HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

San Jose Early College at Cecil

(A charter school under Bold City Education, Inc. f/k/a/ River City Education Organization, Inc.)

(A Charter School and Component Unit of The District School Board Of Duval County, Florida)

Jacksonville, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2023

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San Jose Early College at Cecil
(A charter school under Bold City Education, Inc.)

5640 POW-MIA Parkway,
Jacksonville, Florida 32221.

2022-2023

Board of Directors

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

School Administration

Michelle Knapp, Principal

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
San Jose Early College at Cecil
Jacksonville, Florida

Disclaimer Opinion

We were engaged to audit the accompanying financial statements of the governmental activities and each major fund of San Jose Early College at Cecil ("School"), a charter school under Bold City Education, Inc. f/k/a River City Education Organization, Inc. and component unit of the District School Board of Duval County, Florida, for the period from inception July 1, 2021 to June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of San Jose Early College at Cecil. Because of the significance of the matters described in the Basis for Disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinions

During the year, the School experienced turnover, due to allegations of mis-use of management authority, in key personnel 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. As a result, there was a significant gap in internal controls preventing financial data from being accumulated and recorded in a timely manner under the School's established internal control system, which is designed to ensure that management is able to provide assertions as to the accuracy and valuation, existence, completeness, rights and obligations and presentation and disclosure of recorded balances and amounts. Accordingly, current management was unable to provide such assertions on the School's financial statement, because of the pervasiveness of these matters, we were unable to obtain sufficient audit evidence to provide an opinion on these financial statements.

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2023, and the respective changes in financial position for the year then ended, 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, 2023, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Early College at Cecil'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 responsibility is to conduct an audit of San Jose Early College at Cecil's financial statements in accordance with auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of San Jose Early College at Cecil and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit.

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 26 to 27 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. Because of the significance of the matters discussed in the basis for disclaimer of opinion paragraph, we do not express an opinion or provide any assurance on the information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 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
December 11, 2023

Management's Discussion and Analysis
San Jose Early College at Cecil
(A Charter school Under Bold City Education, Inc.)
June 30, 2023

The corporate officers of Bold City Education, Inc. have prepared this narrative overview and analysis of the School's financial activities for the period from inception to June 30, 2023, the School's first year of operations.

Financial Highlights

1. The net position of the School at June 30, 2023 was a deficit of $1,092,564.
2. At year-end, the School had current assets on hand of $134,875.
3. The School had a decrease in its net position of $1,092,564 during the period from inception through June 30, 2023.
4. The unassigned fund balance at year end was $(158,651).

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, 2023 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 - 25 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 position was $1,092,564 at the close of the fiscal year. A summary of the School's net position as of June 30, 2023 and 2022 is as follows:

	2023
Current assets:	
Due from charter holder	$ 27,422
Due from government agencies	107,453
Capital and right-of-use capital assets, net	18,189,793
Total Assets	18,324,668
Deferred outflows of resources	-
Current liabilities:	
Accounts Payable	34,205
Due to charter holder	259,321
Lease liability	19,123,706
Total Liabilities	19,417,232
Deferred inflows of resources	-
Net Position:	
Net investment in capital assets	(933,913)
Unrestricted	(158,651)
Total Net Position	$ (1,092,564)

At the end of current fiscal year, the School report deficit balance in total net position.

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

	2023
REVENUES	
Program Revenues	
Operating Grants and Contributions	$ 123,772
Capital grants and contributions	64,983
General Revenues	
Local sources(FTE non specific)	859,248
Charges for Services and other revenues	32,403
Total Revenues	$ 1,080,406
EXPENSES	
Governmental Activities:	
Instruction	$ 408,918
Student support services	23,225
Instructional staff training	2,007
Instructional related technology	9,171
Board	1,846
General administration	136,227
School administration	147,513
Facilities acquisition	955
Fiscal services	64,830
Food services	58,332
Central services	9,324
Pupil transportation	87,625
Operation of plant	117,002
Maintenance of plant	3,802
Debt Service - Interest	567,199
Unallocated amortization	534,994
Total Expenses	2,172,970
(Decrease)/Increase in Net Position	(1,092,564)
Net Position at Inception	-
Net Position at End of Year	$ (1,092,564)

The School was in its first year of operations and recognized $1,080,406 in revenues and incurred $2,172,970 in expenses. The School had a decrease in its net position of $1,092,564 for the period from inception through June 30, 2023.

