
FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-6
Governmental Fund (General Fund) Balance Sheet	7
Statement of Net Position	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	9
Statement of Governmental Fund / Revenues, Expenditures and Changes in Fund Balance	10
Statement of Activities	11
Reconciliation of Statement of Revenues, Expenditures And Changes in Fund Balance of Government Fund to the Statement of Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual – All Governmental Fund Types	13
Notes to Financial Statements	14-21
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22-23
Management Letter	24-25

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Florida Futures Academy Charter School, Inc. ("the School") (a nonprofit organization) as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

To The Board Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida
Page 2

Opinion

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, I have also issued my report dated September 17, 2021, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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*** and should be considered in assessing the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 17, 2020

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Florida Futures Academy Charter School, Inc.’s (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2021.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements, which begin on page 7.

For financial statement purposes the School is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. The School included separate statements for the Governmental Fund (General Fund) Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON-FINANCIAL HIGHLIGHTS

The School’s average daily enrollment in fiscal 2020-2021 was 141 students. The School expects to have 150 students for the 2021-2022 school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when earned or incurred.

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

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds – All of the School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to the 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 14-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$402,393 at June 30, 2021.

NET ASSETS

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Capital Assets	\$ 40,615	\$ 7,969
Current and Other Assets	537,669	405,194
Total Assets	<u>\$ 578,284</u>	<u>\$ 413,163</u>
Long-Term Liabilities	\$ 166,000	178,000
Other Liabilities	9,891	8,543
Total Liabilities	<u>\$ 175,891</u>	<u>\$ 186,543</u>
Investment in Capital	\$	\$
Assets Net of Related Debt	40,615	7,969
Debt Service	(166,000)	(178,000)
Unrestricted Assets	421,471	396,651
Total Net Position	<u>\$ 402,393</u>	<u>\$ 226,620</u>

Revenues from governmental activities totaled \$1,145,380 for the year ended June 30, 2021. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue amounted to \$1,017,724 and represented approximately 88.9% of total revenue from governmental activities.

	<u>6/30/21</u>	<u>% of Total 6/30/21</u>	<u>6/30/20</u>	<u>% of Total 6/30/20</u>
Revenue Source				
State Sources	\$ 1,091,888	95.3	\$ 1,052,430	97.6
Federal Sources	53,492	4.7	24,036	2.2
Local Sources	458	-	1,786	.2
Total	<u>\$ 1,145,838</u>	<u>100.0</u>	<u>\$ 1,078,252</u>	<u>100.0</u>

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Federal revenue sources are primarily from the IDEA Grant.

Local revenue sources are primarily food sales and income from grants, bequests and investments.

Expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/21</u>	<u>% of Total 6/30/21</u>	<u>6/30/20</u>	<u>% of Total 6/30/20</u>
Instruction	\$ 222,939	23.1	\$ 261,663	27.6
Instructional Support Services	22,490	1.5	14,195	1.5
General Administration	50,876	5.1	48,195	5.1
School Administration	221,739	21.3	201,809	21.3
Facilities Acquisition	234,342	26.0	246,867	26.0
Board Services	9,768	.9	8,773	.9
Fiscal Services	26,386	3.0	28,574	3.0
Pupil Transportation	4,024	.7	6,325	.7
Central services	3,650	2.7	25,628	2.7
Operation of Plant	141,052	7.1	67,601	7.1
Maintenance of Plant	1,182	1.7	15,787	1.7
Administrative Technology	24,728	1.0	9,438	1.0
Depreciation	6,889	1.5	13,941	1.5
Total	\$ 970,065	100.0	\$ 948,796	100.0

BUDGETARY HIGHLIGHTS

Federal and State revenues were \$40,000 more than budget because of the school received more federal grants than were budgeted.

Expenditures were less than budgeted by approximately \$20,000 primarily due to an across the board reduction in costs..

Total fund balance of the General Fund was \$527,777 at June 30, 2021.

