:				
Redemption of principal	-	-	464,113	464,113
Interest	-	-	712,770	712,770
Total Expenditures	5,513,782	391,574	1,255,067	7,160,423
Excess (deficit) of revenues over expenditures	61,940	(56,075)	(216,012)	(210,147)
Other financing sources (uses)				
Transfers in (out)	(272,087)	56,075	216,012	-
Net change in fund balance	(210,147)	-	-	(210,147)
Fund Balance at beginning of year, as restated	303,676	-	-	303,676
Fund Balance at end of year	$ 93,529	$ -	$ -	$ 93,529

The accompanying notes are an integral
part of this financial statement

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
June 30, 2024

Net Change in Fund Balance - Governmental Funds		$ (210,147)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. These were the amounts for current year:		
Depreciation and amortization expense	(735,844)	(735,844)
Increase in long-term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.		
Principal payments on long-term liabilities	464,113	464,113
Change in Net Position of Governmental Activities		$ (481,878)

The accompanying notes are an integral
part of this financial statement

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

San Jose Prep ("School"), a charter school under Bold City Education, Inc., and is a component unit of the District School Board of Duval County, Florida. The School is sponsored by its charter-holder, Bold City Education, Inc., which was previously known as River City Educational Services, 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 not-for-profit corporation Board of Directors, which is comprised of four members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Bold City Education, Inc., as of June 30, 2024, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

These financial statements are for the year ended June 30, 2024, when on average 633 students were enrolled for the school year.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Duval County School Board, Florida, ("District"). The charter was renewed commencing July 1, 2021, and is effective until June 30, 2026, and the charter is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of 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.

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.

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.

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 about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. 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.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants 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 state and local 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 resources, equity, revenues and expenditures. The School reports the following major governmental funds:

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Special Revenue Fund – accounts for specific revenues, such as federal funding, and federal lunch program that are legally restricted to expenditures for particular purposes.

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.

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. 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.

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. The School considers revenues to be available.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 and Investments

Cash is held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The School's cash consists primarily of demand deposits with financial institutions.

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 3). Money market investment that has 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.

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 capitalizes assets with 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 of 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Right-of-use asset (building)	35 Years
Furniture, Fixtures and Equipment	5 - 7 Years
Improvements	5 - 8 Years

Compensated Absences

The School grants a specific number of paid time off days. Employees are eligible to one day per month to up to ten days of active work during the ten-month period, and up to twelve days of active works during the twelve-month period. In the event that available time is not used by the end of the period, ten-month employees may "rollover" unused days up to five days into the following school year and cannot exceed fifteen paid time off days in a period, and twelve-month employees may "rollover" up to 6 days and cannot exceed a balance of eighteen paid time off days in a period. If employment is terminated before the end of the contracted term, either by the employee or the employer, no paid time off will be paid out.

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.

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.

Revenue Sources

Revenues for current operations are received primarily from the state through 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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. In addition, the School receives a portion of the local operating millage revenues levied by the District (Referendum).

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 tax revenues levied by the District.

Finally, 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.

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 position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.

c) Unrestricted net position - all other net position 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 School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

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 lists below:

a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses.

Note 1 – Summary of Significant Accounting Policies (continued)

a) 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.

b) 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.

c) Assigned - fund balance classification is 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 were no assigned fund balances at year end.

d) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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.

Income Taxes

Bold City Education, 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.

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 non-spendable fund balance classification.

New Accounting Standard Adopted

In fiscal year 2024, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 100, *Accounting Charges and Error Corrections*. The adoption had no material effect on the School's financial statements as of June 30, 2024.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 101, *Compensating Absences*. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. 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 December 15, 2023.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through October 14, 2024, which is the date the financial statements were available to be issued.

Note 2 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2024:

	Balance 07/01/23	Additions	Retirements/ Reclassifications	Balance 06/30/24
Capital Assets, depreciable				
Improvements other than building	$ 191,502	$ -	$ -	$ 191,502
Furniture, fixtures and equipment	597,187	-	-	597,187
Total Capital Assets	788,689	-	-	788,689
Less Accumulated Depreciation:				
Improvements other than building	(51,705)	(16,088)	-	(67,793)
Furniture, fixtures and equipment	(457,731)	(64,264)	-	(521,995)
Total Accumulated Depreciation	(509,436)	(80,352)	-	(589,788)
Total Capital Assets, being depreciated net	$ 279,253	$ (80,352)	$ -	$ 198,901
Lease Assets:				
Right of use lease asset (building)	$ 24,253,189	$ -	$ -	$ 24,253,189
Less accumulated amortization	(1,310,983)	(655,492)	-	(1,966,475)
Total Lease Assets being amortized, net	22,942,206	(655,492)	-	22,286,714
Governmental Activities Capital Assets, net	$ 23,221,459	$ (735,844)	$ -	$ 22,485,615

For current year, unallocated depreciation expense was $80,352. Amortization expense of $655,492 was recorded under operation of plant in the statement of activities.