School Location and Lease of Facility

The School's leased facilities are located at 5640 POW-MIA Parkway, Jacksonville, Florida 32221.

Capital Improvement Requirements

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

School Enrollment

This past year, the School had an average of 120 students enrolled in grades nine 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 $(158,651). The fund balance unassigned and available for spending at the School's discretion is $(158,651). These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2023 amounts to $0 (net of accumulated depreciation) and right of use lease asset (building) $18,189,793 (net of accumulated amortization). This investment in capital assets includes right of use lease asset (building). As of June 30, 2023, the School had long term liabilities of $19,123,706 associated to its capital assets.

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			
Capital grants and contributions	$ -	$ 64,983	$ 64,983
Federal sources	-	123,772	123,772
Lunch fees	-		-
Charges for services and other revenues	-		-
General Revenues			
FTE nonspecific revenues	725,000	859,248	859,248
Charges for services and other revenues		32,403	32,403
Total Revenues	725,000	1,080,406	1,080,406
CURRENT EXPENDITURES			
Governmental Activities:			
Instruction	350,000	408,918	408,918
Student support services	23,000	23,225	23,225
Instructional staff training	2,000	2,007	2,007
Instructional related technology	-	9,171	9,171
Board	10,000	1,846	1,846
General administration	35,000	136,227	136,227
School administration	180,000	147,513	147,513
Facilities acquisition	-	955	955
Fiscal services	5,000	64,830	64,830
Food services	-	58,332	58,332
Central services	10,000	9,324	9,324
Pupil transportation	10,000	87,625	87,625
Operation of plant	15,000	117,002	117,002
Maintenance of plant	3,000	3,802	3,802
Administrative technology services	5,000	-	-
Community Services	-	-	-
Total Current Expenditures	$ 648,000	$ 1,070,777	$ 1,070,777

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 San Jose Early College at Cecil, 4072 Sunbeam Road, Jacksonville, Florida 32257.

San Jose Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Statement of Net Position
June 30, 2023

	Government Governmental Activities
Assets	
Current Assets:	
Due from charter holder	27,422
Due from governmental agencies	107,453
Total Current Assets	134,875
Right of use lease asset	18,724,787
Less: accumulated amortization	(534,994)
Total capital assets	18,189,793
Total Assets	18,324,668
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable and accrued expenses	34,205
Due to charter holder	259,321
Total Current Liabilities	293,526
Lease liability	19,123,706
Total Liabilities	19,417,232
Net Position	
Net investment in capital assets	(933,913)
Unrestricted	(158,651)
Total Net Position	$ (1,092,564)

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

San Jose Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Statement of Activities
For the period from inception to June 30, 2023

Primary Government:	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	$ 408,918	$ -	$ 960	$ -	$ (407,958)
Student support services	23,225	-	-	-	(23,225)
Instructional staff training	2,007	-	-	-	(2,007)
Instructional related technology	9,171	-	-	-	(9,171)
Board	1,846	-	-	-	(1,846)
General administration	136,227	-	-	-	(136,227)
School administration	147,513	-	-	-	(147,513)
Facilities acquisition	955	-	-	-	(955)
Fiscal services	64,830	-	-	-	(64,830)
Food services	58,332	-	122,812	-	64,480
Central services	9,324	-	-	-	(9,324)
Pupil transportation	87,625	-	-	-	(87,625)
Operation of plant	117,002	-	-	-	(117,002)
Maintenance of plant	3,802	-	-	-	(3,802)
Unallocated amortization	534,994	-	-	-	(534,994)
Debt service	567,199	-	-	64,983	(502,216)
Total governmental activities	2,172,970	-	123,772	64,983	(1,984,215)
	General revenues:				
	FTE and other nonspecific revenues				859,248
	Interest and other revenue				32,403
	Change in net position				(1,092,564)
	Net position, at inception				-
	Net position, ending				$ (1,092,564)