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2021 was \$40,615 (net of depreciation). The investment includes leasehold improvements and software. The following is a summary of capital assets balances at June 30, 2021:

Leasehold Improvements	12,485
Computer Equipment	128,160
	<u>140,645</u>
Less Accumulated Depreciation	100,030
	<u>\$ 40,615</u>

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The School is projecting 150 students for the 2021-2022 School Year.
- The School Administration believes that the School will continue to progress, contribute to the educational needs of the mentally and emotionally challenged youths of Palm Beach County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Reg Maton, Business Manager, at 1760 N. Congress Avenue, West Palm Beach, Florida 33409.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Governmental Fund Balance Sheet
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash	\$424,679
Grant receivable	6,683
Other current assets	
Deposits	<u>106,307</u>
Total Assets	<u><u>537,669</u></u>
LIABILITIES	
Accounts Payable	368
Accrued Salaries	<u>9,523</u>
Total Liabilities	<u>9,891</u>
FUND BALANCE	
Restricted	
Nonspenable	106,307
Unassigned	<u>421,471</u>
	<u>527,778</u>
Total Liabilities and Fund Balance	<u><u>\$537,669</u></u>

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

STATEMENT OF NET POSITION

June 30, 2021

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	424,679		424,679
Grant Receivable	1130	6,683		6,683
Deposits	1210	106,307		106,307
Other current assets	1220			
Capital Assets:				
Leasehold Improvements	1320	12,485		
Less Accumulated Depreciation	1329	(1,769)		
Furniture, Fixtures and equipment	1340			
Less Accumulated Depreciation	1349			
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Equipment	1382	128,160		128,160
Less Accumulated Depreciation	1389	(98,261)		(98,261)
Total Assets		578,284		578,284
LIABILITIES				
Salaries and Wages Payable	2110	9,523		9,523
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	368		368
Note payable in more than a year:				
Note payable	21XX	166,000		166,000
Capital Lease				
Total Liabilities		175,891		175,891
NET POSITION				
Invested in Capital Assets, Net of Related Debt		40,615		40,615
Restricted For:				
Categorical Carryover Programs	2710	106,307		
Debt Service	2750	(166,000)		(166,000)
Unrestricted		421,471		421,471
Total Net Position		402,393		402,393

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Reconciliation of the Governmental Funds
June 30, 2021

Fund Balance- Governmental Funds		\$527,778
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Capital lease	140,645	
Accumulated Depreciation	<u>(100,030)</u>	
		40,615
 Note payable		 (166,000)
 Net Position of Governmental Activities		 <u><u>\$402,393</u></u>

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Outlay	Total
EXPENSES				
Instructional Services	\$214,592	\$35,398		\$249,990
Instructional Support Services	22,490			22,490
Board Fees	9,768			9,768
General Administration	50,876			50,876
School Administration	221,739			221,739
Fiscal Services	26,386			26,386
Facilities and Acquisition	172,663		74,164	246,827
Pupil Transportation Services	3,650			3,650
Central services	4,024			4,024
Operation of Plant	122,958	18,094		141,052
Maintenance of Plant	1,182			1,182
Administrative technology	24,728			24,728
Debt service	12,000			12,000
Total Expenses	<u>887,056</u>	<u>53,492</u>	<u>74,164</u>	<u>1,014,712</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	1,017,724			1,017,724
Capital outlay			74,164	74,164
Total Program Revenues	<u>1,017,724</u>	<u> </u>	<u>74,164</u>	<u>1,091,888</u>
GENERAL REVENUES				
Other Federal sources		53,492		53,492
Other State sources				0
Other local sources	458			458
Total General Revenues	<u>458</u>	<u>53,492</u>	<u> </u>	<u>53,950</u>
Excess of expenses over revenues	<u>131,126</u>	<u>-</u>	<u>-</u>	<u>131,126</u>
Fund balance, beginning of year	396,651			396,651
Fund balance, end of year	<u>\$527,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$527,777</u>

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
 STATEMENT OF ACTIVITIES
 June 30, 2021