Note 3 – Deposits and Investments

Deposits

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *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, 2024, the School had $40,000 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, 2024, maturities of the fund's portfolio holdings are approximately 86% 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.

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 4 – Due from Other Agencies

The following is due from other agencies as of June 30, 2024:

Funding Source	Governmental Fund	
Capital Outlay (PECO)	Capital Projects Fund	$ 34,316
National School Lunch Program	General Fund	18,907
Total Due from Other Agencies, current		$ 53,223

Note 5 – Service Provider

Building Hope Services, LLC a professional charter school service provider, provides accounting and finance services, including, but not limited to, maintenance of the books and records, bookkeeping, budgeting, payroll processing, monthly and quarterly and year-end financial reporting.

The agreement between the School and the service provider calls for a fee of $100 per full time equivalent (FTE) student per year. The agreement can be terminated at any time by the board with 30-day notice. During the year ended June 30, 2024, the School incurred approximately $77,000 in service fees, net of any credits. Building Hope Services is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

Note 6 – Transactions with Other Divisions of Bold City Education, Inc.

The School entered into a contract effective July 1, 2020, with San Jose Schools Support, LLC ("SJSS"), a subsidiary of Bold City Education, Inc. (charter holder). The contract calls for SJSS to provide a broad range of administrative services to the School for a fee of 8% of State revenues. During the current year, the fees were waived by SJSS.

The due from charter holder balances in the statement of net position and the balance sheet – governmental funds are amounts due from San Jose Schools Support, LLC, the School's management company, for advance to and shared expenditures with San Jose Primary, and San Jose Early College at Cecil, charter schools under the same charter holder.

During the year, the School was allocated approximately $419,000 of shared salaries and wages expense for SJSS shared employees.

During the year, the School received National School Lunch Program funds on behalf of other divisions under Bold City Education, Inc. of which the balances remaining to be distributed as of year-end were $179,722 to San Jose Primary and $8,983 to San Jose Early College at Cecil. The balance due to San Jose Primary of $71,554 is net of other expense allocations.

Note 7 – Interfund Transfers

Interfund transfers in government funds as of June 30, 2024 consists of the followings:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund lunch deficit	$ (56,075)	$ 56,075	$ -
To fund debt service payments	(216,012)	-	216,012
Total Transfers, net	$ (272,087)	$ 56,075	$ 216,012
Due from/(Due to) fund balances are as follows:			
Due to General Fund from Capital Projects Fund for capital outlay	$ (34,316)	$ -	$ 34,316
Due to General Fund from Special Revenue Fund for NSLP	(18,907)	18,907	-
Total Due from/(Due to)	$ (53,223)	$ 18,907	$ 34,316

Note 8 – Long-Term Liabilities

The School entered into a 35-year lease for its educational facility with San Jose Growth Fund, LLC (an affiliate of the School and bond holder of the leased property – Note 6). The lease contains required monthly minimum lease payments as of that date and thereafter of $1,400 per student. Amortization of the leased asset recorded under this lease is included in operation of plant in the Statement of Activities in the accompanying financial statements. The agreement continues through December 31, 2056.

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 fiscal years 2021 and 2022. The average borrowing rate was 3% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of July 1, 2022.

For the year ended June 30, 2024, interest expense totaled $712,770, as it relates to its lease agreements. For the year ended June 30, 2024, variable payments of $535,336 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded as expense.

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

Year	Principal	Interest	Total	
2025	$ 433,867	$ 700,133	$ 1,134,000	
2026	446,883	687,117	1,134,000	
2027	460,289	673,711	1,134,000	
2028	474,098	659,902	1,134,000	
2029	488,321	645,679	1,134,000	
2030-2034	2,670,340	2,999,660	5,670,000	(Total for a five year period.)
2035-2039	3,095,656	2,574,344	5,670,000	(Total for a five year period.)
2040-2044	3,588,714	2,081,286	5,670,000	(Total for a five year period.)
2045-2049	4,160,303	1,509,697	5,670,000	(Total for a five year period.)
2050-2054	4,822,931	847,069	5,670,000	(Total for a five year period.)
2055-2057	2,696,365	138,636	2,835,001	(Total for a three year period.)
	$ 23,337,767	$ 13,517,234	$ 36,855,001	

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

	Balance 07/01/23	Additions	Deletions	Balance 06/30/24
Lease liability	$ 23,801,880	$ -	$ (464,113)	$ 23,337,767
	$ 23,801,880	$ -	$ (464,113)	$ 23,337,767

All the School's revenues (except for revenues restricted or assigned for specific programs) are pledged to the lease and security agreement for the outstanding principal and interest balance until maturity.