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

San Jose Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Due from charter holder	$ 27,422	$ -	$ -	$ 27,422
Due from other agencies	-	107,453	-	107,453
Due from fund	107,453	-	-	107,453
Total Assets	134,875	107,453	-	242,328
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts Payable	34,205	-	-	34,205
Due to charter holder	259,321	-	-	259,321
Due to fund	-	107,453	-	107,453
Total Liabilities	293,526	107,453	-	400,979
Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Unassigned	(158,651)	-	-	(158,651)
	(158,651)	-	-	(158,651)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 134,875	$ 107,453	$ -	$ 242,328

The accompanying notes are an integral part of these financial statements

San Jose Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds		$ (158,651)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of accumulated amortization used in governmental activities are not financial resources and therefore are not reported in the fund.		
Right-of-use lease asset	18,724,787	
Less: accumulated amortization	(534,994)	18,189,793
Long-term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds.		(19,123,706)
Total Net Position - Governmental Activities		$ (1,092,564)

The accompanying notes are an integral part of these financial statements

San Jose Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the period from inception June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	$ -	$ -	$ 64,983	$ 64,983
State passed through local	859,248	-	-	859,248
Federal sources	-	123,772	-	123,772
Charges and other revenue	32,403	-	-	32,403
Total Revenues	891,651	123,772	64,983	1,080,406
Expenditures:				
Current				
Instruction	408,918	-	-	408,918
Student support services	23,225	-	-	23,225
Instructional staff training	2,007	-	-	2,007
Instructional related activities	9,171	-	-	9,171
Board	1,846	-	-	1,846
General administration	136,227	-	-	136,227
School administration	147,513	-	-	147,513
Facilities acquisition	955	-	-	955
Fiscal services	64,830	-	-	64,830
Food services	-	58,332	-	58,332
Central services	9,324	-	-	9,324
Pupil transportation	87,625	-		87,625
Operation of plant	117,002	-	-	117,002
Maintenance of plant	3,802	-	-	3,802
Capital Outlay:				
Right-of-use lease asset	18,724,787	-	-	18,724,787
Debt Service:				
Accretion of Principal	-	-	(398,919)	(398,919)
Interest	-	-	567,199	567,199
Total Expenditures	19,737,232	58,332	168,280	19,963,844
Excess (deficit) of revenues over expenditures	(18,845,581)	65,440	(103,297)	(18,883,438)
Other financing sources (uses)				
Transfers in (out)	(37,857)	(65,440)	103,297	-
Increase in lease liability	18,724,787	-	-	18,724,787
Net change in fund balance	(158,651)	-	-	(158,651)
Fund Balance at inception	-	-	-	-
Fund Balance at end of year	$ (158,651)	$ -	$ -	$ (158,651)

The accompanying notes are an integral part of these financial statements

San Jose Early College at Cecil
(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
For the period from inception to June 30, 2023

Net Change in Fund Balance - Governmental Funds		$ (158,651)
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 amortization expense.		
Amortization expense	(534,994)	(534,994)
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.		
Accredtion of principal on long-term liabilities		(398,919)
Change in Net Position of Governmental Activities		$(1,092,564)

The accompanying notes are an integral
part of these financial statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

San Jose Early College at Cecil ("School"), a charter school under Bold City Education, Inc., which was previously known as River City Education Organization, 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., 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 not less than three 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, 2023, 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.