FUNCTIONS	Account Number	Expenses	Program Revenues		Net (Expense) / Revenues and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Special Revenue
Governmental activities:							
Instruction	5000	\$222,939	\$	53,492		(169,447)	(169,447)
Instructional Support Services	6300	22,490				(22,490)	(22,490)
Board Services	7100	9,768				(9,768)	(9,768)
General Administration	7200	50,876				(50,876)	(50,876)
School Administration	7300	221,739				(221,739)	(221,739)
Facilities and Acquisition	7400	234,342			74,164	(160,178)	(160,178)
Fiscal services	7500	26,386				(26,386)	(26,386)
Central services	7700	3,650				(3,650)	(3,650)
Pupil Transportation Services	7800	4,024				(4,024)	(4,024)
Operation of Plant	7900	141,052				(141,052)	(141,052)
Maintenance of Plant	8100	1,182				(1,182)	(1,182)
Administrative technology	8200	24,728				(24,728)	(24,728)
Unallocated Depreciation Expense *		6,889				(6,889)	(6,889)
Total governmental activities		970,065		53,492	74,164	(842,409)	(842,409)
Taxes:							
						1,017,724	1,017,724
						458	458
						<u>1,018,182</u>	<u>1,018,182</u>
						175,773	175,773
						<u>226,620</u>	<u>226,620</u>
						<u>\$402,393</u>	<u>\$402,393</u>

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
Reconciliation of the Statement of Revenues,
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2021

Net Changes in Fund Balances- Governmental Funds \$131,126

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Capital Assets	39,536	
Depreciation expense	<u>(6,889)</u>	
		32,647

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Payments on note payable		12,000
--------------------------	--	--------

Change in Net Position of Governmental Activities		<u><u>\$175,773</u></u>
--	--	-------------------------

The accompanying notes are an integral part of this statement

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures and Changes

For the Fiscal Year Ended June 30, 2021

	Governmental Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
	EXPENDITURES:											
Instructional Services	259,673	\$214,592	(\$45,081)	\$3,060	\$35,398	(\$32,338)				\$262,733	\$249,990	(\$12,743)
Instructional Support Services	14950	22,490	7,540							14,950	22,490	(7,540)
Board Fees	10,075	9,768	(307)							10,075	9,768	(307)
General Administration	51,376	50,876	(500)							51,376	50,876	(500.00)
School Administration	199,516	221,739	22,223							199,516	221,739	22,223
Fiscal Services	26,287	26,386	99							26,287	26,386	99
Facilities and Acquisition	184,500	172,663	(11,837)				76,500	74,164		261,000	246,827	(14,173)
Pupil Transportation Services	13,750	3,650	(10,100)							13,750	3,650	(10,100)
Central services	42,420	4,024	(38,396)							42,420	4,024	(38,396)
Operation of Plant	94,280	122,958	28,678		18,094					94,280	141,052	46,772
Maintenance of Plant	26,700	1,182	(25,518)							26,700	1,182	(25,518)
Administrative technology	5000	24,728	19,728							5,000	24,728	19,728
Debt service	12,000	12,000	0							12,000.00	12,000	0
	<u>940,527</u>	<u>887,056</u>	<u>(53,471)</u>	<u>3,060</u>	<u>53,492</u>	<u>(32,338)</u>	<u>76,500</u>	<u>74,164</u>		<u>1,020,087</u>	<u>1,014,712</u>	<u>(20,455)</u>
PROGRAM REVENUES:												
Florida Education Finance Program	1,027,529	1,017,724	(9,805)							1,027,529	1,017,724	(9,805)
Capital Outlay							76,500	74,164		76,500	74,164	
	<u>1,027,529</u>	<u>1,017,724</u>	<u>(9,805)</u>				<u>76,500</u>	<u>74,164</u>		<u>1,104,029</u>	<u>1,091,888</u>	<u>(9,805)</u>
GENERAL REVENUES:												
Other federal sources				3,060	53,492	50,432				3,060	53,492	50,432
Other state sources											0	-
other Local Sources	1,200	458	(742)							1,200	458	(742)
	<u>1,200</u>	<u>458</u>	<u>(742)</u>		<u>53,492</u>	<u>50,432</u>				<u>4,260</u>	<u>53,950</u>	<u>49,690</u>
Excess of Expenditures over Revenues	<u>\$ 88,202</u>	<u>\$ 131,126</u>		<u>\$ (3,060)</u>	<u>\$ -</u>	<u>\$ 18,094</u>				<u>\$83,942</u>	<u>131,126</u>	<u>\$60,340</u>
Fund Balance, Beginning of Year		<u>396,651</u>									<u>396,651</u>	
Fund Balance, End of year		<u>\$ 527,777</u>									<u>\$ 527,777</u>	

The accompanying notes are an integral part of these statements

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Florida Futures Academy Charter School, Inc. (“the School”) was established as a nonprofit organization in 2014 for the purpose of educating children under the laws of the State of Florida and is the reporting entity.