Note 9 – Contingencies and Concentrations

The School receives substantially all of its funding from state through 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 based on the qualifying revenues of the School. For the year ended June 30, 2024, administrative fees withheld by the School District totaled $94,067.

Note 10 – 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.

Note 11 – Defined Contribution Plan

The School participated in a defined contribution 401(k) retirement plan. The School contributed a 6% maximum match for participating employees. Contributions made by the School totaled $4,952 for the year ended June 30, 2024. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

Note 12 – Restatement

The School has determined a restatement to the beginning net position was required. The effect of the restatements resulted in a decrease to the beginning net deficit of the government wide financial statements by $74,198.

REQUIRED SUPPLEMENTARY INFORMATION

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	$ 5,187,850	$ 4,860,857	$ 4,860,857
Local sources	-	487,250	487,250
Charges for services and other revenue	-	227,615	227,615
Total Revenues	5,187,850	5,575,722	5,575,722
EXPENDITURES			
Current:			
Instruction	1,725,000	2,643,351	2,643,351
Student support services	300,000	120,592	120,592
Instructional and development	-	125,484	125,484
Instructional staff training	-	37,877	37,877
Instructional related technology	-	3,600	3,600
Board	135,714	83,032	83,032
General administration	764,325	94,067	94,067
School administration	600,000	1,001,563	1,001,563
Facilities acquisition	140,333	386,694	386,694
Fiscal services	150,000	91,036	91,036
Central services	88,229	-	-
Pupil transportation	1,443	570	570
Operation of plant	624,800	727,319	727,319
Maintenance of plant	216,000	116,424	116,424
Administrative technology services	150,000	82,173	82,173
Total Current Expenditures	4,895,844	5,513,782	5,513,782
Excess (Deficit) of Revenues Over Current Expenditures	292,006	61,940	61,940
Total Expenditures	4,895,844	5,513,782	5,513,782
Excess (Deficit) of Revenues Over Expenditures	292,006	61,940	61,940
Other financing sources (uses):			
Transfers in (out)	-	(272,087)	(272,087)
Net change in fund balance	292,006	(210,147)	(210,147)
Fund Balance at beginning of year	303,676	303,676	303,676
Fund Balance at end of year	$ 595,682	$ 93,529	$ 93,529

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.

San Jose Prep
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	$ 308,577	$ 335,499	$ 335,499
Total Revenues	308,577	335,499	335,499
EXPENDITURES			
Current:			
Instruction	161,004	116,648	116,648
Student support services	11,681	-	-
Food services	135,892	274,926	274,926
Total Current Expenditures	308,577	391,574	391,574
Deficit of Revenues			
Over Current Expenditures	-	(56,075)	(56,075)
Total Expenditures	308,577	391,574	391,574
Deficit of Revenues Over Expenditures	-	(56,075)	(56,075)
Other financing sources (uses)			
Transfers in (out)	-	56,075	56,075
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ -	$ -	$ -

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.

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
San Jose Prep
Jacksonville, Florida

We have audited, 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, the financial statements of the governmental activities and each major fund of San Jose Prep (the "School") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise San Jose Prep's basic financial statements, and have issued our report thereon dated October 14, 2024.

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 School'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. Significant deficiencies may exist that were not identified.

We consider the deficiency described in the accompanying Appendix to Management Letter as item ML 24-01 to be material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as described in the accompanying management letter dated October 14, 2024 pursuant to Chapter 10.850, Rules of the Auditor General.

Status of Prior Year Findings and Recommendations

Condition: During the year, there was a significant period (Gap) in which the School's established internal control policies and procedure over financial reporting and compliance were not followed.

Status: The School has taken measures to correct the prior year finding by engaging with Building Hope Services, LLC, as a third-party service provider to provide accounting and finance services which began providing services as of May 1, 2023.

San Jose Prep's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the San Jose Prep's response to the findings identified in our engagement and described in the accompanying Appendix to Management Letter. San Jose Prep's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

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 School's internal control or on compliance. This report is an integral part of an engagement to perform in accordance with *Government Auditing Standards* in considering San Jose Prep's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, FL
October 14, 2024

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

To the Board of Directors of
San Jose Prep
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of San Jose Prep, Jacksonville, Florida as of and for the fiscal year ended June 30, 2024 and have issued our report thereon dated October 14, 2024.

Auditor's Responsibility

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

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 October 14, 2024, 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.