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 granted starting the fiscal year July 1, 2021 and is effective until June 30, 2027, the schools first year of operation was the fiscal year 2022- 2023 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. This was the first year of operations of the School.

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

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, federal lunch program. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

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. 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 and cash equivalents are 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.

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 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:

Right-of-use asset (building)	35 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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.

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 amortization 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 District’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:

Note 1 – Summary of Significant Accounting Policies (continued)

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 inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned)

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 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 are no assigned fund balances at year end.

e) 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 nonspendable fund balance classification.

New Accounting Standard Adopted

In fiscal year 2023, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB 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 adoption had no effect on the School's 2023 financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

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. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

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 December 11, 2023, 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 for the year ended June 30, 2023:

	Balance Inception	Additions	Retirements/ Reclassifications	Balance 06/30/23
Capital Assets, non-depreciable				
Improvements other than building	$ -	$ -	$ -	$ -
Furniture, fixtures and equipment	-	-	-	-
Total Capital Assets	$ -	$ -	$ -	$ -
Less Accumulated Depreciation:				
Improvements other than building	$ -	$ -	$ -	$ -
Furniture, fixtures and equipment	-	-	-	-
Total Accumulated Depreciation	$ -	$ -	$ -	$ -
Total Capital Assets, being depreciated net	$ -	$ -	$ -	$ -
Lease Assets:				
Right of use lease asset (building)	$ -	$18,724,787	$ -	$18,724,787
Less accumulated amortization	-	(534,994)	-	(534,994)
Total Lease Assets being amortized, net	$ -	$18,189,793	$ -	$18,189,793
Governmental Activities Capital Assets, net	$ -	$18,189,793	$ -	$18,189,793

Note 3 – Cash and Cash Equivalents

Custodial Credit Risk – Deposits. 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. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to $250,000. As of June 30, 2023, the School was not exposed to custodial credit risk.

Note 4 –Operating agreement and transactions within other divisions of Bold City Education, Inc.

The School entered into a contract effective July 1, 2022, with San Jose Schools Support, LLC (SJSS). The contract calls for SJSS to provide a broad range of administrative services to the School for a fee of 8% of State revenues. Fees under this agreement incurred to SJSS during the fiscal year amounted to $86,058.

The accounts receivable/payables 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 shared expenditures with San Jose Prep and San Jose Primary, charter schools under the same charter holder. The School expects to receive full payment within one year from the financial statement date and no allowance for uncollectible accounts has been established.

Note 5 –Interfund Transfers

Interfund transfers in government funds as of June 30, 2023 consists of the followings:

	General Fund	Special Revenue Fund	Capital Projects Fund
Lunch transfer	$ 65,440	$ (65,440)	$ -
To fund debt service payments	(103,297)	-	103,297
Total Transfers, net	$ (37,857)	$ (65,440)	$ 103,297
Due from/(Due to) fund balances are as follows:			
Due to General Fund from Special Revenue Fund for NSLP	$ 107,453	$ (107,453)	$ -
Total Due from/(Due to)	$ 107,453	$ (107,453)	$ -

Note 6 – Long-Term Liabilities

The School entered into a 35-year lease for its educational facility starting July 1, 2022. The lease contains required monthly minimum lease payments as of that date and thereafter. The fair value of the leased asset is $18,724,787. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

Note 6 – 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. 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 year 2023.

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 June 30, 2023.

For the year ended June 30, 2023, interest expense totaled $567,199, as it relates to its lease agreements. For the year ended June 30, 2023, there were no variable credits and other payments in connection with the lease agreement not previously included in the measurement of the lease liability.