The School District of Palm Beach County granted a Contract (“the Contract”) to the School to operate a Charter School pursuant to *Florida Statute 228.056 (7)*. Under the Contract the School provides an education to children from ninth through twelfth grade who reside in Palm Beach County. For financial statement purposes, the School is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting.

The School District of Palm Beach County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee, up to 250 students of un-weighted FTE for schools with 75% or more of ESE students.

The Contract is effective through June 30, 2029. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School is a tax exempt organization under 501(C)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Position and the Statement of Activities. The activities of the School are classified as governmental type activities. All the School’s governmental activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (Cont'd.)

The Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Federal, and State Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after school and youth services, etc.).

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

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

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 revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Basis of Accounting

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

The School's basic financial statements include government-wide and fund financial statements (reporting the major fund) as well as notes to the financial statements. The School's primary activities are classified as governmental activities.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, and then use unrestricted resources as they are needed.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits of \$250,000. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law. The School has complied with the investment criterion as defined by *Florida Statute 218.415*.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The School measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Financial assets or liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

Budgetary Basis of Accounting

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

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets purchased or acquired with an original cost of \$750 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture, Fixtures and Equipment	5-10 Years
Leasehold Improvements	20 Years
Computer Equipment & Software	5-10 Years
Vehicles	5 Years

Revenue Sources

Revenues for operations are received primarily from the School District of Palm Beach County pursuant to the funding provisions included in the School’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facility.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was a nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision making authority. There was no committed fund balance at year end.

**FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the School’s Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School’s Board of Directors can deviate from this policy if it is in the best interest of the School.

NOTE 2 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School’s policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 3 – CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Leasehold Improvements		12,485		12,485
Computer Equipment	\$101,110	27,050		\$128,160
Less Accumulated Depreciation	93,141	6,889		100,030
Capital Assets	\$7,969	32,646		\$40,615

Depreciation expense of \$6,889 was unallocated during the year ended June 30, 2021.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 – LONG TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	\$178,000		\$12,000	\$166,000	\$12,000
	<u>\$178,000</u>		<u>\$12,000</u>	<u>\$166,000</u>	<u>\$12,000</u>

Debt Maturity:

June 30,	Principal	Interest
2022	\$12,000	-
2023	12,000	-
2024	12,000	-
2025	12,000	-
2026	12,000	-
2026	118,000	-
	<u>\$178,000</u>	<u>-</u>

NOTE 5 – USE OF FACILITIES

The School leases its facilities under an Operating Lease Agreement that expires in July 2022. Rental expenses for the year ended June 30, 2021 was \$146,000. Future minimum rental payments, assuming the lease will be renewed, required under the Operating Lease Agreement are as follows:

June 30, 2022	150,000
June 30, 2023	155,000
June 30, 2024	160,000
June 30, 2025	165,000
June 30, 2026	170,000
	<u>\$ 800,000</u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the past six years reveals that settled claims have not exceeded insurance coverage.

FLORIDA FUTURES ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 17, 2021. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

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 Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida

I have audited the financial statements of Florida Futures Academy Charter School, Inc., (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2021, and have issued my report thereon dated September 17, 2021. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL RERPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNEMNT AUDITING STANDARDS (Continued)***

To the Members of the Board of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board Members, Management, others within the School and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 17, 2021

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of
Florida Futures Academy Charter School, Inc.
West Palm Beach, Florida

Report on the Financial Statements

I have audited the financial statements of Florida Futures Academy Charter School, Inc., Florida, (“the School”) as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated September 17, 2021.

Auditor’s Responsibility

I conducted my 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 Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor’s Report on Internal Control over Financial Report and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I 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 and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Florida Futures Academy Charter School, Inc.

MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires a that I report the results of my determination as to whether or not the Florida Futures Academy Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Florida Futures Academy Charter School, Inc. 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, I applied financial condition assessment procedures for the Florida Futures Academy Charter School, Inc. It is management's responsibility to monitor the Florida Futures Academy Charter School, Inc.'s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Florida Futures Academy Charter School, Inc.'s financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the Florida Futures Academy Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Florida Futures Academy Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

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

Purpose of this Letter

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

Mark Escoffery, P.A.
September 17, 2021