See attached addendum titled Status of Prior Year Findings and Recommendations.

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 San Jose Prep, (WL #5381).

Financial Condition and Management

Section 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 San Jose Prep 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 San Jose Prep 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 San Jose Prep. It is management's responsibility to monitor San Jose Prep'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 communicate any recommendation to improve financial management. In connection with our audit, we have the recommendations which are described in the accompanying appendix to the management letter as item ML – 24-01.

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 San Jose Prep maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that San Jose Prep maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse, that have occurred, or are likely to have occurred, that has 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 Duval County, Federal and other granting agencies, the Board of Directors of Bold City Education, Inc., and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

HLB Grassi, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 14, 2024

Appendix to Management Letter
June 30, 2024

Status of Prior Year Findings and Recommendations

ML – 23-01 Internal Control

Recommendation: We recommend that current management continue their efforts to re-establish the School's internal control to ensure that they can meet their responsibility of preparing and presenting fair 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 and ensure 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.

Status: The School has taken measures to correct the prior year finding by engaging with Building Hope Services, LLC, as a third-party service provider to provide accounting and finance services which began providing services as of May 1, 2023.

Current Year's Observations, Recommendations, and Management's Responses

ML – 24-01 DISBURSEMENTS, ACCOUNTS PAYABLE COMPLETENESS AND CUTOFF

Criteria: The School implemented an internal control system to reduce the risk of misappropriation of assets and/or invalid payments by establishing a general policy regarding cash disbursements via the use of Building Hope's third-party accounting services and CharterAce software for approvals. It is important to reconcile database ledgers or supporting schedules to the general ledger to ensure the accuracy of financial information related to shared expenses with other charter schools.

Condition: During our audit, we noted various disbursements without supporting invoices and/or lack of appropriate approvals on the supporting CharterAce software. In addition, we identified instances in which invoices relating to goods received or services performed prior to the year-end date were not recorded as payables in the proper period.

Cause: During our audit, we noted that the third-party accountant did not have access to certain expense databases for shared expenses with other charter schools under Bold City Education, Inc. maintained by School management. In addition, school personnel did not consistently adhere to the procedures regarding cash disbursements.

Effect: Significant adjustments were required relating to operating expenses and accounts payable, as a result of our audit. Failure to perform procedures mentioned above could result in misstatement of liabilities, misappropriation of assets and/or invalid payments.

Recommendation: We recommend that the School adhere to the internal control policies and procedures relating to cash disbursements so that all disbursements are properly approved and have the appropriate source documentation on file. In addition, we recommend that a policy be implemented where all database ledgers and/or supporting schedules are reconciled monthly to the general ledger. Invoices received subsequent to year-end should also be reviewed in order to determine if any unrecorded liabilities exist at year-end, and if necessary, an accrual should be recorded for those items identified as relating to the prior period.

Views of Responsible Officials: See Letter Attached.

October 14th, 2024

Juliana Delmas, CPA
Audit Partner
HLB Gravier, LLP
4000 Ponce de Leon Blvd, Suite 610
Coral Gables, FL 33146

RE: Response to Management Letter — San Jose Prep

Ms. Delmas:

I am writing on behalf of Bold City Education, Inc. f/k/a River City Education Organization, Inc. ("Bold City") in response to the findings and recommendations in the Management Letter issued by HLB Gravier, LLP in relation to the audit of San Jose Prep (the "School") for the fiscal year ending June 30, 2024.

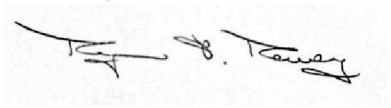
ML–23-01 Internal Control

Bold City continues to make efforts to improve internal controls in partnership with Building Hope. Services LLC ("Building Hope"). With the use of Charter Ace software, the approval process is a key component to allow for greater emphasis on financial accountability. We are also working with a 3rd party vendor to perform an operational compliance review of all internal control processes. With this we will continue to work to fine tune the overall management of all financial activity that takes place within each of our schools.

ML – 24-01 DISBURSEMENTS, ACCOUNTS PAYABLE COMPLETENESS AND CUTOFF

Bold City is continuing to collaborate with Building Hope and is also coordinating with a 3rd party to perform an operations compliance review. Some of the missing documentation in the Charter Ace platform was a result of Bold City transitioning over to the platform during the fiscal year. Going forward, appropriate supporting documentation will be uploaded to Charter Ace for all disbursements and all cash disbursement procedures will be followed. In addition, Bold City believes Building Hope did have appropriate access to all necessary accounts and expense databases but will verify this going forward. Bold City will follow and implement the recommendations of the auditor.

Sincerely,



Ryan L. Rewey, CEO
Bold City Education, Inc.