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

Year	Principal	Interest	Total	
2024	(49,387)	574,387	525,000	
2025	55,567	574,433	630,000	
2026	163,713	571,287	735,000	
2027	275,148	564,852	840,000	
2028	389,973	555,027	945,000	
2029-2033	2,135,169	2,589,831	4,725,000	(Total for a five year period.)
2034-2038	2,480,248	2,244,752	4,725,000	(Total for a five year period.)
2039-2043	2,881,098	1,843,902	4,725,000	(Total for a five year period.)
2044-2048	3,346,732	1,378,268	4,725,000	(Total for a five year period.)
2049-2053	3,887,620	837,380	4,725,000	(Total for a five year period.)
2054-2057	3,557,822	222,178	3,780,000	(Total for a four year period)
	$ 19,123,706	$ 11,956,294	$ 31,080,000	

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

	Balance Inception	Additions	Accretion	Balance 06/30/23
Lease liability	$ -	$ 18,724,787	$ 398,919	$ 19,123,706
	$ -	$ 18,724,787	$ 398,919	$ 19,123,706

Note 7 – Commitments, Contingencies and Concentrations

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. The revenues pledged during the school year ended June 30,2023, exceeded the required principal and interest for that period.

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, 2023, administrative fees withheld by the School District totaled $41,479.

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage during the year, this was the first year of operations. In addition, there were no reductions in insurance coverage from those in the prior year.

Note 9 – Pension 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 $683 for the year ended June 30, 2023. 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.

REQUIRED SUPPLEMENTARY INFORMATION

San Jose Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the period from inceptionJune 30, 2023

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	$ 725,000	$ 859,248	$ 859,248
Charges and other revenue	-	32,403	32,403
Total Revenues	725,000	891,651	891,651
EXPENDITURES			
Current:			
Instruction	350,000	408,918	408,918
Student support services	23,000	23,225	23,225
Instructional staff training	2,000	2,007	2,007
Instructional related technology	-	9,171	9,171
Board	10,000	1,846	1,846
General administration	35,000	136,227	136,227
School administration	180,000	147,513	147,513
Facilities acquisition	-	955	955
Fiscal services	5,000	64,830	64,830
Food services	-	-	-
Central services	10,000	9,324	9,324
Pupil transportation	10,000	87,625	87,625
Operation of plant	15,000	117,002	117,002
Maintenance of plant	3,000	3,802	3,802
Administrative technology services	5,000	-	-
Community services	-	-	-
Total Current Expenditures	648,000	1,012,445	1,012,445
Excess (Deficit) of Revenues Over Current Expenditures	77,000	(120,794)	(120,794)
Capital Outlay			
Right of use leased assets	-	18,724,787	18,724,787
Total Capital Outlay and Debt Service Expenditures	-	18,724,787	18,724,787
Total Expenditures	648,000	19,737,232	19,737,232
Excess (Deficit) of Revenues Over Expend	77,000	(18,845,581)	(18,845,581)
Other financing sources (uses):			
Transfers in (out)	-	(37,857)	(37,857)
Increase in lease liability	-	18,724,787	18,724,787
Net change in fund balance	77,000	(158,651)	(158,651)
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ 77,000	$ (158,651)	$ (158,651)

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 Early College at Cecil
(A Charter School under Bold City Education, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2023

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding			
Local capital improvement revenue			-
Federal sources	$ -	$ 123,772	$ 123,772
Lunch fees	-	-	-
Charges and other revenue	-	-	-
Total Revenues	-	123,772	123,772
EXPENDITURES			
Current:			
Instruction	-	-	-
Student support services	-	-	-
Instructional staff training	-	-	-
Food services	-	58,332	58,332
Maintenance of plant	-	-	-
Community services	-	-	-
Total Current Expenditures	-	58,332	58,332
Deficit of Revenues Over Current Expenditures	-	65,440	65,440
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay			
Other Capital Outlay	-	-	-
Total Capital Outlay and Debt Service Expenditures	-	-	-
Total Expenditures	-	58,332	58,332
Deficit of Revenues Over Expenditu	-	65,440	65,440
Other financing sources (uses)			
Transfers in (out)	-	(65,440)	(65,440)
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 Early College at Cecil
Jacksonville, Florida

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of San Jose Early College at Cecil as of and for the period from inception through June 30, 2023, and the related notes to the financial statements, which collectively comprise San Jose Early College at Cecil's basic financial statements, and have issued our report thereon dated December 11, 2023. Our report disclaims an opinion on such financial statements because of the matters disclosed in the Basis for Disclaimer of Opinion section of that report.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of San Jose Early College at Cecil, we considered San Jose Early College at Cecil'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 San Jose Early College at Cecil's internal control. Accordingly, we do not express an opinion on the effectiveness of San Jose Early College at Cecil's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Appendix to Management Letter, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 San Jose Early College at Cecil's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Appendix to Management Letter as item ML 23-01 to be material weakness.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of San Jose Early College at Cecil, 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 engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standard*. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

San Jose Early College at Cecil's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the San Jose Early College at Cecil's response to the findings identified in our engagement and described in the accompanying Appendix to Management Letter. San Jose Early College at Cecil'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 San Jose Early College at Cecil'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 Early College at Cecil's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HLB Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, FL
December 11, 2023

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

To the Board of Directors of
San Jose Early College at Cecil
Jacksonville, Florida

Report on the Financial Statements

We were engaged to audit the financial statements of San Jose Early College at Cecil, Jacksonville, Florida as of and for the period from inception ended June 30, 2023 and have issued a disclaimer of opinion thereon dated December 11, 2023.

Auditor's Responsibility

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

Other 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 December 11, 2023, 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 as this was the School's first year of operations.

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 Early College at Cecil.

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 Early College at Cecil 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 Early College at Cecil 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 Early College at Cecil. It is management's responsibility to monitor San Jose Early College at Cecil'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 – 23-01.

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 Early College at Cecil 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 Early College at Cecil maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, 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
December 11, 2023

Appendix to Management Letter
Current Year's Observations, Recommendations, and Management's Responses
June 30, 2023

ML – 23-01 Internal Control

Criteria: 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 and 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

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.

Cause: The School experienced turnover in key personnel and external vendors 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.

Effect: The Gap in internal control prevented financial data from being accumulated and recorded in a timely manner. Accordingly, current management is unable to provide assertions as to the accuracy and valuation, existence, completeness, rights and obligations and presentation and disclosure of recorded balances and amounts nor 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.

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.

Views of Responsible Officials: See Letter Attached

Regino Rodriguez, CPA
HLB Gravier, LLP
396 Alhambra Circle, 9th floor
Coral Gables, FL 33134

RE: Response to Management Letter — San Jose Early College at Cecil

Mr. Rodriguez:

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 Early College at Cecil (the "School") for the fiscal year ending June 30, 2023.

ML–23-01 Internal Control

Bold City acknowledges that there were certain gaps in the School's internal controls and financial reporting for the 22-23 fiscal year. These gaps were primarily caused by the failure of a key employee to follow the School's internal controls and ensure proper recordkeeping. There also appears to have been insufficient recordkeeping on the part of an outside contractor that provided back office and financial services to the School. Once Bold City identified this issue, the employee in question resigned from the organization. The contractor in question was also replaced by a new outside contractor, Building Hope Services, LLC, that took over the School's finances and reporting as of May 1, 2023.

Bold City has taken significant measures to strengthen its financial controls and ensure that all financial data is appropriately accumulated and recorded. Since Building Hope began servicing the School in May 2023, there has been appropriate backup maintained for all financial transactions, including for the months of May through June 2023. Bold City has strengthened transparency and accountability by, among other things, granting bank account view access to more key personnel, adding additional layers of review for financials, moving to an electronic bill pay system, and opening additional bank accounts for each cost center. Bold City is also working to hire an in-house Chief Financial Officer to oversee the School's financials and adherence to generally accepted accounting principles. These measures will ensure greater accountability and an absence of data gaps in future fiscal years.

Sincerely,

Ryan Rewey, Interim CEO
Bold City Education, Inc.